REPORT TO COUNCIL

DATE: May 2, 2018
REPORT NO.: 18-079

SUBMITTED BY: Alex Wallace
Development Services Manager
FILE NO.: 1-6-5.4

SUBJECT: Cannabis Implementation Plan

PURPOSE
To outline the plan for public engagement and the implementation of cannabis regulations.

ANTICIPATED OUTCOMES
Staff is directed to proceed with the cannabis implementation plan through a request for proposal (RFP) and Council engages the public and receives direction from the community on proposed regulations.

SUMMARY/BACKGROUND
The City needs to develop regulations for retail outlets, public consumption and personal cultivation in preparation for cannabis legalization:

- Retail sales: zoning and business licensing to determine where cannabis stores may be located;
- Public consumption: identifying where consuming cannabis will be legally allowed in Dawson Creek; and
- Personal cultivation at home: providing rules to ensure public safety and limited nuisances (such as odours and visibility).

In February 2018, the City passed a moratorium by an amendment to the Zoning Bylaw, so that until regulations are in place, no cannabis retail outlets, medical or recreational, will be allowed. Staff has developed a detailed plan for implementation and public engagement. The key goals of this process are:

- Raise awareness and education regarding cannabis;
- To inform all residents and businesses that legalization of cannabis is taking place in Canada and allow the community have a say regarding municipal regulations;
- To gain input on cannabis regulations through an online survey, meeting with the business community and a public meeting;
- To update policies and bylaws before the legalization date.
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<tr>
<th>Date</th>
<th>Activity</th>
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<tr>
<td>Week of May 7th</td>
<td>Development of a cannabis education and information section on the City website.</td>
<td>This will be an area where people in the community can find information on the legalization steps taken by the Federal and Provincial government, information on how the City is progressing on cannabis legalization implementation and a place for information based on public engagement concerning cannabis.</td>
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<td>Week of May 14th</td>
<td>Development of survey questions for the community.</td>
<td>Staff will use a communications consultant to develop a survey (Sample questions attached). This will be provided to the community in paper form in key locations and online.</td>
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| Ongoing             | Weekly Facebook updates to provide information on legislation and directing the community to the cannabis information website and promotion of the survey. | These posts will share relevant information on cannabis legalization and point people to the City website as a resource. Proposed publication schedule is:  
  - May 21\(^{st}\)  
  - May 30\(^{th}\) & June 1\(^{st}\)  
  - June 6\(^{th}\) & 8\(^{th}\) |
| May 21st            | Media release promoting the survey and describing the timeline for implementation. The survey will be accepting feedback from May 21\(^{st}\) to June 8\(^{th}\). | Promote that feedback is needed from the community, share and email the survey link with community networks.                                                                                       |
| Week of May 28th    | Meeting with Chamber of Commerce to discuss steps to date and to promote the survey. | A presentation will be made to the business community about the City’s approach to legalization and promotion of the survey.                                                                             |
| June 11\(^{th}\)-15\(^{th}\) | Staff summarizes survey data and prepare for the public meeting. | Staff will summarize the data that has been collected so it can be presented to Council and the public.                                                                                              |
| June 25\(^{th}\) meeting | Staff presents data to Council. | Staff will present the summarized survey data to Council. |
The Scope of Work:
Implementation checklist for staff (adapted from Cannabis Legalization: An Evolving Framework for BC Municipalities):

Zoning & Land Use:
- Determine and establish appropriate buffer zones from schools and other sensitive zones for cannabis operations.
- Determine land use designation for proposed federal licenses and authorizations, including (see attachment for definitions of each type):
  - Standard Cultivation Licence
  - Micro-Cultivation Licence
  - Nursery Licence
  - Industrial Hemp Licence
  - Standard Production Licence
  - Micro-Production Licence
  - Retail Sales (private and government stores)

Regulatory Bylaws & Licensing:
- Establish a municipal licensing system for all proposed federal cannabis licenses, including analysis and planning for costs and fees to establish and manage the system. Design a business licensing system for cannabis cultivators, processors, and retailers including the
following:
- Assess the cost of developing, operating, and maintaining the system.
  - Maintain a balance between offsetting municipal costs and creating barriers that might discourage businesses from entering the market legally (Higher fees may support a continuation of the black market; at the same time, maintaining a cost-neutral or revenue-positive status for the city is critical).
- Determine metrics for tracking and assessing whether revenue is offsetting costs.

- Determine which of the proposed federal cannabis licenses require the municipality to regulate locally.
- Determine license prices in line with municipal objectives regarding cost recovery, and incentives/disincentives for the industry.
- Support regulation of appropriate buffer zones determined in land use processes updates relevant municipal bylaws, including:
  - Zoning bylaws
  - Business licenses bylaws
  - Smoking in public spaces bylaws
  - Nuisance bylaws
  - Cannabis production bylaws
- Determine the following:
  - Locations
  - Mode of operations
  - Security protocols
- Regulate personal cultivation. Some key considerations on this topic include:
  - Whether to permit outdoor cultivation but require that plants not be visible from outside the property and/or require that any outdoor plants be secured against theft.
  - Determine how to balance the interests of tenants who wish to cultivate, use or share cannabis in their homes with the interests of other residents in the building/housing complex and those of the landlord/owner.
  - Determine if/how the municipality will manage regular inspections of home cannabis cultivation sites.
- Determine whether to create cannabis smoking bylaws that exceed provincial smoke-free regulations.
- Decide whether to ban or restrict cannabis smoking in public places within the municipality’s geographic limits.

It is proposed staff would work on the public engagement (survey administration and data collection) and educational updates. The majority of the work is not in the public engagement it is researching and updating the relevant municipal bylaws and policies. The consultant would be directed to research and create the bylaw updates and policies based on the public engagement, and council feedback received.

ALTERNATIVES
1. That Council provide alternative direction to staff;

2. Council may direct staff to include the development of these bylaws policies in the upcoming
zoning update RFP. The RFP is scheduled to be completed mid-May and awarded in June. If this alternative is taken, the implementation of the cannabis program will be in late fall/early winter. With this approach, a retail store would not be able to open until winter of 2019.

3. That Council defers any changes to its bylaws and the public engagement strategy until the Provincial regulations are passed into law. The Province will start accepting applications in spring of 2018 for NMC. It is suggested that staff be proactive towards NMC implementation to be prepared for the pending legalization in July of 2018.

4. Council may choose not to engage the public and direct staff to proceed with the research to update bylaws and policies. This is not recommended by staff as public engagement is an important component of implementation.

**IMPLICATIONS**

(1) Social

Legalization of cannabis is a vast and complex issue. The regulation of the use and sale of cannabis, like tobacco and alcohol, has been a very controversial issue due to various moral, ethical, public health, legislative and logistic issues associated with the matter. These amendments may need to be revised when the legalization is passed by the Federal government.

(2) Environmental

N/A

(3) Personnel

Undertaking the development of a cannabis implementation framework and public engagement and communication strategy will require a considerable amount of staff time, which could impact timelines for other projects as well as processing timelines for building permits, development permits, and subdivision applications. Using a consultant may be an option to consider to balance staff’s workload. The above schedule is based on using a consultant to research, develop, and update all relevant bylaws relating to cannabis. Without a consultant, staff estimates almost 1 full-time employee is required from now until fall to implement this plan, making it unrealistic to meeting the summer 2018 legalization deadline.

(4) Financial

The regulation and/or enforcement of medical cannabis dispensaries may take considerable staff resources in planning, licensing and bylaw enforcement.

The RFP will be funded out of the operational budget. Funds will be reallocated from those set aside for the South Peace Comprehensive Development Plan, which will likely not be going forward this year.
(5) Risk Assessment  Compliance: Staff will develop zoning, business license and other bylaw amendments that will be formed by information gathered through research and the public consultation process and that meet the requirements of federal and provincial legislation and objectives.

Risk Impact: High.

Internal Control Process: Bylaw amendments and policies must be considered and approved by Council.

GUIDING PRINCIPLES
Trust and Integrity: We will have a reputation for acting with integrity and will earn the trust of our stakeholders by working to develop positive relationships.

Governance: We will strive to make decisions that reflect the needs and desires of our community by encouraging a wide range of agencies and citizens to take a meaningful role in decision-making.

STRATEGIC PRIORITIES  N/A

IMPLEMENTATION/COMMUNICATION
Staff will start the public engagement and education portion of the plan and prepare the RFP for cannabis to meet the summer of 2018 legalization date.

RECOMMENDATION
That Report No. 18-079 from the Development Services Manager re: Cannabis Implementation Plan be received; further, that staff be directed to proceed to RFP to perform research and create bylaw updates and policies based on the public engagement, best practices and Council feedback received; and further, that staff be directed to start the public engagement and education portion of the Implementation Plan.

Respectfully submitted,

ORIGINAL SIGNED BY

Alex Wallace,
Development Services Manager, BPl., PMP

AW/eg

Attachments:
Sample Survey Questions
References:
Federal Grow Licenses Types - http://www.slaw.ca/2017/12/05/canadian-cannabis-proposed-licensing-system-revealed/
Sample Survey Questions:

Questions:
Should people be allowed to grow cannabis plants outdoors?
- Unsure
- No, only inside
- Yes, but not near the property line
- Yes, wherever they like on their property

What areas would be the best fit for cannabis stores the city?

- Downtown
- Commercial Highway (along 8th street and Alaska)
- Co-op and the Dawson Creek Mall

How far should cannabis stores be from schools, youth facilities, parks, and playgrounds?
- 1 block apart
- 2 blocks apart
- 3-5 blocks apart (300-500 meters)
• More than 5 blocks apart
• I do not think there needs to be a minimum separation from these locations

Should public consumption of cannabis follow the smoking bylaw?
• Yes
• No, it should be more restrictive

Smoking and vaping should be banned in all public places?
• Strongly agree
• Somewhat agree
• Somewhat disagree
• Strongly disagree

There should be lounges or cafes where smoking or vaping cannabis is allowed?
• Strongly agree
• Somewhat agree
• Somewhat disagree
• Strongly disagree

Do you support or oppose the legalization of cannabis for recreational use in Canada?
• Strongly agree
• Somewhat agree
• Somewhat disagree
• Strongly disagree

The City should have the resources to enforce smoking cannabis in public?
• Strongly agree
• Somewhat agree
• Somewhat disagree
• Strongly disagree
Should the City allow growing cannabis outside of land located in the Agricultural Land Reserve?

- Strongly agree
- Somewhat agree
- Somewhat disagree
- Strongly disagree
Should the City allow growing cannabis in industrial areas?

- M-2 light Industrial
- M-3 Heavy Industrial
- Both, M-2 light Industrial & M-3 Heavy Industrial
Federal Grow Licenses Types - Information has been taken from:

The Government has indicated that its proposed system of licenses, permits and authorizations is intended to:

- allow a range of different activities with cannabis (for example, cultivation, processing, research);
- enable a diverse, competitive legal industry comprised of both large and small players in regions across the country;
- reduce the risk that organized crime will infiltrate the legal industry, and provide for cannabis products that meet high-quality standards.

In order to achieve these objectives, the Government is proposing to establish a number of different types of licenses, as well as sub-licenses within those classes. These classes include cultivation, processing, sale to the public, analytical testing, import/export and research.

Cultivation Licenses - Standard Cultivation License

Under this proposed license the licensee would be permitted to cultivate any variety of cannabis and to produce cannabis seeds, plants, fresh and dried cannabis. Included in the license would be authorization for associated / supplemental activities related to the core cultivation activities. These associated/supplemental activities would include possession, transportation, research and development, storage and destruction.

Under this proposed license it would be permitted to sell seeds, plants and harvested materials to other licensees.

Interestingly, the Government is proposing that there would be no prescribed limit on the amount of cannabis that could be cultivated under a standard cultivation license. However, the Minister of Health could establish such a limit as a condition of a license if it felt it necessary to do so in certain circumstances.

A standard cultivation licensee would not be permitted to package or label the cannabis it grows for sale to the public. A separate license would be required in that regard.

Micro-Cultivation License

The Government has proposed to create a micro-cultivation license to enable small-scale growers in the legal cannabis industry. In short, the micro-cultivation license would authorize the same activities as a standard cultivation license but on a smaller scale.

The Government proposes that the regulations would set out a threshold to define what would constitute a micro-cultivator. The Government is looking at a number of metrics for this threshold such as plant count, size of growing area, total production, or gross revenue. The Government is hoping to solicit feedback as to the appropriate metric during its regulatory consultations.
Certain regulatory requirements for micro-cultivation would be reduced compared to regulatory requirements for a standard cultivation license. For example, it is proposed that micro-cultivation licensees would not need to meet the following requirements that standard cultivation licensees would have to meet:

- visual monitoring of the entire perimeter at all times;
- keep visual recordings for 1 year;
- certain alarm or other intrusion detection systems; and
- visual monitoring at all times of indoor areas on-site where cannabis is present.

**Nursery**

The intention of this category is to enable a legal source of starting materials, both for commercial and personal cultivation, and the development of new varieties of high quality cannabis. Under a nursery license, the licensee would be authorized to cultivate any variety of cannabis plants (including industrial hemp) and produce seeds and seedlings, including clones.

Nurseries would be permitted to sell live plants and seeds to other licensed cultivators, licensed processors and holders of a research authorization. However, nurseries would not be able to sell directly to the public or to federally-licensed or provincially/territorially-authorized sellers.

**Industrial Hemp**

It is proposed that industrial hemp will be defined as “cannabis plants whose leaves and flowering heads do not contain more than 0.3% THC”. A specific license for industrial hemp would authorize the cultivation of industrial hemp plants and the production and sale of seeds and grains (and their derivatives).

As with the micro-cultivation license, certain regulatory requirements would be reduced as compared with the regulatory requirements for standard cultivation, reflecting differences in the level of risk related to the scale of the operation.

**Processing Licenses - Standard Processing**

A standard processing license would authorize the production and packaging and labeling of a range of cannabis products destined for sale to the public. Authorized activities would include manufacturing cannabis oil (and intermediary products such as cannabis resin), synthesizing phytocannabinoids, the manufacturing of other authorized products (for example, pre-filled cannabis oil capsules or oral sprays), and/or the packaging and labeling of products for sale to the public.

A license for standard processing would also authorize related activities, such as possession, transportation, research and development, storage, destruction and the intra-industry sale of cannabis to other federal license holders or provincially/territorially-authorized sellers.

**Micro-Processing**

The intention of this license category is to enable participation of small-scale processors in the legal cannabis industry. The micro-processing license would authorize the same activities as the standard processing license but on a smaller scale.
Health Canada is still attempting to determine the metric which would be used to define a microprocessor. Options include limiting allowed activities to processing harvesting product from a maximum number of micro-cultivators and nurseries, total production, on-site inventory, or gross revenue.