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Town of Aurora

General Committee Report

No. PDS23-062

Subject: Retail Cannabis Update 2023

Prepared by: Lisa Hausz, Manager, Economic Development and Policy

Department: Planning and Development Services

Date: May 16, 2023

Recommendation

1. That Report No. PDS23-062 be received for information.

Executive Summary

This report provides an update on the Town's thirteen (13) authorized retail cannabis locations, and the \$78,619 in funding received as part of the Ontario Cannabis Legalization Implementation Fund.

- Summary of criteria for objections to cannabis licensing.
- Town received funding as an Opt-in Cannabis community.
- There are currently 13 ACGO authorized retail locations open in Aurora.

Background

On January 21, 2019, Aurora Council passed a resolution to opt-in and permit cannabis retail stores within the Town of Aurora. In September 2022, a notice of motion was passed by Council with the following direction:

Now Therefore Be It Hereby Resolved That staff report back to Council at its earliest convenience and include in a report, but are not limited to:

- a) Number of retail Cannabis stores in Aurora;
- b) A full financial accounting of what the Town received directly or indirectly as a result of opting in;

- c) All written submissions issued by staff to the AGCO after receiving notice of a new Cannabis retail store in Aurora.

The Alcohol and Gaming Commission of Ontario (AGCO) allows for written submissions in objection to a proposed license to a cannabis retail operator. Written submissions to the AGCO, within the 15-day submission period, are limited to whether the issuance of a retail store authorization for the specific location is in the public interest. For this purpose, matters of public interest pertain only to protecting public health and safety, protecting youth and restricting their access to cannabis and preventing illicit activities in relation to cannabis. The Province has established criteria, and Council recommended additional criteria for AGCO's consideration on applications.

Summary of criteria for objections to cannabis licensing.

Provincial Criteria for Objections to Cannabis Licensing

The AGCO Registrar will consider written submissions as to why the proposed store is not in the public interest as set out in the regulation made under the *Cannabis Licence Act, 2018*. The following are matters of public interest that can be considered by the Registrar:

- Protecting public health and safety;
- Protecting youth and restricting their access to cannabis;
- Preventing illicit activities in relation to cannabis.

A cannabis retail store must be a stand-alone store (i.e. it cannot be part of another store that sells other products), cannot be located near a school or private school, as defined in the *Education Act*, and is considered near if the proposed retail store is less than 150 metres away from the property line of the school or private school.

Town Criteria for Objections to Cannabis Licensing

At a special Council meeting on January 21, 2019, Town Council recommended additional criteria as part of opting in to permit cannabis retail stores in Aurora. Council requested that the AGCO consider the following restrictions as a matter of public interest:

1. That private cannabis retail stores not be permitted within 150 metres from daycares, nurseries, parks, group homes or addiction and counselling facilities, the Aurora Community Centre, the Aurora Family Leisure Complex, the Stronach Aurora Recreation Complex, the Aurora Public Library and Town Hall and any other similar public gathering uses;

2. That private cannabis retail stores not be permitted within 150 metres of each other.

Further, Council authorized staff to review applications and provide written submissions to the ACGO for those that do not meet the Town's criteria. Submissions were sent to the ACGO on 8 of 14 applications (see Attachment 1 – Town Submissions to the ACGO).

The number of cannabis retail locations and/or proximity to each other are not objectionable criteria for submission to the ACGO. While location clustering or saturation is a common concern in many opt-in communities, it is not from an enforcement perspective, but rather a community perception concern. Municipalities have no control over locations other than zoning enforcement.

Despite Council's recommendation, the ACGO has not adopted Council's additional criteria, and the ultimate decision whether a retail cannabis store is permitted to operate solely lies with the Alcohol and Gaming Commission of Ontario.

However, there are examples of advocacy for regulation revisions on both sides of the retail landscape including municipalities, the Association of Municipalities of Ontario (AMO), Ontario's Cannabis Policy Council (Ontario Chamber of Commerce), and the Retail Cannabis Council of Ontario. Each stakeholder group recognizes that in order to support the safe and sustainable growth of the industry, revisions must be made to ensure all stakeholders are protected. Most recent municipal advocacy is from Mississauga and Brampton, where Mississauga's Council recently voted 8-4 to opt-in to host authorized retailers to combat the city's illegal cannabis operations. Brampton Council recently passed a motion to advocate to the ACGO for more municipal control over clustering and location proximity (i.e. expanding the 150m distance from schools, and adding other restrictions, similar to those proposed by Aurora Council in 2019).

Analysis

Town received funding as an Opt-in Cannabis community.

Through the Ontario Cannabis Legalization Implementation Fund (OCLIF), the Province provided municipalities with proportioned shares of approximately \$44 million in funding to help with the implementation costs of recreational cannabis legalization. OCLIF was distributed as follows:

- A first payment of \$15 million to all municipalities on a per-household basis, adjusted so that at least \$5,000 is provided to each municipality.

- Following the deadline for municipalities to opt-out under the *Cannabis Licence Act*, a second payment of \$15 million.
 - Municipalities that opted-out of hosting private retail stores received \$5,000 each.
 - Municipalities that do not opt-out of hosting private retail stores received funding on a per-household basis, adjusted to that each received at least \$5,000.

The remaining \$10 million was set aside as contingency, to deal with any “unforeseen circumstances” that municipalities might encounter in relation to legalization of recreational cannabis, along with \$4 million to complete the \$44 million commitment.

The Ministry has also committed that if Ontario’s portion of the federal excise duty on recreational cannabis over the first two years of legalization exceeds \$100 million, the province will provide 50 percent of the surplus only to municipalities that have not opted out as of January 22, 2019. Any municipality that did not permit private cannabis retail stores did not receive this further funding. Therefore,

- A third payment of the remaining \$4 million to municipalities that did not opt-out of hosting retail stores on a per-household basis, adjusted so that each recipient municipality received at least \$5,000, completing the \$44 million commitment.
- The final payment of \$6.74 million as part of the federal excise duty was paid to municipalities that did not opt-out of hosting retail stores, adjusted so that each received at least \$5,000.

Below in Table 1 is a break down of the Town’s funding received as part of the opt-in payments;

Table 1 – Town of Aurora OCLIF Payments

Date Payment Received	Amount
November 26, 2018	\$26,324
February 12, 2019	\$32,208
August 14, 2019	\$13,420
March 29, 2021	\$ 6,667
TOTAL	\$78,619

There are currently 13 ACGO authorized retail locations open in Aurora.

The ACGO submits notification of licensing applications through the Town's Clerks office who in turn, send the notice to the Chief Building Official, Manager of By-Law and Manager of Economic Development and Policy to review the application's location and proximity to schools under the Province's regulations. Additionally, the application location is screened at the 150m radius of Council's recommended additional criteria. Table 2 outlines the current inventory of licensed cannabis retail locations in the Town. There are a total of 13 approved locations, and 1 license pending final approval.

Table 2 – Authorized Retail Cannabis Locations in Aurora

Store Name	Address	Status*
Alpha Cannabis	118 Wellington St. E.	Open - authorized 2020
Ashiro	15114 Yonge St.	Open - authorized 2020
Cannera	15543 Yonge St.	Open - authorized 2020
Dab Cannabis	444 Hollandview Trail	Open - authorized 2021
Fika Local Cannabis	91 First Commerce Dr.	Open - authorized 2020
Havok Smoke Cannabis	38 Wellington St. E.	Open - authorized 2021
Jane's Cannabis Shop	160 Wellington St. E.	Open - authorized 2020
Malibu Road	150 Hollidge Blvd.	Open - authorized 2021
Nature's Haze	15570 Yonge St.	Open - authorized 2020
Sessions Cannabis	15480 Bayview Ave.	Open - authorized 2020
Spark Cannabis	15191 Yonge St.	Open - authorized 2021
The Woods Cannabis	16015 Bayview Ave.	Pending authorization
Tokyo Smoke Aurora	14800 Yonge St.	Open - authorized 2023
Value Buds	650 Wellington St. E.	Open – authorized 2020

*authorized year is when the license was approved by ACGO, not necessarily the store's opening year.

Economic Impact

Cannabis is a legal product that can be sold through retail outlets under a number of federal and provincial requirements, including that a municipality cannot restrict locations based on the type of product being sold. The Provincial Cannabis Retail requirements are much stricter than other products, including alcohol. Each store must have a licensed operator/owner, authorized location, certified manager and employees must follow strict training guidelines. The investment in a retail location is similar to other retailers including capital investment, risk, employment and compliance with all regulations under local, provincial and federal retail operations requirements.

The Town of Aurora was the only municipality in York Region that opted-in to allow for retail cannabis locations in the first round. This put pressure on the Town as one of the closest locations serving York Region's larger, southern, municipalities. As such, the Town experienced several applications through 2019, 2020, 2021 with 85% of the applications in the first two years, even during a pandemic. In 2022 and 2023, the applications have slowed with only 2 applications, and the market is beginning to see some stabilization, as far as saturation of the market. As of April 2023, as detailed in Table 2, above, there are 14 locations (13 approved, 1 pending).

Product perception or stigma is inherent when a previously illegal substance is made legal. Despite any perception, the entrepreneurs that their risk time, capital and opportunity cost to open legitimate, legal businesses in Aurora, contribute in ways that should be recognized. These include:

- **Direct economic contribution** – capital investment, local and self-employment, direct wages, revenues;
- **Indirect economic contribution** – supplier activity that supports the retailers including manufacturing, packaging, transportation, insurance, finance, legal, and construction;
- **Induced economic contribution** – wages spent locally by employees, and suppliers' employees, on food, gas, daycare, housing, and other local goods and services;
- **GDP contribution** – harmonized sales tax, payroll tax, property tax, corporate and personal income tax, licensing fees, etc.

The authorized operators in Aurora are complying with regulations, and are operating under mandates as set out by the ACGO. Since the early days of opt-in, Town staff have received minimal and minor complaints related to the legal retail operations. Most inquires were signage or minor parking related issues, inquiries about the number of stores in town (clustering/saturation complaints) or to express general disapproval of them. Any specific complaints about store operations were referred the ACGO, and smoking offences were referred to the Region who deals with issues related to the Smoke-Free Ontario Act.

Advisory Committee Review

None

Legal Considerations

The Town does not have the authority to license private cannabis retail stores or prohibit them as a land use. However, private cannabis retail stores are still required to comply with the Town's zoning by-law and the Official Plan in regard to zones and standards that apply to all retail stores (i.e. the store may only be located in a retail zone, it must comply with setbacks, etc.). In addition, the Building Code and Fire Code may apply if permits are required and where these codes do apply, the appropriate inspections would be required.

All the above-mentioned authorized retail cannabis stores are in a retail zone and have complied with (or, in the case of the store that is pending authorization, is in the process of complying) with the Building Code and the Fire Code.

Financial Implications

As summarized under Table 1, the Town received a total of \$71,952 in funding from the province in support of its implementation of recreational cannabis legalization within its borders. The Town also received a minor share of the province's federal excise duty revenue on recreational cannabis in excess of \$100 million of \$6,667 in 2021 as a municipality that did not opt out. No further revenue sharing opportunities have been offered by the province as of this time.

Communications Considerations

The Town will inform the public on the information contained in this report by posting it to the Town's website.

Climate Change Considerations

The recommendation from this report does not impact greenhouse gas emissions or impact climate change adaptation.

Link to Strategic Plan

This update is in support of the Town's Strategic Plan's Objective 2: Supporting small business and encouraging a more sustainable business environment.

Alternative(s) to the Recommendation

1. That Council provide direction.

Conclusions

The Town of Aurora opted in to the Province's legalized cannabis retail program that permitted the opening of regulated retail operations within commercial zones. By opting in, the Town received funding from the Province in the amount of \$78,619, and the opening of 13 stores, with 1 pending.

Attachments

Attachment 1 – Town Submissions to the ACGO

Previous Reports

CS19-001, Proposed Private Cannabis Retail Stores in Aurora, January 21, 2019

CS19-004, Proposed Private Cannabis Retail Stores in Aurora – Additional Information, January 21, 2019

Pre-submission Review

Agenda Management Team review on April 27, 2023

Approvals

Approved by Marco Ramunno, Director, Planning and Development Services

Approved by Doug Nadorozny, Chief Administrative Officer