



## **Committee of the Whole Report**

### **For the Meeting of July 20, 2017**

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**To:** Committee of the Whole

**Date:** July 10, 2017

**From:** Chris Coates

**Subject:** Enforcement Update on Cannabis-Related Businesses

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### **RECOMMENDATION**

That Council receive this report for information.

### **EXECUTIVE SUMMARY**

Council established a regulatory regime for Cannabis Dispensaries and related Businesses that came into effect September 22, 2016. In April of 2017 Council indicated that the City was taking enforcement action against these businesses that had not applied for rezoning, where required, and/or or had not applied for a business license.

At the Committee of the Whole Meeting held July 6, 2017, Council posed questions about the status and process for enforcing City bylaw for cannabis-related businesses that are not complying with regulations.

To date, six (6) of thirty-five (35) operating dispensaries have not applied for rezoning and three (3) of thirty-five (35) operating dispensaries have not applied for a Business License. In addition, two businesses are in operation that are known to be permitting the consumption of cannabis on premises contrary to the City's regulations. All violations of these businesses are being addressed by increasing levels of enforcement.

Enforcement starts with education of the regulations, then warning operators of the consequences of non-compliance, followed by ticketing. Businesses are regularly inspected for compliance with all of the requirements for operating as a Storefront Cannabis Retailer. Staff are determining which non-compliant operators have reached the stage where injunctive relief is required. Direction to seek injunctions has been provided by Council at the City Solicitor's discretion.

### **PURPOSE**

The purpose of this report is to provide information on the process of gaining compliance with the Cannabis-Related Business Regulation Bylaw.

## BACKGROUND

The Cannabis-Related Business Regulation Bylaw was adopted on September 22, 2016. Section 11 of the bylaw permits businesses that were in existence when the bylaw was introduced on July 28, 2016 to continue to operate without a business licence, provided they actively pursue rezoning. Since adoption of the bylaw, enforcement has been proactive, initially focusing on education on the regulations, what is required and assisting the applicants to navigate through the process. Those businesses that were not moving forward were encouraged to apply, warned and then ticketed for non-compliance.

## ISSUES & ANALYSIS

Staff continue to perform regular inspections of businesses for compliance. Balancing compliance of the regulations while assisting new businesses to navigate the permitting process is staff's goal in order to value customers and their experience dealing with City processes. To that end, all bylaw officers are involved in the monitoring of dispensaries and providing customer service to those with concerns about operations, which is the same consideration that would be provided to any new business applicant.

Over the past nine months, a variety of actions have happened with respect to the operation of cannabis businesses: most have submitted rezoning and business licences applications; businesses that were open and applied for licenses have closed; others have opened and not applied for licences and some have changed their business model to remove any cannabis-related retail. All nine (9) Bylaw staff are involved in compliance monitoring, enforcement activities and administration of Cannabis Dispensaries and related businesses.

At the July 6, 2017 Committee of the Whole meeting, the question of daily ticketing of non-compliant businesses was raised. Though this is an enforcement option, staff weigh this option with the objective of gaining compliance through consultation which is balanced with the knowledge that tickets can be disputed, which is a court process. However, once the steps of enforcement have progressed to the stage of obtaining injunctive relief, compliance can be reinforced through continued ticketing.

The following points summarize actions that have occurred:

- Thirty (30) operating businesses have applied for rezoning
- Three (3) not open businesses have applied for rezoning
- Six (6) operating businesses have not applied for rezoning or a business license
- Two (2) operating businesses have closed
- Thirty-four (34) businesses have applied for a business licence
- One (1) business licence has been issued
- Four (4) have received rezoning and four (4) are close to receiving their business licences
- Three (3) new dispensaries have opened since September 2016 and not applied for rezoning or a business licence, and continue to operate
- Two (2) applications have been denied
- Thirty-five (35) businesses are being inspected for compliance with operating regulations
- Thirty-nine (39) tickets have been issued
- Two (2) businesses are permitting consumption on their premises; enforcement is underway



The following table summarizes ticketing actions:

Bylaw	Offence	Amount	Tickets Issued	Total
Business	No licence	\$250	2	\$500
Cannabis	Allow Consumption	\$500	8	\$4,000
Cannabis	Display prohibited signs	\$250	1	\$250
Cannabis	Failure to maintain air filtration	\$500	1	\$500
Cannabis	Failure to provide required staff	\$500	1	\$500
Cannabis	Operate outside of permitted hours	\$250	1	\$250
Cannabis	Operate without valid licence	\$1,000	15	\$15,000
Sign	No sign permit	\$250	4	\$1,000
Street & Traffic	No portable sign permit	\$250	1	\$250
Zoning	use/allow use contrary to bylaw	\$350	5	\$1,750
			39	\$24,000

On April 20, 2017, Council authorized the City Solicitor to commence legal proceedings against cannabis-related businesses operating in contravention of City bylaws. Commencement of legal proceedings requires careful preparation and staff have been gathering evidence necessary to file applications for injunctions with the BC Supreme Court. Applications will be brought against offending businesses individually and, because of resources available, will be done in phases rather than all at once. This approach allows the City to better utilize its resources and it provides further opportunity for voluntary compliance. The City Solicitor advises that first injunction applications should be commenced this month.

To date, Council has approved four (4) cannabis-related retailers through the rezoning process and one (1) cannabis-related retailer has received a business licence. There are six (6) rezoning applications ready for public hearing and twenty-three (23) rezoning applications are with planning staff and are at various stages moving through the process. Nine (9) operators have not applied for a rezoning application and two (2) applications have been denied.

## OPTIONS & IMPACTS

Since adoption of the bylaw, staff resourcing has exceeded the 35 hours allotted to cannabis enforcement. It is anticipated that once all cannabis retailers are through the rezoning process and only those permitted are operating, ongoing compliance can be monitored and enforced with the allocated 35 hours a week.

### *2015 – 2018 Strategic Plan*

The current approach to achieving compliance supports objective 7 from the 2015-2018 Strategic Plan: Facilitate Social Inclusion and Community Wellness and objective 13: Demonstrate Regional Leadership.

## CONCLUSIONS

Until federal government legislation comes into effect next year, there will continue to be many unknowns in regulating the sale of cannabis. In the meantime, bylaws implemented by the City to

reduce the community impact of cannabis-related businesses will continue to be enforced by:

1. Seeking compliance through consultation with the business to apply for rezoning and business licence.
2. Continuing to inspect open dispensaries for compliance with the regulations.
3. Ticketing the business for non-compliance.
4. Seeking injunctive relief as appropriate.

Respectfully submitted,



Nancy Johnston  
Manager of Bylaw & Licensing



Chris Coates  
City Clerk



Jocelyn Jenkyns  
Deputy City Manager

Report accepted and recommended by the City Manager: \_\_\_\_\_

Date: \_\_\_\_\_

July 14, 2017

**Attachment: Cannabis-Related Business Regulation Bylaw**