

Report to June 13, 2018 Meeting of Standing Policy Committee
on Planning, Development and Community Services

Attach 1 - Additional Information - Proposed Approach for New Cannabis License Bylaw.docx

Recommendation

That the Standing Policy Committee on Planning, Development and Community Services recommend to City Council:

1. That the proposed terms to be included in a new Cannabis License Bylaw, as outlined in this report, be approved; and
2. That the City Solicitor be requested to prepare a new Cannabis License Bylaw.

Topic and Purpose

This report outlines a proposed approach to licensing cannabis-related businesses through a new Cannabis License Bylaw. The regulations facilitate cannabis retail stores and cannabis production facilities to be established in Saskatoon.

Report Highlights

1. The proposed bylaw will provide for storefront regulations related to signage as a way to reduce the visual impact of stores and to restrict youth access.
2. Separation distances are proposed to reduce impacts on sensitive land uses and ensure clustering of multiple cannabis-related uses does not occur.
3. Licensing fees to mitigate the cost of cannabis regulation are proposed to be \$20,000 for an initial license, with a reduction for annual renewals to \$10,000.
4. Air filtration systems will be required to minimize odour impacts on neighbouring properties.
5. Offenses and penalties for contravening the bylaw are proposed to follow the regulation currently outlined in Bylaw No. 8075, The Business License Bylaw, 2002 (Business License Bylaw).

Strategic Goals

This report supports the City of Saskatoon's (City) Strategic Goals of Sustainable Growth and Economic Diversity and Prosperity. Appropriate local regulations for the licensing of cannabis-related businesses will provide certainty for businesses in the emerging cannabis industry while ensuring possible adverse effects on business districts, neighbourhoods, and citizens are mitigated.

Background

Update on Federal and Provincial Responses to Legalization

Bill C-45, the *Cannabis Act* (Bill C-45) has passed second reading in the Senate of Canada and is back in the House of Commons where suggested amendments are being considered. It is expected to become law in summer of 2018 and will legalize

access to cannabis in Canada by regulating and controlling how cannabis is grown, distributed, and sold.

In addition, on June 1, 2018, the Province of Saskatchewan announced the list of successful proponents who were granted permits to open Cannabis Retail Stores, including the seven permits allocated for Saskatoon. Permits will not be issued until both federal and provincial legislation is passed, and the successful proponents must open a retail store within 12 months of *The Cannabis Control (Saskatchewan) Act* coming into force. Through the application process, permit holders are advised that the legal framework for the operation of cannabis retail stores has not yet been determined with certainty, including municipal bylaw regulation.

Amendments to Bylaw No. 8770, Zoning Bylaw, have already been proposed to determine the development standards and zoning districts where cannabis-related businesses are able to locate. In addition to considering land use impacts, business licensing regulation is a relevant municipal consideration.

Report

The proposed bylaw will establish specific regulations for cannabis-related businesses, which may include cannabis production facilities, cannabis retail stores, and counselling and consulting services at a later date. Requirements that are already covered by provincial regulations, such as criminal record checks, enhanced security for retail stores, and business hour limitations are not currently being proposed for the new bylaw. Access to cannabis for medical purposes is also not being proposed as this is an area that is federally regulated and will continue to be.

A general overview of the regulations being proposed for the bylaw include the following:

1. Storefront Regulations
One of the primary goals of proposed Bill C-45 is to restrict youth access to cannabis and protect youth from promotion or enticements to use cannabis. Related to this, the provincial government has indicated that cannabis-related businesses must not allow any person under the age of 19 onto the premises, and must ensure that cannabis products are not visible from outside the store. The proposed bylaw would ensure that all store signage would not display any images that would serve to promote cannabis or cannabis-related items. It is also proposed that additional signage be required to indicate that only those aged 19 years or older be permitted on the premises.
2. Separation Distances
It is proposed that there will be a 160 metre separation distance between cannabis-related businesses. This is an approach that is applied to other businesses in Saskatoon and works effectively to avoid clustering and any cumulative impacts these businesses may have on neighbourhoods.
3. Licensing Fees

A critical piece of the regulation of cannabis-related businesses is understanding the full cost of regulation and enforcement and identifying a strategy to recover those costs. Licensing fees can be used to mitigate the costs of regulation, and an initial licensing fee of \$20,000 is proposed, for both cannabis retail stores and cannabis production facilities, with the cost of the annual license renewals decreasing to \$10,000. It is also proposed that a development permit be required to identify the land use as a specific cannabis-related business. Looking at a number of municipalities across Canada and the United States, business license fees for cannabis-related businesses range from \$191 to \$97,000. Businesses may also be required to pay application fees, development permit fees, and discretionary use fees in addition to a business license fee.

With this being a new industry, significant staff resources have been used to date. This includes the use of resources such as the Business Licensing and Zoning Compliance Section, Mapping and Research Section, Building Standards Division, Saskatoon Fire Department, and City Solicitor's Office. It is anticipated that once legalization occurs, the use of staff resources will increase due to the additional services that will be provided to the business community and general public. This includes working with applicants to find an appropriate location that meets the City's regulations, inspecting businesses to ensure regulations are being followed, and fielding questions from both business license applicants and the public. Additional provisions that the federal or provincial governments may address, such as approval of edibles or release of additional provincial licenses, will place additional impact on municipal resources. Once cannabis-related businesses are fully established in Saskatoon, the fee structure will be re-evaluated in accordance with long-term resource requirements.

4. Air Filtration Systems

In order to reduce the impact of cannabis-related businesses on neighbouring properties, the proposed bylaw will require that an air filtration system that effectively minimizes odour impacts be installed and maintained at the business location.

5. Offences and Penalties

The proposed bylaw will outline penalties if there are any contraventions of the bylaw, in accordance with the existing Business License Bylaw. This will include penalizing any business selling or distributing cannabis without a valid license and contravention of advertising regulations. It will also indicate that municipal business licenses will be suspended or cancelled if a cannabis-related business licensee's provincial or federal approval is suspended at any time.

The intent of the proposed provisions is to provide some degree of certainty to the successful proponents of the seven licenses allocated for Saskatoon. Further to these proposed areas of regulation, the Administration will be looking further into including other cannabis-related businesses in the proposed Cannabis License Bylaw. This may include consulting businesses that offer education and support for those who require

assistance in this area. The intent is to provide a comprehensive bylaw that will clearly define all cannabis-related businesses and their corresponding uses, which can be found with ease.

Options to the Recommendation

City Council could decline to support the recommendations of this report. Further direction would then be required to ensure licensing regulations are in place for cannabis-related businesses prior to legalization.

Public and/or Stakeholder Involvement

In January and February 2018, a public online survey gave Saskatoon residents the opportunity to provide input on the considerations in identifying regulations for cannabis-related businesses. Approximately 3,700 responses were collected. A representative study of 405 respondents in Saskatoon, that balanced gender, age range, and location of residence within the city, was also conducted by Inshtrix Research Inc. during this period. The results of those surveys generally support the regulatory framework discussed in this report.

Communication Plan

The Administration will ensure that the regulations for cannabis-related businesses are well communicated to residents and prospective business owners through the City's regular communication channels, such as news releases, social media, and the development of an informational webpage, as well as other information pieces as necessary.

Financial Implications

It is anticipated that there will be a significant impact on staffing resources when cannabis becomes legal in summer 2018. In order to offset these costs, an initial business license fee of \$20,000, which is higher than the conventional business license fee, is being proposed. Annual renewals are proposed at \$10,000. Once the long-term impact on resources is determined, the bylaw would be amended to reflect long-term costs.

Safety/Crime Prevention Through Environmental Design (CPTED)

The principles of CPTED have been considered in the development of the license regulations for cannabis-related businesses. Comprehensive security requirements for cannabis-related businesses are outlined by the Government of Saskatchewan, and additional safety requirements will be proposed for inclusion, where appropriate, to ensure the safety of these businesses and their employees and patrons.

Other Considerations/Implications

There are no policy, environmental, or privacy implications or considerations.

Due Date for Follow-up and/or Project Completion

Further reporting to City Council in 2018 will bring forward a cannabis licensing bylaw. Amendments to the bylaw may come at a later date if changes are warranted following

a review of the effectiveness of the regulations. The Administration can report back in 24 months following review of the fee structure.

Public Notice

In accordance with Policy No. C01-021, Public Notice Policy, public notice will be provided for consideration of this matter when the proposed bylaw is forwarded to City Council for a public hearing.

Report Approval

Written by: Ellen Pearson, Senior Planner, Community Standards
Reviewed by: Jo-Anne Richter, Acting Director of Community Standards
Approved by: Randy Grauer, General Manager, Community Services Department

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