



INFORMATION REPORT

TO:	Mayor and Members City Council
COMMITTEE DATE:	January 14, 2019
SUBJECT/REPORT NO:	Update: Cannabis Provincial Legislation (PED18249(a)) (City Wide) (Outstanding Business List Item)
WARD(S) AFFECTED:	City Wide
PREPARED BY:	Jason Thorne (905) 546-4339
SUBMITTED BY:	Jason Thorne General Manager Planning and Economic Development Department
SIGNATURE:	

COUNCIL DIRECTION

This Report is in response to the Council motion considered at the Special General Issues Committee (GIC) of December 18, 2018, which was approved by City Council at its meeting of December 19, 2018, as outlined below, and is for Council's consideration in determining whether or not to permit Cannabis Retail Stores to operate in the City of Hamilton in accordance with the *Cannabis Licence Act 2018*.

Per Council's request, this information relates to the Cannabis on-line public survey conducted, economic uplift of permitting cannabis stores, and includes an update on any new information arising since the Special GIC meeting of December 18, 2018.

"1. Dispensaries for Recreational Cannabis Retail Sale (Item 11.1)

That the Motion, respecting Dispensaries for Recreational Cannabis Sale, **as amended**, be referred to the January 14, 2019, Special Council meeting for consideration, with the following direction:

- (a) That, in order to obtain an accurate assessment of Police costs, the Hamilton Police Services Board be requested to calculate current cannabis related costs and the estimated, future cannabis related costs, and provide the cost differential to Council at its meeting of January 14, 2019;

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- (b) That staff be directed to place both Report PED18249, respecting Cannabis Provincial Legislation; and, the motion respecting Opting-Out of Dispensaries for Recreational Cannabis Retail Sale, which reads as follows, on the City's website with a poll to ask the community-at-large if they prefer to Opt-In or Opt-Out of Cannabis Retail locations in the City of Hamilton:

WHEREAS, the Province of Ontario has, through their constitutional authority under the federation of Canada, pursued the legalization of recreational cannabis use in Ontario;

WHEREAS, the social costs have been established by the City of Hamilton and Hamilton Police Services;

WHEREAS, the legalization of cannabis in Ontario will increase revenue significantly to the Province of Ontario;

WHEREAS, nearly half of the City of Hamilton's operating budget is dedicated to provincially mandated programs, with little or no authority from Council;

WHEREAS, a lack of sustainable revenue-sharing from the Province of Ontario related to the retail sale of cannabis to municipalities will amplify the regressive downloading crisis in Hamilton;

THEREFORE, BE IT RESOLVED:

- (a) That cannabis retail stores not be permitted to operate in the City of Hamilton, in accordance with the *Cannabis Licence Act, 2018*, until a sustainable revenue-sharing formula is established between the Province of Ontario and the City of Hamilton.
- (b) That the City Manager be directed to provide written notice, prior to January 22, 2019, to the Registrar no later than three business days after the resolution is passed and, not later than January 22, 2019, to advise that the City of Hamilton will not permit cannabis retail stores in Hamilton;
- (c) That the estimated first phase of funding, in the amount of \$574,493, to be funded from the Ontario Cannabis Legalization Implementation Fund for costs that directly relate to the legalization of recreational cannabis, be allocated as outlined in Appendix "A" attached hereto;

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- (d) That Council reaffirm its request to the Hamilton Police Services Board that Hamilton Police Service continue to aggressively close down all illegal cannabis dispensaries located within the City of Hamilton;
- (e) That the Mayor write to the Premier of Ontario, appropriate Ministers, and the Association of Municipalities of Ontario to communicate that it is the City's position that the Province's approach to the regulation of private cannabis retail stores in Ontario must ensure that municipalities have the ability to regulate the following in a manner that is appropriate to the municipality:
 - (i) separation distances from sensitive uses such as parks, schools, day care and health care facilities;
 - (ii) over-concentration of dispensaries in one area of the City;
 - (iii) the total number of dispensaries City-wide and within particular areas of the City;
 - (iv) general issues of urban design such as location of entrances and transparency of facades;
 - (v) advertising and signage;
 - (vi) hours of operation;
 - (vii) property standards compliance;
 - (viii) the ability to restrict or prohibit operations that routinely violate municipal standards such as noise, nuisance or property standards;
- (c) That staff be directed to report back, to the Special Council meeting on January 14, 2019, respecting the projected economic uplift to the City of Hamilton, if the City of Hamilton chooses to Opt-In to cannabis retail stores in the City of Hamilton;
- (d) That staff be directed to report back, to the Special Council meeting on January 14, 2019, respecting the second phase of funding, based on the

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number of municipalities who have opted out, and if the City of Hamilton allows cannabis retail stores to operate in the City of Hamilton.

INFORMATION

The results of the Provincial lottery for license issuance will not be available until after the lottery is conducted on January 11, 2019. A verbal update on this will be provided by staff at the General Issues Committee meeting of January 14, 2019.

As of the drafting of this Report, there are no reported fines or penalties for convictions of illegal dispensaries under the new Ontario cannabis legislation (*Cannabis Control Act, 2018* and *Cannabis Licence Act, 2018*), but staff are advised that some charges that are being laid may be concluded in the next 3 to 12 months.

Report PED18249 provided an overview of the Province of Ontario's Cannabis Legalization Implementation Fund. This overview indicated there would be two payments available to municipalities. The first payment of \$15 million would be distributed proportionally to all municipalities, and Report PED18249 had indicated that the City of Hamilton's allocation would be \$574,493. The second payment of \$15 million would be distributed proportionally only to those municipalities that opt-in. Based on the most recent information available to the City regarding which municipalities have opted-out, staff estimates that the City of Hamilton's second payment, should the City opt-in, would be approximately \$600,000 assuming no further municipalities opt-out. If more municipalities opt-out, then Hamilton's allocation would increase.

APPENDICES AND SCHEDULES ATTACHED

Appendix "A" – On-line Public Survey Results

Appendix "B" – Municipalities that have Opted-In or Opted-Out

Appendix "C" – Economic Uplift from Permitting Cannabis Retail Stores

JT:cad

On-line, Public Survey Results

Executive Summary

Hamilton City Council at its meeting on December 19, 2018 passed a motion requesting that staff place both Report PED18249, and the motion respecting Opting-Out of Dispensaries for Recreational Cannabis Retail Sale, on the City of Hamilton website with a poll to ask the community-at-large if they prefer to Opt-In or Opt-Out of Cannabis Retail locations in the City of Hamilton.

Staff developed a web page containing general information about Provincially-licensed retail cannabis stores, the staff report PED18249, the December 19 motion, and a web-based community survey on cannabis retail stores that launched on December 21, 2018.

The retail cannabis survey yielded 15,482 valid responses. Staff audited and cleaned disqualifying submissions removing:

- duplicate submissions defined as a survey that is an exact copy of the preceding survey submitted from the same IP and submitted within 59 seconds of the preceding survey;
- those 17 and under; and,
- those that don't live in or own a business in Hamilton.

Survey results demonstrate a high degree of support (78.9%) for Provincially-licensed retail cannabis stores in Hamilton.

Most survey respondents were less than 45 years of age (62%) and live in Hamilton (96.6%). If Hamilton were to allow licensed retail cannabis stores, top factors identified by respondents for the City to consider when making comments on applications to the AGCO included location in proximity to sensitive facilities such as schools, parks and open spaces, day nurseries/child care centres, libraries, community centre, mental health and addiction centres, alcohol and detox centres (54.4%); and safety and security of stores (49.3%).

The on-line survey relied on a convenience sample and, therefore, reflects the opinion of those who feel strongly enough about the topic that they take the time to go on-line and complete the questionnaire. The results are a directional indicator of the community's viewpoint as opposed to a statistically valid random sample. A comprehensive description of the survey results is available below.

Data Collection Process

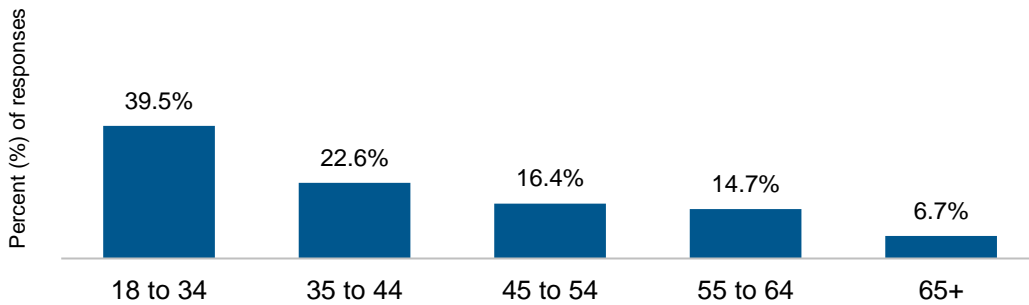
The on-line cannabis retail store survey was open from December 21, 2018 to January 9, 2019 at 5 p.m. The survey was promoted within the community in the following ways:

- City of Hamilton homepage banner, City of Hamilton website survey page www.hamilton.ca/cannabissurvey, CityApp push notification;
- Media Release announcing survey generating five local media stories in CHCH Evening News, The Hamilton Spectator, CBC Hamilton; and,
- Social media promotion: 10 social media messages across Twitter, LinkedIn and Instagram generating 49,575 impressions, 767 URL clicks; 82 "retweets" on Twitter.

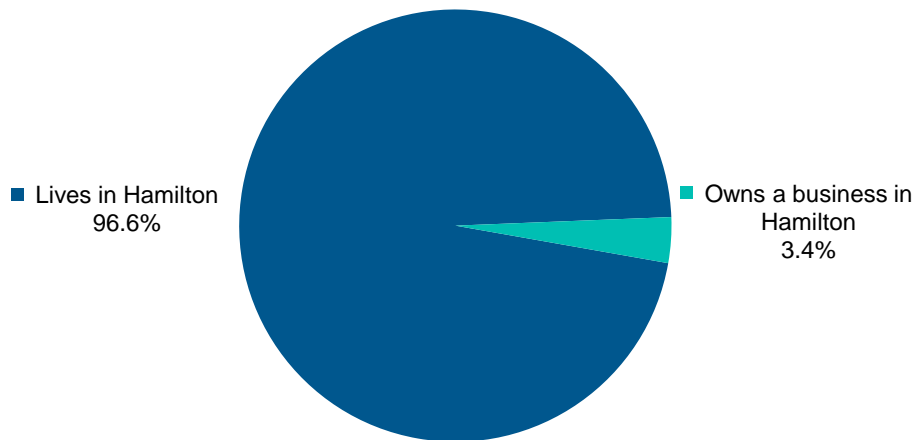
Summary Results

The survey yielded 15,482 valid responses, which is used for the results summary in this report.

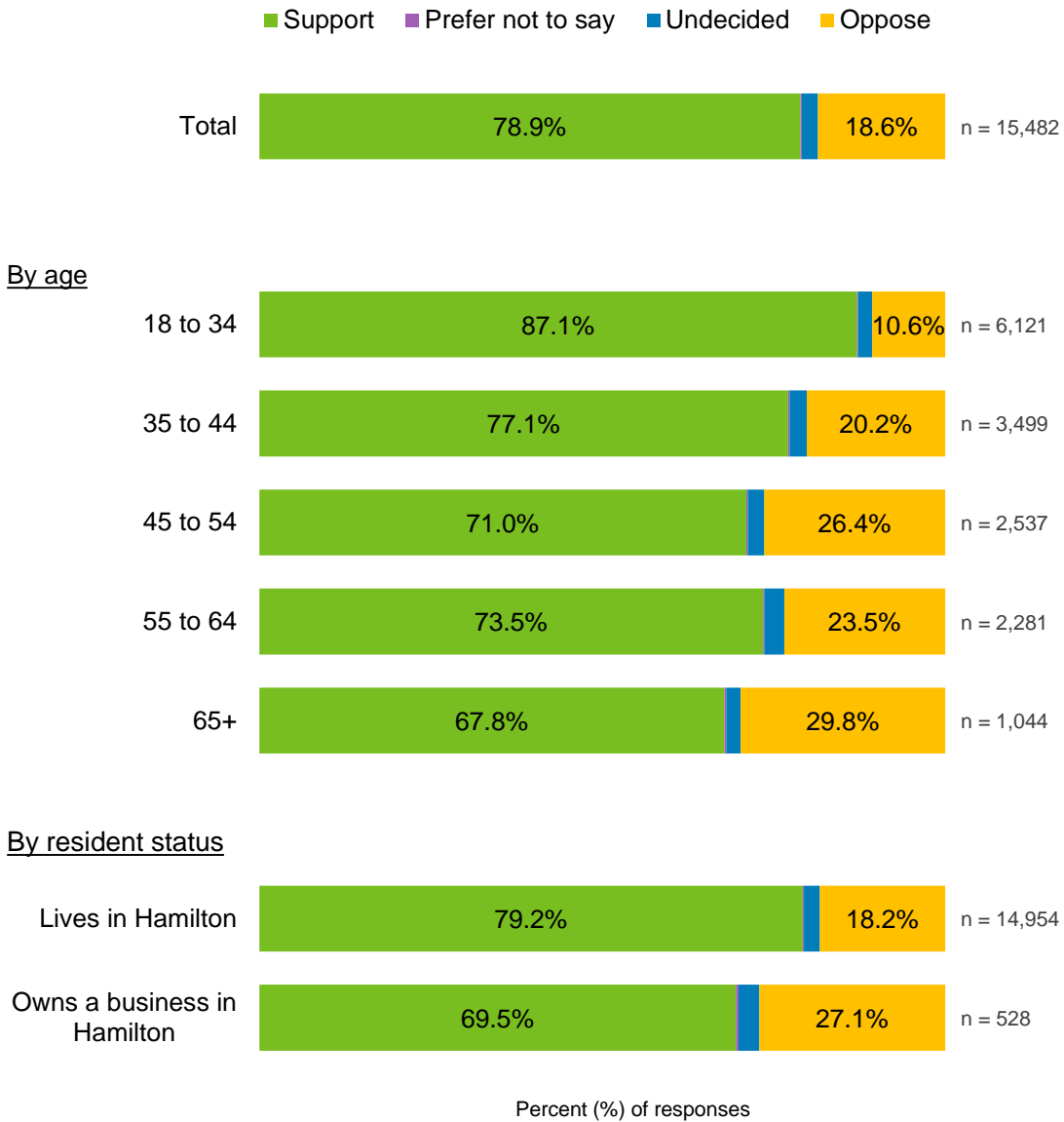
What is your age? (n=15,482)



Which of these best describes you? (n=15,482)

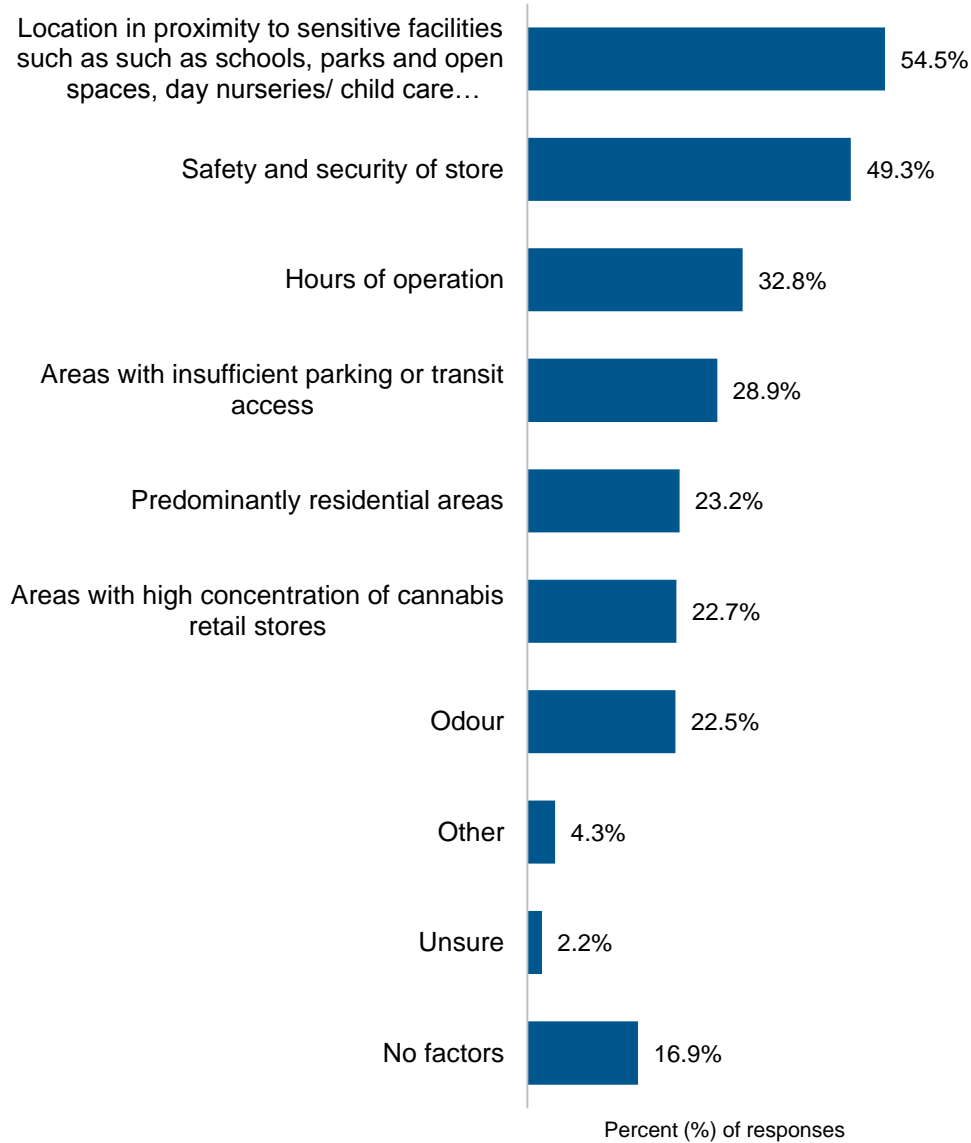


Do you support or oppose having licensed cannabis retail stores in the City of Hamilton? (n=15,482)



What factors, if any, would you like the City to consider when commenting on the location of retail cannabis stores in Hamilton? (n=15,482)

*Multiple response (see note below)

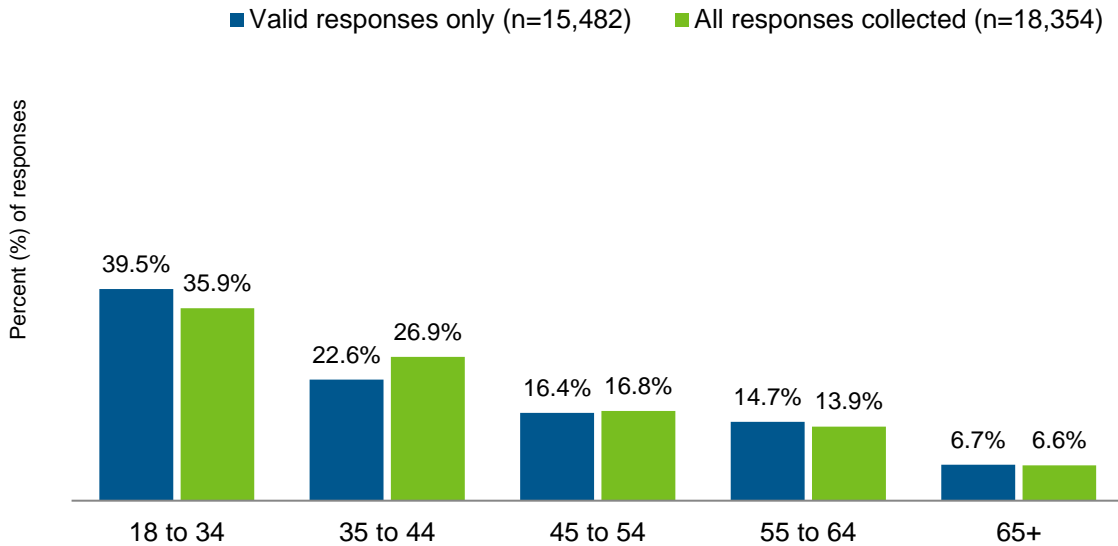


*Note: The response categories "unsure" and "no factors" in a multiple response question should be exclusive response options which when selected excludes any other listed option from being selected. Therefore, responses for selected factors were excluded from tabulations in cases where the category of "unsure" and/or "no factors" was also selected in the response.

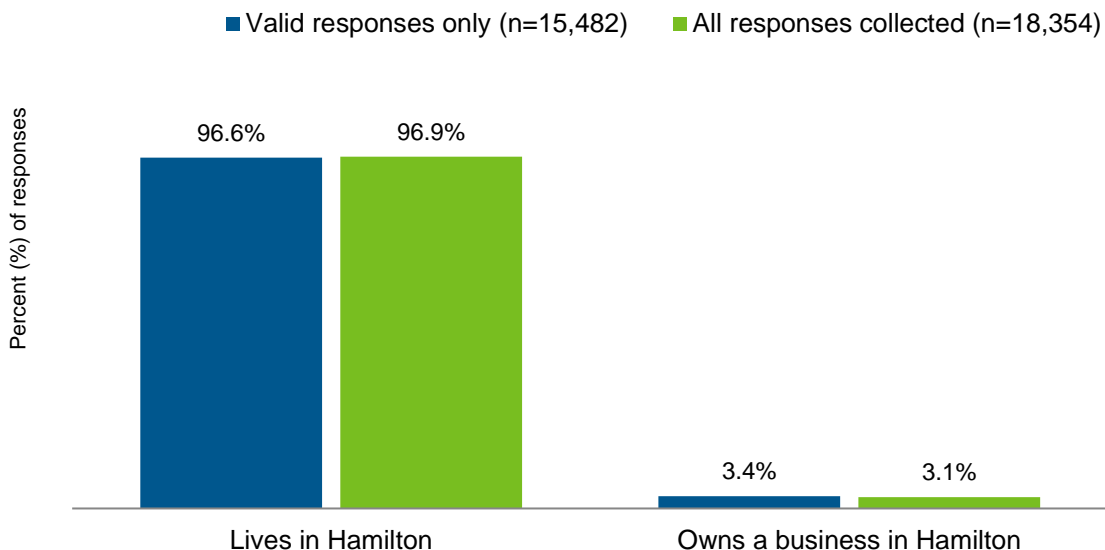
Result comparison: valid responses and total responses collected

When comparing valid and total responses the results follow a similar trend. The following section provides a comparison of the survey results for the valid responses and the total responses collected, where the total responses collected includes the duplicate survey submissions but excludes surveys from those age 17 and under and/or those that neither live in nor own a business in Hamilton.

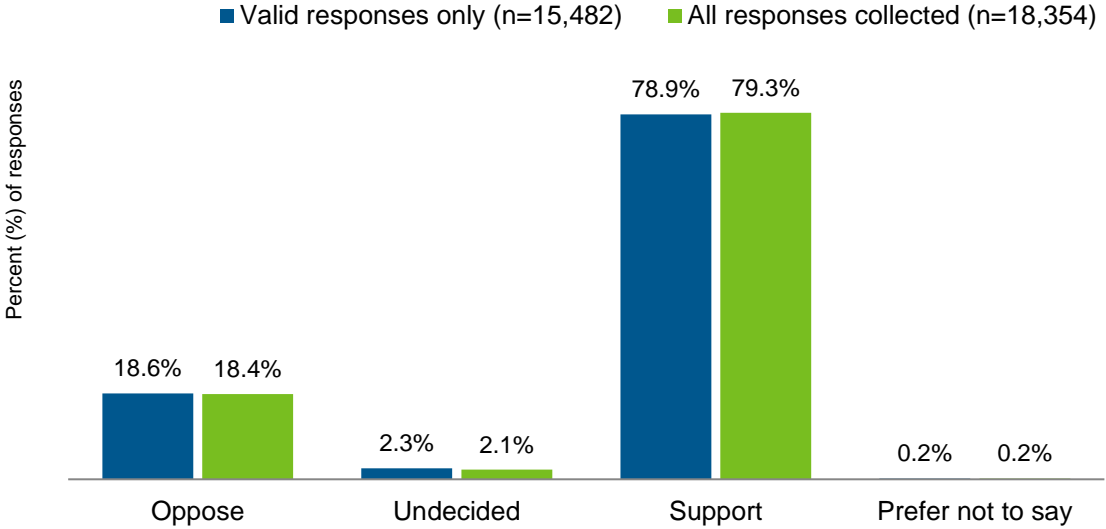
What is your age?



Which of these best describes you?

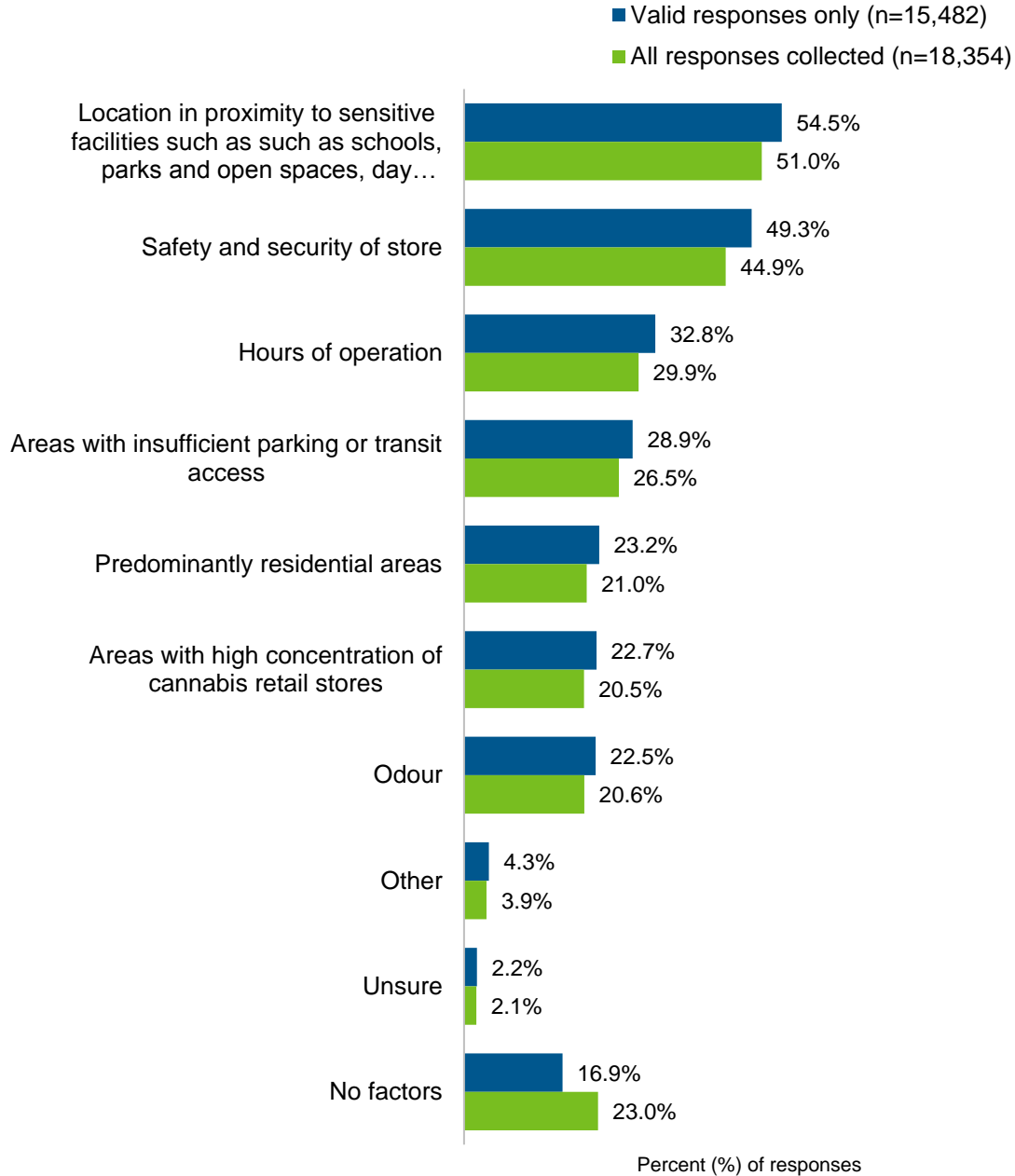


Do you support or oppose having licensed cannabis retail stores in the City of Hamilton?



What factors, if any, would you like the City to consider when commenting on the location of retail cannabis stores in Hamilton?

*Multiple response (see note below)

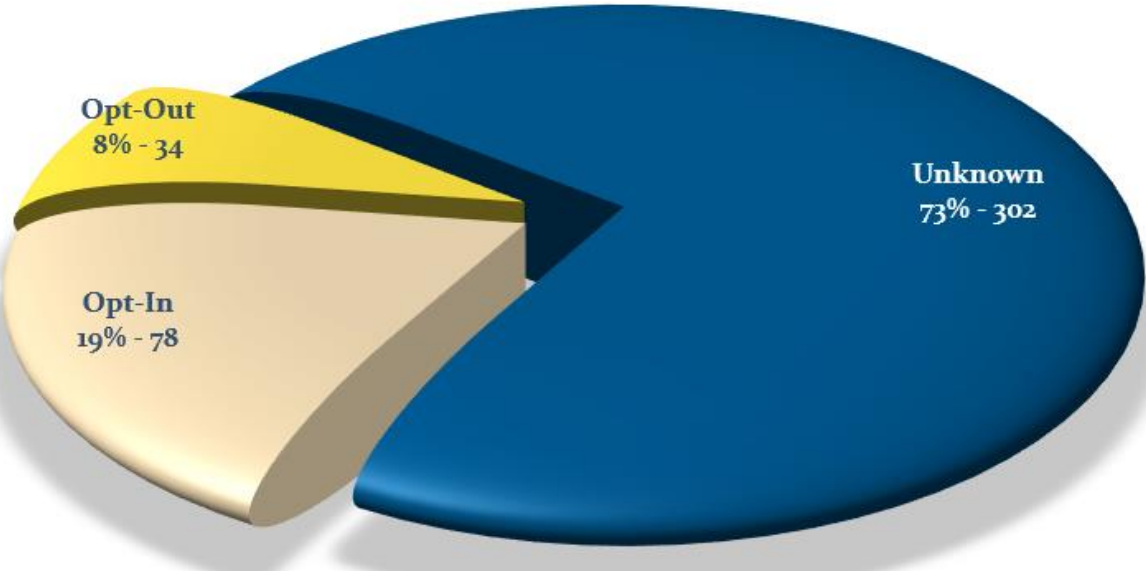


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Municipalities That Have Opted-In or Opted-Out

The following information has been obtained from the Provincial government's cannabis website as of January 10, 2019.

Proportion of Municipalities That Have Opted-In or Opted-Out (as of January 10, 2019)



List of Municipalities That Have Opted-Out (as of January 10, 2019)

Blandford-Blenheim , Township of	Opted-out
Bluewater , Municipality of	Opted-out
Casselman , Village of	Opted-out
Centre Wellington , Township of	Opted-out
Clearview , Township of	Opted-out
Dorion , Township of	Opted-out
East Gwillimbury , Town of	Opted-out
East Zorra-Tavistock , Township of	Opted-out
Emo , Township of	Opted-out
Erin , Town of	Opted-out
Frontenac Islands , Township of	Opted-out

Georgian Bluffs , Township of	Opted-out
Ingersoll , Town of	Opted-out
King , Township of	Opted-out
Lake of the Woods , Township of	Opted-out
Lakeshore , Town of	Opted-out
Mapleton , Township of	Opted-out
Markham , City of	Opted-out
McKellar , Township of	Opted-out
Melancthon , Township of	Opted-out
Mississauga , City of	Opted-out
Niagara-on-the-Lake , Town of	Opted-out
Northern Bruce Peninsula , Municipality of	Opted-out
Papineau-Cameron , Township of	Opted-out
Point Edward , Village of	Opted-out

Powassan , Municipality of	Opted-out
Richmond Hill , Town of	Opted-out
Sables-Spanish Rivers , Township of	Opted-out
Southgate , Township of	Opted-out
St. Clair , Township of	Opted-out
Tay , Township of	Opted-out
Tecumseh , Town of	Opted-out
Wasaga Beach , Town of	Opted-out
West Lincoln , Township of	Opted-out

List of Municipalities That Have Opted-In (as of January 10, 2019)

Alberton , Township of	Opted-in
Algonquin Highlands , Township of	Opted-in
Armour , Township of	Opted-in
Athens , Township of	Opted-in
Bayham , Municipality of	Opted-in
Billings , Township of	Opted-in
Black River-Matheson , Township of	Opted-in
Brock , Township of	Opted-in
Bruce Mines , Town of	Opted-in
Burpee and Mills , Township of	Opted-in
Callander , Municipality of	Opted-in
Calvin , Municipality of	Opted-in
Chatham-Kent , Municipality of	Opted-in
Clarence-Rockland , City of	Opted-in

Cobalt , Town of	Opted-in
Dawn-Euphemia , Township of	Opted-in
Drummond/North Elmsley , Township of	Opted-in
Dysart, Dudley, Harcourt, Guilford, Harburn, Bruton, Havelock, Eyre and Clyde, United Townships of	Opted-in
Ear Falls , Township of	Opted-in
East Ferris , Township of	Opted-in
Elliot Lake , City of	Opted-in
French River , Municipality of	Opted-in
Gananoque , Town of	Opted-in
Goderich , Town of	Opted-in
Greater Sudbury , City of	Opted-in
Guelph , City of	Opted-in
Hearst , Town of	Opted-in
Highlands East , Municipality of	Opted-in

Huntsville, Town of	Opted-in
Iroquois Falls, Town of	Opted-in
Johnson, Township of	Opted-in
Kincardine, Municipality of	Opted-in
Kingston, City of	Opted-in
Latchford, Town of	Opted-in
Leamington, Municipality of	Opted-in
London, City of	Opted-in
Lucan Biddulph, Township of	Opted-in
Marathon, Town of	Opted-in
Minden Hills, Township of	Opted-in
Nairn and Hyman, Township of	Opted-in
Neebing, Municipality of	Opted-in
North Bay, City of	Opted-in

North Frontenac , Township of	Opted-in
North Middlesex , Municipality of	Opted-in
North Perth , Municipality of	Opted-in
Oliver Paipoonge , Municipality of	Opted-in
Orangeville , Town of	Opted-in
Ottawa , City of	Opted-in
Owen Sound , City of	Opted-in
Pembroke , City of	Opted-in
Perth , Town of	Opted-in
Peterborough , City of	Opted-in
Plummer Additional , Township of	Opted-in
Prince , Township of	Opted-in
Red Lake , Municipality of	Opted-in
Red Rock , Township of	Opted-in

Rideau Lakes , Township of	Opted-in
Sarnia , City of	Opted-in
Sioux Lookout , Municipality of	Opted-in
Smiths Falls , Town of	Opted-in
South Frontenac , Township of	Opted-in
South Glengarry , Township of	Opted-in
South Stormont , Township of	Opted-in
Spanish , Town of	Opted-in
St. Joseph , Township of	Opted-in
St.-Charles , Municipality of	Opted-in
Strathroy-Caradoc , Municipality of	Opted-in
Tarbutt , Township of	Opted-in
Temiskaming Shores , City of	Opted-in
The North Shore , Township of	Opted-in

Toronto , City of	Opted-in
Trent Hills , Municipality of	Opted-in
Trent Lakes , Municipality of	Opted-in
Tudor and Cashel , Township of	Opted-in
West Grey , Municipality of	Opted-in
West Nipissing , Municipality of	Opted-in
West Perth , Municipality of	Opted-in
Zorra , Township of	Opted-in

Economic Uplift From Permitting Cannabis Retail Stores

Background

The following estimation of economic uplift of permitting cannabis retail stores in Hamilton was prepared by staff in the Economic Development Division and Finance and Administration Section.

Scenario One:

Year One Economic Uplift – Smaller Format, Lower End, Existing Retail Space

		<i>Total</i>
Size of Store	2000	
City Portion of Property Tax Uplift (per square foot)	\$3.39	
		<hr/> \$6,780.00
<u>Number of Employees</u>	20	
% Management	10%	
% Customer Service	90%	
<u>Cost Per Hour</u>		
Management	\$35.00	
Customer Service	\$25.00	
Hours/Week	40	
		<hr/> \$1,456,000.00
Build Cost (\$150-\$250 sq/ft)		\$0.00
Tenant Fitout (\$35 - \$85 sq/ft)	\$50.00	\$100,000.00
Professional Services Expenditure (Legal, Accounting)	\$7,500.00	\$7,500.00
Local Marketing Expenditure	\$50,000.00	\$50,000.00
		<hr/> <hr/> \$1,620,280.00

Notes:

1. There has not been a multiplier applied to any financial estimation for the purpose of projecting economic spin-off.
2. Does not include any payments from Provincial/Federal Governments.
3. Number of employees and cost based on inputs from industry.
4. Tenant Fitout cost range obtained from 2017 Altus Report on the Canadian Construction Industry.
5. Local Marketing Expenditure is a conservative estimate on what a new business would spend over a calendar year promoting their business to potential customers.

Scenario Two:
Year One Economic Uplift – Larger Format, High End, New Build Retail Space

		<i>Total</i>
Size of Store	3600	
City Portion of Property Tax Uplift (per square foot)	\$3.39	
<hr/>		\$12,204.00
<u>Number of Employees</u>	30	
% Management	10%	
% Customer Service	90%	
<u>Cost Per Hour</u>		
Management	\$35.00	
Customer Service	\$25.00	
Hours/Week	40	
<hr/>		\$2,184,000.00
Build Cost (\$150-\$250 sq/ft)	\$250.00	\$900,000.00
Tenant Fitout (\$35 - \$85 sq/ft)	\$80.00	\$288,000.00
Professional Services Expenditure (Legal, Accounting)	\$7,500.00	\$7,500.00
Local Marketing Expenditure	\$125,000.00	\$125,000.00
<hr/>		\$3,516,704.00

Notes:

1. There has not been a multiplier applied to any financial estimation for the purpose of projecting economic spin-off.
2. Does not include any payments from Provincial/Federal Governments.
3. Number of Employees was increased from Scenario One to reflect larger store.
4. Build Cost range and Tenant Fitout cost range obtained from 2017 Altus Report on the Canadian Construction Industry.
5. Local Marketing Expenditure is a conservative estimate on what a new business would spend over a calendar year promoting their business to potential customers.