

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **July 20, 2023**
FROM: **General Manager, Planning & Development** FILE: **3900-20**
General Manager, Engineering
SUBJECT: **Cannabis in Surrey – Policy Overview, Next Steps, and the Future**

RECOMMENDATION

The Planning & Development Department and the Engineering Department recommend that Council:

1. Receive this report for information;
2. Approve a policy framework for regulating cannabis retail stores, attached as Appendix “I” and as generally described in this report;
3. Direct staff to develop a detailed procedure and criteria for Council’s consideration that will enable:
 - a. assessing and selecting proponents to operate cannabis retail businesses; and
 - b. rezoning selected properties where such businesses will be permitted to operate;
4. Direct staff to close rezoning applications received for cannabis retail stores at 7380 King George Boulevard (7923-0066-00) and at 13650 – 102 Avenue (7923-0048-00), and to refund all application fees;
5. Approve a City-owned site at 13455 – 72 Avenue in the Newton Town Centre as an initial “pilot” location for a cannabis retail store; and
6. Direct staff to initiate a rezoning process for the property at 13455 – 72 Avenue to permit a cannabis retail store.

INTENT

The intent of this report is to seek Council’s approval of a general framework to guide the regulation of cannabis retail stores in Surrey, and to receive Council’s direction to develop a detailed process based on this framework to select initial sites and proponents for this land use.

BACKGROUND

The Federal Government introduced and approved Bill C-45 legislation that legalized the production, processing, sale, and use of recreational cannabis in Canada. The cannabis legalization legislation came into effect on October 17, 2018.

The Province of British Columbia, through the Liquor and Cannabis Regulation Branch (“LCRB”), is responsible for the procurement and wholesale distribution of recreational cannabis to local retailers. Local retailers have to be pre-approved by the Province’s LCRB before they can apply for a business license with the municipality they seek to operate in.

Both the Federal and Provincial Governments have left the control of cannabis retail regulations to be determined by the Local Governments.

It is important to note that ahead of the legalization deadline and in reviewing the challenges cannabis legalization represents for municipalities, on March 12, 2018, Council considered Corporate Report No. Ro49; 2018 (attached as Appendix “II”), proposing to prohibit non-medical (recreational) cannabis, production, and distribution within Surrey, prior to Bill C-45 becoming law. This approach provided time to develop a comprehensive cannabis framework for the City. Notwithstanding the City’s stance, two applications for rezoning of privately-owned properties to permit cannabis retail stores have been submitted, at 7380 King George Boulevard (7923-0066-00) and 13650 – 102 Avenue (7923-0048-00).

DISCUSSION

In the years since legalization of recreational cannabis, most municipalities in the lower mainland have implemented regulations regarding cannabis retail stores, ranging from relatively permissive to relatively restrictive. These regulations tend to focus on the overall number of permitted stores, the separation of approved stores from other cannabis stores (and from other “sensitive land uses” such as schools, parks, and other locations where children and youth may typically gather), and site design guidelines (scale, parking, visibility, signage, etc.). As required by Provincial regulation, a condition of approval to operate is a letter from the LCRB confirming the “good operator” status of the applicant.

Staff are proposing a general framework for regulating cannabis retail stores, as set out in Appendix “I”, that initially limits the number of store locations to one in each of Surrey’s six Town Centres as designated in the Official Community Plan (City Centre, Guildford, Fleetwood, Newton, Cloverdale, and Semiahmoo). Where a City-owned site is available which meets locational criteria set out in the framework, it may be proposed as the initial location within that Town Centre and brought to Council for consideration of rezoning. For these sites, a competitive process will be held to select a business operator, based on criteria and a scoring system (to be developed). Where there is no City-owned site available in a Town Centre which meets locational criteria, a competitive process will be held to select both a site and business operator, and in these cases the selected property will be brought to Council for consideration of rezoning along with the business operator.

As an initial “pilot” site, staff have identified a City-owned property at 13455 – 72 Avenue within the Newton Town Centre that meets locational criteria set out in Appendix “I”. Staff is seeking Council endorsement of this location as an initial “pilot” site (see Appendix “II”). If this site is endorsed, staff will prepare a City-initiated rezoning proposal for Council’s consideration in the Fall of 2023, along with a concurrent selection process of a business operator for this location.

In order to ensure an equitable and open selection process of sites and business operators, staff recommend that the previously submitted rezoning applications at 7380 King George Boulevard (7923-0066-00) and at 13650 – 102 Avenue (7923-0048-00) be closed, and all application fees refunded. These applicants would then be invited to participate in selection processes as set out in Appendix “I”.

Next Steps

If Council approves the recommendations in this report, staff will:

- Bring forward a report setting out a more detailed selection process, conditions, and criteria, along with a proposed monitoring and reporting process, for Council’s consideration;
- Advance a site-specific rezoning application to permit a cannabis retail store at 13455 – 72 Avenue;
- Issue a Request For Proposals from qualified applicants to be selected as the business operator for a cannabis retail store at 13455 – 72 Avenue in Newton Town Centre as an initial “pilot” site;
- Identify additional City-owned locations within Town Centres for potential cannabis stores, and identify those Town Centres where appropriate City-owned sites are not available; and
- Prepare Requests For Proposals for these additional selection processes, following Council direction.

Legal Services

This report has been reviewed by Legal Services.

CONCLUSION

Recreational cannabis products have been legalized for production, distribution, and sale in Canada since 2018, and cannabis retail stores are common in many lower mainland jurisdictions. This report sets out a measured framework, including locational and operator selection processes, to permit a limited number of cannabis retail businesses to operate legally in Surrey, with an emphasis on City-owned properties.

Original signed by
Don Luymes
General Manager, Planning & Development

Original signed by
Scott Neuman, P.Eng.
General Manager, Engineering

Appendix "I" Proposed General Framework for Approving Cannabis Retail Stores
Appendix "II" Site Map for 13455 – 72 Avenue
Appendix "III" Corporate Report No. R049; 2018

Proposed General Framework for Approving Cannabis Retail Stores in Surrey

Number of Cannabis Retail Stores

Initial Phase

- No more than one cannabis retail store location may be selected in each of: City Centre, Guildford Town Centre, Fleetwood Town Centre, Cloverdale Town Centre, Newton Town Centre, and Semiahmoo Town Centre, as designated in the Official Community Plan (“OCP”);
- City-owned lots (up to one in City Centre and in each of the Town Centres) that meet locational criteria will be considered first in the Initial Phase of policy implementation; and
- Where no appropriate City-owned lot is identified as a potential location for a cannabis retail store within City Centre or a Town Centre, an alternative site owned or leased by the Provincial Government or by a private-sector proponent may be considered by Council, following the Approval Process outlined below.

Future Phases

- Staff will monitor the success of the initial set of approved locations and business operations and report to Council after one year of operation; and
- Based on these outcomes, additional cannabis retail store locations may be considered by Council in the future, subject to locational considerations and separation distances as stipulated below.

Locational Criteria

Zoning Considerations

- Cannabis retail stores shall be permitted only on lots that are zoned to permit *cannabis dispensary* use as defined in the Zoning By-law.
- Site-specific rezoning to permit *cannabis dispensary* use will be supported only within C-5 Neighbourhood Commercial Zone, C-8 Community Commercial Zone, C-8A Community Commercial A Zone, C-8B Community Commercial B Zone, C-15 Town Centre Commercial Zone, C-35 Downtown Commercial Zone, CHI Highway Commercial Industrial Zone, and CD Comprehensive Development Zone (based on one of the above Zones), provided the site is also within a Town Centre or City Centre designation in the OCP.
- All rezoning applications to permit a site-specific amendment regulating cannabis retail stores will be subject to public notification and a public hearing.

Separation Distance from Sensitive Uses

- The rezoning of lots to permit cannabis retail store locations will be supported only if they are at least 150m (by the shortest straight-line distance) from:
 - A public park, with the exception of natural area parks;
 - A City recreation centre or public library; and
 - Any K-12 public school and any private school governed by the Independent School Act, 1996, at the time of rezoning.

Separation Distance from Cannabis Retail Store Zones

- Additional cannabis store locations that may be permitted, subsequent to the initial phase, shall be located at least 175m from any lot zoned to permit *cannabis dispensary* use.

Approval Process

City-owned Sites

- For proposed locations that meet the Locational Criteria and Separation Distances set out above, and that are owned by the City of Surrey:
 - The City (Realty Division) will advance site-specific rezoning applications for Council's consideration, either in advance of or in conjunction with, a business operator that has been selected according to the following process:
 - Proposals will be invited from prospective business operators for a specified period of not less than 60 days.
 - Business operator proposals will be evaluated by staff against defined selection criteria (to be developed) that will include business operator experience, proposed business operations, proposed business layout, signage, and façade design, etc.
 - If a proposed location is approved for rezoning by Council, the selected business operator will be responsible for securing any required building and/or tenant improvement permits and all required licenses to operate.

Provincially-owned Sites

- For proposed locations that meet the Locational Criteria and Separation Distances set out above, and which are owned or leased by the Province of BC, whether as a current government liquor store or a stand-alone, government-operated cannabis retail store:
 - Council may consider a rezoning application advanced by the Provincial Government or its agent, with assurances that the cannabis retail operation will be solely operated by the Province under the "BC Cannabis" brand.

Privately-owned Sites



- For proposed locations that meet the Locational Criteria and Separation Distances set out above, and that are owned and operated by a private entity:
 - City staff will hold a competitive selection process in order to select a single site/business operator to advance to Council as part of a site-specific rezoning application. This competitive selection process will:
 - Invite proposals to be considered within City Centre or within specific Town Centres for a specified period of not less than 60 days;
 - Evaluate proposals against defined selection criteria (to be developed) that will include business operator experience, proposed business operations, site location, parking, access/egress, proposed signage and façade design, etc.;
 - Select one preferred site and associated business operation to advance to Council for rezoning approval, including a public hearing, and subsequent permitting and licensing requirements; and
 - If the preferred site and associated business operation is not approved for rezoning by Council, staff would exercise the option of either bringing forward an alternative proposal from the pool of applicants who entered the selection process or of holding a new selection process.

13455 72 Avenue

APPENDIX "II"



LEGEND

-  Study Area
-  Lot Ownership



Project Area

Planning & Development
Department

CORPORATE REPORT

NO: R049

COUNCIL DATE: March 12, 2018

REGULAR COUNCIL

TO: Mayor & Council DATE: March 8, 2018

FROM: General Manager, Planning & Development
City Solicitor, Legal Services FILE: 3900-30

SUBJECT: Cannabis-related Zoning By-law Amendments

RECOMMENDATION

The Planning & Development Department and the Legal Services Division recommend that Council:

1. Receive this report for information;
2. Amend *Surrey Zoning By-law, 1993, No. 12000*, as described in this report and documented in Appendix "I;" and
3. Authorize the City Clerk to bring forward the necessary bylaws for the required readings and to set a date for the required public hearing.

PURPOSE

The purpose of this report is to obtain Council approval to amend *Surrey Zoning By-law, 1993, No. 12000* ("the Zoning By-law") to prohibit non-medical (recreational) cannabis production and distribution within Surrey, prior to Bill C-45 becoming law in the summer of 2018.

A comprehensive cannabis framework for the City is currently under development. A subsequent report outlining recommendations related to production, sale, personal cultivation and personal consumption will be forwarded to Council in the spring of 2018.

BACKGROUND

The Federal government has introduced legislation to legalize non-medical cannabis, also called recreational cannabis, which is expected to come into effect in the summer of 2018. This legislation will establish regulations and restrictions, at a Federal level, on the production, distribution, sale and use of recreational cannabis. Each Province and Territory has, or will be, releasing additional terms and conditions intended to direct municipalities on how to accommodate this use within their communities. As the authority on land use decision making, municipalities must then determine how to accommodate this use as it is appropriate to their community.

Surrey has been reviewing the Federal legislation and Provincial guidelines to determine how best to proceed. Several immediate adjustments are proposed for the Zoning By-law in order to provide the maximum level of control in managing this use once legalization takes effect.

DISCUSSION

The cannabis legalization program specifies both permissions and prohibitions, including:

- Distribution and possession limits;
- Licenses retailer purchases;
- Recreational consumption;
- Home cultivation;
- Continued legal access to medical cannabis;
- Driving while impaired;
- Distribution and possession limits; and
- Youth restrictions.

While municipalities will be examining all aspects of the new legislation to determine what falls within their jurisdiction and what regulatory bylaws need to be added or amended, immediate adjustments to zoning bylaws are being recommended in order to provide the maximum leverage and control in determining specific regulations after legalization has taken effect.

These immediate adjustments involve adding new definitions that are consistent with Federal definitions of cannabis and cannabis-related activities and placing prohibitions on retail sales, dispensaries and production prior to legalization. Making these adjustments to the Zoning By-law will ensure any dispensaries currently operating are solidified as being illegal prior to any legislation change, and will provide additional time to determine how Surrey will manage this use once legalized.

Proposed Zoning By-law Amendments

In order to position Surrey with the maximum level of control regarding recreational cannabis, the Zoning By-law is proposed to be amended as follows.

a) **Definitions**

- Add a new definition for Cannabis;
- Add a new Cannabis Dispensary;
- Add a new definition for Cannabis Production Facility;
- Delete existing definitions for:
 - marijuana
 - marijuana dispensary
 - medical marijuana
- Amend definition for Horticulture to add new cannabis references

b) **General Provisions**

Replace any references to marijuana and marijuana uses with references to cannabis and cannabis-related uses.

c) **Community Commercial B Zone**

Replace any references to marijuana and marijuana uses with references to cannabis and cannabis-related uses.

Next Steps

The changes proposed to the Zoning By-law regarding recreational cannabis dispensaries and production facilities are a first step in Surrey managing the changes coming forward as a result of the changes to Federal legislation.

Staff will continue to review all issues related to this topic and report to Council with other recommended bylaw changes and adjustments once those become identified. Additional Zoning By-law amendments will be forthcoming once recreational cannabis becomes legal later in 2018, and once the City has fully determined how it will be managed within Surrey.

SUSTAINABILITY CONSIDERATIONS

The amendments discussed above support the following Strategic Direction (SD) of the Sustainability Charter:

Public Safety

SD3: Ensure programs, policies and initiatives exist along the public safety continuum, and support the entire community.

CONCLUSION

The proposed changes to the Zoning By-law to prohibit non-medical cannabis sales and production are an initial step in Surrey's management of this new use.

It is recommended that Council:

- Receive this report for information;
- Amend *Surrey Zoning By-law, 1993, No. 12000*, as described in this report and documented in Appendix "I;" and

- Authorize the City Clerk to bring forward the necessary bylaws for the required readings and to set a date for the required public hearing.



Jean Lamontagne
General Manager, Planning & Development

CS/TW/ss



Craig MacFarlane
City Solicitor

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Appendix "I" - Proposed Amendments to *Surrey Zoning By-law, 1993, No. 12000*

***Appendix available upon request.**