

**Community Services Report to
SPC on Community and Protective Services
2019 November 13**

**ISC: UNRESTRICTED
CPS2019-1403**

Impact of Cannabis Bylaws

EXECUTIVE SUMMARY

In preparing for the legalization of cannabis, Council approved a new Cannabis Consumption Bylaw 24M2018 as well as several bylaw amendments. To ensure that the new bylaw and the amendments did not create unintended consequences, Council directed Administration to report back on the impacts of the bylaws in two specific areas: populations in Calgary experiencing vulnerability, and cannabis consumption areas at festivals and events. This report provides an overview of the impact of Calgary's bylaws that regulate cannabis on these specific areas as well as a general update on cannabis regulation in Calgary after one year of legalization.

ADMINISTRATION RECOMMENDATION:

That the Standing Policy Committee on Community and Protective Services recommends that Council receives this report for the Corporate Record.

PREVIOUS COUNCIL DIRECTION / POLICY

On 2019 February 25, Council approved Administration's request in Report CPS2019-0152 to defer the report on the impact of cannabis bylaws on vulnerable populations to Council through the SPC on Community and Protective Services Committee no later than 2019 Q4.

On 2018 June 25, as part of Report CPS2018-0718, Council directed Administration to work with stakeholders to monitor cannabis consumption areas at festivals and events and report back to Council through the SPC on Community and Protective Services in 2019 Q4.

On 2018 April 5, when reviewing CPS2018-0367 Council adopted a Motion Arising, moved by Councillor Colley-Urquhart, seconded by Councillor Carra, directing Administration to consult with key stakeholders and report back to Council, through the SPC on Community and Protective Services, no later than 2019 June on the implications and impacts of said bylaws with specific regard to minimizing unintended consequences and/or inequity amongst vulnerable populations.

BACKGROUND

In 2016, anticipating the impact of the legalization of non-medical cannabis on The City of Calgary, Administration established a working team of subject matter experts (SMEs) from across the Corporation, including representatives from the City Manager's Office, Intergovernmental & Corporate Strategy, Law, Planning & Development, Calgary Neighbourhoods, Calgary Community Standards, Calgary Transit, Human Resources and the Calgary Police Service. This group identified issues of concern and potential impacts of legalizing cannabis to The City of Calgary.

Additionally, Administration conducted research and engagement to better understand the views of Calgarians as well as best practices internationally. This information was used to inform the development of a new bylaw and amendments to existing bylaws approved by Council in 2018 April. To ensure that the bylaws were implemented as intended, Council directed Administration to report back after approximately one year of legalization to ensure that the enforcement of the bylaws were not having unintended consequences.

The legalization of cannabis resulted in multiple different approaches to regulation in provinces and municipalities across Canada. In addition to responding to Council's direction to report back

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on the impact of municipal bylaws on vulnerable populations and on festivals and events, this report includes general information on the state of cannabis legalization in Calgary as well as anticipated next steps.

INVESTIGATION: ALTERNATIVES AND ANALYSIS

Measuring Impacts of Cannabis Legalization

Recognizing the need for data collection, Calgary's enforcement agencies - including: Calgary Community Standards, Calgary Transit and Calgary Police Service - implemented cannabis-specific data tracking to better understand the impact of legalization through the enforcement of Calgary's bylaws. Due to Council's early direction, Administration was able to focus data gathering efforts to recognize the impact on Calgarians experiencing vulnerability. A summary of cannabis-related enforcement actions can be found in Attachment 1. Further, Administration also partnered with researchers from the University of Calgary, with access to Alberta Health Services data, to monitor the impact on local hospital emergency wards. In addition, Administration engaged local organizations including the Alpha House and the Drop-in Centre, whose representatives indicated that they were unaware of cannabis bylaws having an impact on their clientele, but emphasized continued concern about other substances. The overall number of tickets for consumption of cannabis, particularly from Community Peace Officers and Transit Peace Officers, was relatively low. However, it should be noted that there were a high proportion of summons issued with ticket information indicating 'no fixed address.' This proportion, roughly 40 per cent, issued by Calgary Police Service (CPS) to citizens with no fixed address identified on the summons are of particular note. CPS subject matter experts indicated that the majority of these tickets were issued in District 1 which has been the focus of increased patrols to address areas with high incidence of crime and disorder concerns. Administration will continue to partner with CPS to monitor ticketing under the Cannabis Consumption Bylaw and will bring forward amendments as needed.

Regulating Cannabis Consumption at Festival and Events

Administration approved cannabis consumption areas at nine festivals during the course of the 2019 festival season. Festivals were required to have several operating guidelines in place for approval, including: screened consumption areas; trained staff to monitor concerns and ensure no minors accessed the areas; maximum occupant loads as per Calgary Fire requirements; minimum distance requirements from sensitive uses including playgrounds and splash parks; and security and medical plans. Requiring screening under our municipal bylaws also allowed these areas to be sponsored by cannabis companies, as it is a requirement of federal legislation that cannabis-related advertising and sponsorship may only take place in areas which, by law, are not accessible nor visible by minors. Because the Alberta Gaming, Liquor and Cannabis Commission does not license areas for both the sale and consumption of cannabis, sponsorship is one of the only methods that festival operators have to recoup the costs associated with establishing cannabis consumption areas. A summary of the festivals with approved cannabis consumption sites is found in Attachment 2. Overall, festival organizers reported that the designated consumption areas worked well with minimal concerns. All organizers who responded indicated they would incorporate these areas into their future events. Administration will continue to work with festival organizers to address any concerns and will continue to work with other orders of government to ensure clarity of regulations, and compliance of festival organizers.

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Current State of Cannabis Retail Sales

At the time of writing, Calgary has 66 provincially licensed cannabis retail stores, three federally licensed cannabis production facilities and development permits for several more stores and production facilities currently under review. According to Statistics Canada, between 2018 October and 2019 July, Alberta had the highest rate of legal cannabis sales in Canada. Calgary has more legally operating cannabis retail stores than any other Canadian municipality (see Attachment 3).

Current State of Legalization of Edibles

Under federal legislation, the legalization of the next phase of cannabis products, edibles, extracts and topicals, took effect on 2019 October 17. These products will be made available through the existing retail framework in Alberta including existing retail stores and the AGLC's cannabis website. The bylaws previously passed by Council already considered edible, extract and topical cannabis products and as such there is no requirement for bylaws to be further amended at this time. Although these new classes of products are effectively legal, due to a requirement for federal review and approval, as well as supply chain logistics, the earliest that they could potentially appear for sale would be 2019 December 16.

Next Steps

Administration will continue to monitor the evolution of cannabis legalization, and will continue to work with partners at other orders of government to ensure that municipal regulations address any issues or changes. Administration will also continue to advocate to other orders of government for a share of the federal cannabis excise tax revenue sufficient to offset the costs incurred by the municipality in preparing for, and implementing cannabis legalization.

Stakeholder Engagement, Research and Communication

In addition to monitoring the different approaches of municipalities across Canada, Administration has been working with local stakeholders to monitor the impacts of municipal bylaws on Calgary's citizens and businesses.

Administration contacted all festival operators with cannabis consumption areas after their events to determine the impacts and to gauge the likelihood of the organizers hosting future consumption areas. A summary of festival organizer responses can be found in Attachment 2.

In determining the impact of Calgary's cannabis bylaws on Calgarians experiencing vulnerability, Administration tracked both internal metrics in terms of tickets and warnings, but also worked with a researcher from the University of Calgary with access to provincial data outlining cannabis-related emergency room visits. This data was compared against the location of municipally licensed cannabis stores and found it is unlikely that the majority of emergency room visits are associated with legal cannabis retailers.

Strategic Alignment

This report aligns with Council's Directive of a City of Safe & Inspiring Neighbourhoods. Specifically, N1: Calgarians want neighbourhoods and public spaces that are safe, accessible and inclusive for all Calgarians.

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Social, Environmental, Economic (External)

The legalization of cannabis has resulted in several social, environmental and economic impacts. Positive economic benefits to the city, included the licensing of 65 new retail spaces, three cannabis facilities, and an estimated construction value of \$16.7M as indicated on cannabis related building permits from 2018-2019 September. In addition, according to Statistics Canada, Alberta had retail cannabis sales in excess of \$170M from 2018 October – 2019 August. Environmentally, the extensive federal packaging requirements of legal cannabis products has been identified as a concern. Socially, cannabis stores did create concern in some communities in terms of proximity to sensitive uses. Required separation distances and discretionary development permits were utilized as methods to help mitigate these concerns. Several festivals have introduced cannabis consumption areas which have generally been well-received, and cannabis consumption bylaws did result in ticketing, albeit relatively low numbers when compared to other bylaw infractions. Calgary's bylaws were intended to address legalization in a manner which minimized negative social impacts while allowing for economic opportunities. While there are no amendments to the existing bylaws proposed in this report, Administration will continue to monitor the ongoing implementation of cannabis legalization and will respond by adapting regulations accordingly.

Financial Capacity

Current and Future Operating Budget:

There are no impacts to current and future operating budgets associated with this report. Total costs to The City, 2016-2019 YTD, including City Administration and Calgary Police Service as a result of legalization are estimated at \$10.3M. See Attachment 4 for a further breakdown. The Government of Alberta's Municipal Cannabis Transition Program provided one-time funding of \$3.84M, specifically for the time period from 2018 April - 2019 December. Administration continues to advocate to other orders of government for a share of cannabis tax revenue sufficient to offset the costs incurred to the municipality as a result of legalization.

Current and Future Capital Budget:

There are no impacts to current and future capital budgets associated with this report. Administration continues to advocate to other orders of government for a share of cannabis tax revenue sufficient to offset the costs incurred to the municipality as a result of legalization.

Risk Assessment

There is a continued risk of populations experiencing vulnerability being disproportionately represented in ticketing for cannabis-related offences. Administration will continue to work with City enforcement, including Calgary Police Service, to monitor the impact of cannabis-related bylaws, to ensure they are being implemented in the manner which was intended when they were created, and to bring forward amendments as required.

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REASON(S) FOR RECOMMENDATION(S):

Council directed Administration to report back on the impacts of cannabis legalization. This report provides an update on the enforcement of The City's cannabis related bylaws. Administration will continue to monitor the ongoing implementation of cannabis legalization and will respond by recommending adaptations to municipal regulations as required.

ATTACHMENT(S)

1. Attachment 1 – Cannabis Consumption-Related Tickets
2. Attachment 2 – Summary of Calgary Festivals with Cannabis Consumption Areas 2019
3. Attachment 3 – Provincially Licensed Cannabis Stores by Municipality
4. Attachment 4 – Total Costs of Cannabis Legalization to The City of Calgary