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**To:** "Direct to Mayor and Council - DL"  
**CC:** "City Manager's Correspondence Group - DL"  
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**Date:** 4/17/2019 6:20:52 PM

**Subject:** Memo: cannabis retail store licensing

**Attachments:** Memo - Cannabis Status Update.pdf

Good afternoon Mayor and Council,

The attached memo from Kathryn Holm, Chief License Inspector, provides an update on the status of cannabis retail outlets in Vancouver under the applicable Provincial and City of Vancouver regulations. In brief:

- There are presently 3 cannabis retail stores operating in Vancouver that have received Provincial licenses and comply with all City requirements. The City has received formal notification from the Province of a further 25 applications. The City has provided recommendations to the Province in favour of 20 of those applications and the other 5 are under review.
- To date, the City has granted a total of 60 development permits for cannabis retail stores. So long as development permit holders have taken steps to apply for a Provincial retail license, the City has indicated that they will not be subject to enforcement for operating without a City of Vancouver business license. There are presently 10 DP holders in operation that have not initiated those steps and, in March 2019, those stores were issued bylaw orders to shut down. 4 locations have since closed and the remaining 6 are subject to further enforcement action.
- Since December 2018, the number of cannabis retail outlets operating without a valid development permit has decreased from 51 to 20 stores. Of those 20 stores, 9 were involved in the test case before the Supreme Court of BC which resulted in a decision upholding the City's licensing framework, as well as an order for the participating operators to close. As that decision is presently under appeal, we have deferred enforcement against the participating outlets. Enforcement is proceeding against other retailers operating without land use approval.

Please feel free to contact me with any questions regarding this matter.

Best,  
Paul

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*The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the Musqueam, Squamish, and Tsleil-Waututh peoples.*

**MEMORANDUM**

April 17, 2019

**TO:** Mayor and Council

**CC:** Sadhu Johnson, City Manager  
Paul Mochrie, Deputy City Manager  
Anita Zaenker, Chief of Staff  
Neil Monkton, Chief of Staff  
Alvin Singh, Director of Communications, Mayor's Office  
Francie Connell, City Solicitor  
Iain Dixon, Assistant Director, Legal Services  
Adam Palmer, Chief Constable, Vancouver Police Department  
Rena Kendall-Craden, Director of Civic Engagement and Communications

**FROM:** Kathryn Holm, Chief Licence Inspector

**SUBJECT:** Cannabis Retail in Vancouver: Status Update

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**Purpose**

The purpose of this memo is to update Council on the status of cannabis retail store licensing in Vancouver, and recent enforcement actions against illegal cannabis retailers.

A comprehensive description of the federal and provincial legislation and regulation, and the role of municipalities in regulation of cannabis retail, can be reviewed in a staff Memo to Council dated June 26, 2018. The decisions of the BC Supreme Court on December 13, 2018 regarding non-compliant cannabis retail stores operating in Vancouver were outlined in a subsequent Memo to Council dated December 17, 2018. That Memo also provided information on enforcement against non-compliant stores, and the status of cannabis retail stores seeking Provincial non-medical cannabis retail licences.

**Licensing**

As of April 12, 2019, three cannabis retail stores are operating legally in Vancouver. Each of these stores has obtained a City of Vancouver Development Permit; a Provincial licence for retail of non-medical cannabis; and a City of Vancouver business licence (Retail Dealer – Cannabis).

The store locations are:

- Evergreen Cannabis Society - 2868 West 4th Avenue

- City Cannabis Co. - 610 Robson Street
- City Cannabis Co. - 7289 Fraser Street

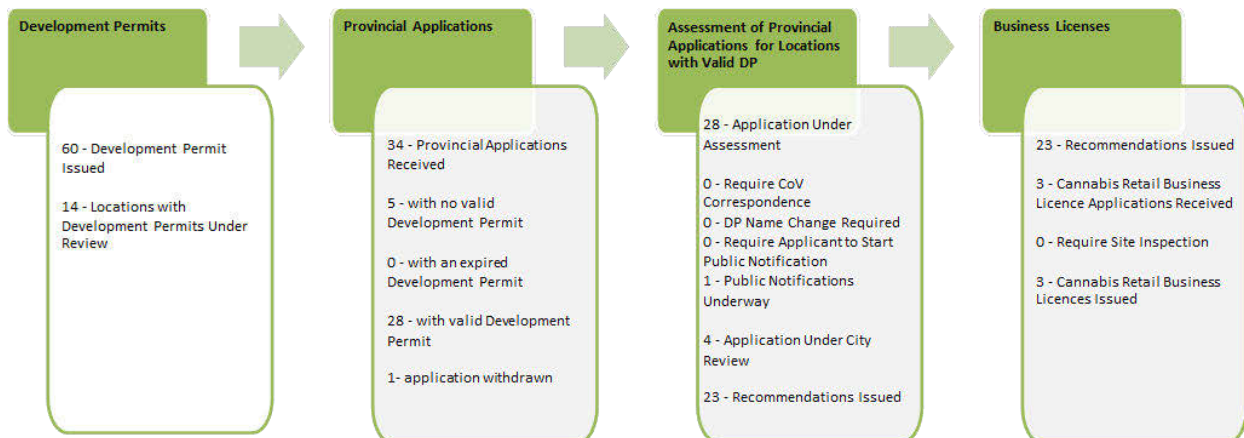
The following graphic outlines the steps required to operate legally in Vancouver.



A City recommendation is required as an input to the Provincial licensing decision. Under the *Cannabis Control Act*, the City’s recommendation is restricted to land use approval (a valid Development Permit) and consideration of public comments (required by the Province) on the location.

As of April 12, 2019, there are 60 locations in Vancouver with valid Development Permits for cannabis retail use. Each of these locations is required to apply to the Province to obtain a provincial licence if they intend to sell legal cannabis.

The following represents a summary of the weekly statistics gathered and reported by staff:



As above, the Province has received applications and requested a recommendation from the City of Vancouver for retail operations at 34 locations:

- 5 applications are for locations that are not subject to a valid Development Permit
- 28 applications are for locations with valid Development Permits
- 1 application has been withdrawn by the applicant.

Of the 28 applicants that hold a valid Development Permit, 23 have completed their public notification process for a provincial retail licence. These applications have been reviewed and have been recommended by the Chief Licence Inspector for Provincial licences.

- 3 of these locations are fully licenced and are presently operating, as noted above
- 18 of these applications are with the Province for decision, and there are no further steps for the City to take at this time with these applications.
- 2 of these applications have been issued an "Approval in Principle", meaning that the applicant has passed criminal and financial security screening ("fit and proper" assessment) and will be issued a Provincial licence if the store passes a final Provincial inspection, verifying physical security, product displays, and product visibility. Upon passing the inspection, the applicant must pay the Provincial licence fee, and the licence is issued. Then City staff will work with the applicant to complete the City site inspection and obtain a City business licence, and the applicant can open for business. The time between issuance of AIP and issuance of the Provincial cannabis retail licence depends upon the applicant and the Province. It is unknown at this time when these 2 applicants will complete the inspection and obtain their provincial licence.

The remaining 5 applications are in the process of either conducting public notification, or under staff review.

## **Enforcement**

### *Locations with a Valid Development Permit for Cannabis Store Use*

The City's enforcement approach to cannabis retail has been to not pursue enforcement action against stores at the 60 locations with valid Development Permits, provided they are actively working to come into compliance. This means they must have an active licence application in progress with the Province, and the City has either been asked for a recommendation for that location or the applicant has submitted proof of application submission. City staff sent correspondence to the Development Permit holders and store operators in September 2018 and February 2019 to advise of this expectation.

Of 60 locations that have been issued Development Permits to date, 40 have active licence applications with the Province. These locations are not currently subject to enforcement as they are actively taking steps to become legal operators.

Of the remaining 20, stores at 10 locations were open and operating on March 15, 2019. At the end of March, legal orders to cease operations were issued to the operators and property owners at these locations. Four locations have since ceased operation or provided evidence of an active Provincial licence application. Staff will continue to pursue the remaining 6 locations. These 6 Development Permit holders that do not have active applications with the Province

have also been notified that their Development Permits may not be renewed at expiry. Cannabis retail is a conditional land use under the Zoning and Development By-law and Development Permit holders must apply for a renewal every 12 months.

*Locations without a Valid Development Permit for Cannabis Store Use*

The number of cannabis stores operating at locations without a valid Development Permit has been decreasing steadily. More than half of the 51 stores that were operating at non-compliant locations the end of 2018 have now closed. These locations are not eligible to obtain a provincial licence as they do not have a valid Development Permit.

Number of Stores operating at non-compliant locations:

December 2018	51
January 2019	35
February 2019	30
March 2019	24
April 2019	20

The City has issued both Zoning and Licence Orders to the operators and landlords to cease operations at the above-referenced locations and is pursuing enforcement of those Orders in Court.

Nine of these 20 retailers were part of the BC Supreme Court test case that confirmed the City's authority to regulate land use and issue licences. Accordingly, those 9 stores are subject to the Court's order to cease operation. The Supreme Court decision has been appealed and staff will await the outcome of the stay application (scheduled for early May 2019) prior to escalating enforcement efforts against these retailers.

*Provincial Community Safety Unit (CSU)*

The Liquor and Cannabis Regulations Branch (LCRB) has established a Community Safety Unit to enforce Provincial regulation governing the sale of cannabis. Staff understand that officers from the Community Safety Unit are now active in community and held initial conversations with non-compliant operators in Vancouver during the week of April 8.

As Council is aware, the 4/20 event is scheduled to proceed at Sunset Beach this coming Saturday. The City has obtained written confirmation from the Community Safety Unit that they are aware there will be unlicensed vending and illegal public consumption occurring at the event. However, they have declined to undertake enforcement activity at the event on the grounds that it may be detrimental to efforts to maintain public safety.

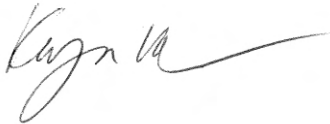
**Conclusion**

The Provincial and City processes are well underway to transition the 60 locations with valid Development Permits to legal cannabis retail stores. The majority of these locations are actively engaged in the process of obtaining a provincial licence to legally retail cannabis. City staff

remain committed to working with the Province to expedite the transition of these locations to legal retail outlets as quickly as possible.

Enforcement against operators at non-compliant locations has yielded encouraging results with over half of the 51 stores that were operating in December 2018 now closed. Enforcement efforts will continue at stores operating without land use approval, and staff look forward to ongoing collaboration with the Community Safety Unit in coming months.

Please don't hesitate to contact me or Paul Mochrie, Deputy City Manager, if you have questions or concerns.

A handwritten signature in black ink, appearing to read 'Kathryn Holm', with a long, sweeping horizontal line extending to the right.

Kathryn Holm  
Chief Licence Inspector

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