

NO: R055

COUNCIL DATE: April 8, 2024

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **April 4, 2024**

FROM: **General Manager, Planning & Development** FILE: **3900-20**
General Manager, Corporate Services

SUBJECT: **Cannabis Retail in Surrey - Policy Framework and Application Process**

RECOMMENDATION

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

1. Receive this report for information; and
2. Endorse the policy framework and application process for regulating cannabis retail stores, attached as Appendix “I” and as generally described in this report.

INTENT

The intent of this report is to seek Council’s endorsement of the cannabis retail policy framework and application process in Surrey, following feedback from Council on Corporate Report No. R137; 2023 at the Regular Council Public Hearing meeting of July 24, 2023 and subsequent outreach with cannabis retail industry representatives and the public.

BACKGROUND

On July 24, 2023, through Corporate Report No. R137; 2023 (attached as Appendix “II”), staff proposed a framework that would initially limit the number of store locations to one in each of Surrey’s six Town Centres (City Centre, Guildford, Fleetwood, Newton, Cloverdale, and Semiahmoo) as designated in *Surrey Official Community Plan Bylaw, 2013, No. 18020* (the “OCP”), with a priority given to City-owned sites. The proposed process also contemplated that a competitive process would then be held to select a business operator, with the selected property and business owner being brought to Council for consideration. Additionally, it was proposed that in those Town Centres where a City-owned property is not found, a privately owned property would be determined through a competitive process and brought forward for Council consideration.

Council referred the report back to staff, specifically to review the location of stores and the use of City-owned property for the intended purpose, and to consult with the cannabis retail sector.

Staff subsequently reviewed and revised the proposed policy and have made revisions based on additional best practice review and feedback following community engagement.

Community and Stakeholder Engagement

Staff hosted a cannabis retail stakeholder workshop in October 2023 to gain insights from the retail industry and to better understand current best practices. Staff also undertook additional research into current cannabis retail approaches of regional municipalities. Findings from the stakeholder workshop and best practice research was used to refine the proposed policy framework.

In January 2024, the City launched a public engagement campaign to gather public feedback on the proposed cannabis retail policy framework. The campaign included a project website and public survey. In total, 4,169 surveys were completed with 96% of respondents from Surrey. The results were supportive of retail cannabis in Surrey with 68% of respondents supporting 12 or more stores City-wide. Additionally, 51% of respondents reported they would be likely to visit future cannabis retail stores in Surrey. A comprehensive engagement summary is attached as Appendix “III”.

DISCUSSION

Proposed Policy Framework

Locational Requirements

The policy allows for up to two retail stores per Surrey community – Whalley/City Centre, Guildford, Fleetwood, Newton, South Surrey, and Cloverdale – to be permitted only in areas designated City Centre, Town Centre, or Commercial in the OCP and on lots zoned C-5 Neighbourhood Commercial Zone, C-8 Community Commercial Zone, C-15 Town Centre Commercial Zone, C-35 Downtown Commercial Zone, or CHI Highway Commercial Industrial Zone.

Separation Distances

Any proposed locations must be a minimum of 200-metres from the following sensitive uses, as measured from the front door of the store to the nearest property line of the sensitive use location:

- Public or Provincially funded Independent Schools;
- City Community Centres and Recreation Centres; and
- Existing Cannabis Retail or Production Locations within Surrey.

Application Process

The City will have a 60 day application window to receive applications in one or more community areas at a time. A Request for Expressions of Interest (“RFEOI”) will be used to solicit applications which staff will review and evaluate based on established criteria.

Pre-screening

Complete applications will be pre-screened to ensure that they meet basic requirements around the OCP designation, current zoning, and separation requirements, as well as having valid ownership or a lease agreement for the proposed location with a letter of permission from the

owner/strata. Applicants will also be required to show proof of an application for a license from the Liquor and Cannabis Regulation Branch (“LCRB”).

Evaluation

Applications that respond to the City’s RFEOI and that pass the pre-screening will then be ranked, taking into consideration the following:

- General compliance with the submission requirements of the RFEOI
- Location
- Separation distances
- Related experience of the operator
- Parking and access plan
- Visibility, lighting, and Crime Prevention Through Environmental Design elements
- Signage and façade design

Selection

The RFEOI process will result in up to two applications per community advancing to Council for consideration of site-specific rezoning, including a public hearing. Various requirements may then be needed ahead of retail operations including, but not limited to, a suitability letter from the provincial licensing authority, a valid license from the LCRB, a valid license from the City, and any required building permits for tenant improvements, development permit and/or sign permit.

Next Steps

Pending approval by Council of this report, staff will prepare the RFEOI documents and seek to open the application window in Q2 of 2024.

CONCLUSION

Following an initial review by Council and a consultation session with the cannabis retail industry and general public, staff seek Council’s endorsement of the policy framework and application process as outlined in this report.

Original signed by
Don Luymes
General Manager, Planning & Development

Original signed by
Joey Brar
General Manager, Corporate Services

Appendix “I” Policy Framework and Application Process
Appendix “II” Corporate Report No. R137; 2023
Appendix “III” Public Engagement Summary

Proposed Policy Framework and Application Process

Subject to Council endorsement and further refinements, staff propose the following policy framework and application process relating to cannabis retail in Surrey.

Policy Framework

Locational Criteria

- **Up to 2 retail outlets per Surrey community** (Whalley/City Centre, Guildford, Fleetwood, Newton, South Surrey, Cloverdale)
- Permitted only in areas designated **City Centre, Town Centre, or Commercial** in the OCP
- Permitted only on lots zoned **C-5, C-8, C-15, C-35, or CHI** (and CD zones based on these)

Separation Distances

Proposed locations must be a **minimum of 200m** from the following sensitive uses (as measured from the centre point of the front door of store to nearest property line of sensitive use):

- Public or Provincially-funded Independent Schools
- City of Surrey Community Centres & Rec Centres
- Existing Cannabis Retail or Production locations within Surrey

Request for Expression of Interest Pre-screening

Complete applications that respond to the City’s Request for Expression of Interest (“RFEOI”) will be pre-screened to ensure that they meet the base requirements:

- **OCP** (City Centre, Town Centre, or Commercial designation)
- **Current Zoning** (C-5, C-8, C-15, C-35, CHI)
- **Separation Distances**
- Operator has valid **ownership/lease** of proposed location and Letter of **Permission** from owner/strata
- Proof of an application for a Cannabis Retail Store Licence to the Liquor and Cannabis Regulation Branch (“LCRB”)
- General compliance with the submission requirements of the RFEOI

RFEOI Scoring Process

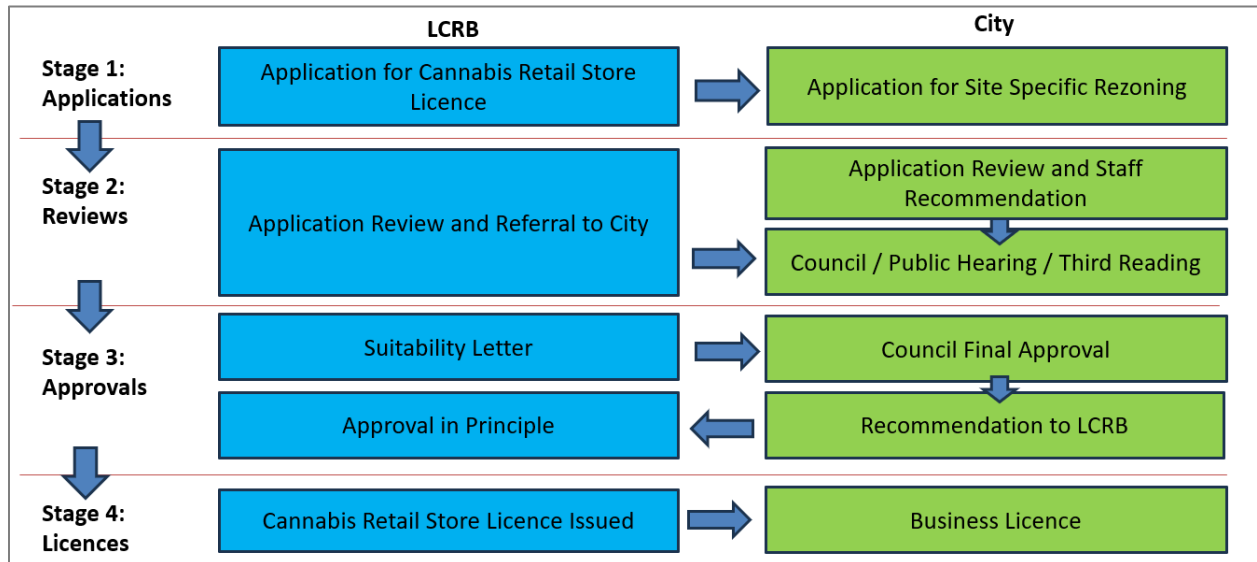
Applications that respond to the City’s RFEOI and that pass the pre-screening will then be ranked, taking into consideration the following:

- **Location** (20 points)
- **Separation distances** (10 points)
- **Related experience of the operator** (25 points)
- **Parking and access plan** (10 points)
- **Visibility, lighting, and Crime Prevention Through Environmental Design (“CPTED”) elements** (10 points)
- **Signage and façade design** (5 points)

Selection

Staff would inform applicants of the results of the RFEOI selection process, and up to two applications per community would then advance to Council for consideration of site-specific rezoning, including a public hearing. Various requirements may then be needed ahead of retail operations, including but not limited to a suitability letter from the provincial licensing authority, a valid license from the LCRB, a valid license from the City, and any required building permit for tenant improvements, development permit and/or sign permit.

Application Process



NO: R137

COUNCIL DATE: July 24, 2023

REGULAR COUNCIL

TO: Mayor & Council
DATE: July 20, 2023

FROM: General Manager, Planning & Development
General Manager, Engineering
FILE: 3900-20

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 “I”), 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 “I”). 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:

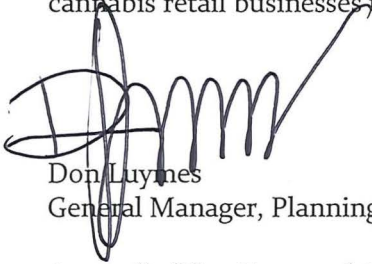
- Bring forward a report setting out a more detailed selection process, conditions, and criteria, along with a proposed monitoring and reporting process, for Council’s consideration;
- Advance a site-specific rezoning application to permit a cannabis retail store at 13455 – 72 Avenue;
- Issue a Request 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.



Don Luyms
General Manager, Planning & Development



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

[https://surreybc.sharepoint.com/sites/pdgmadministration/document library/regular council corporate reports/2023/july 24th/cannabis in surrey - policy overview, next steps, and the future \(with eng.\)/cannabis in surrey - policy overview, next steps, and the future.docx](https://surreybc.sharepoint.com/sites/pdgmadministration/document%20library/regular%20council%20corporate%20reports/2023/july%2024th/cannabis%20in%20surrey%20-%20policy%20overview,%20next%20steps,%20and%20the%20future%20(with%20eng.)/cannabis%20in%20surrey%20-%20policy%20overview,%20next%20steps,%20and%20the%20future.docx)

Appendices Available Upon Request

City of Surrey Retail Cannabis Framework

Survey Results Summary

March 2024



Where we are

Introduction

The City has developed a draft framework to guide the sale of recreation cannabis. The framework builds on other municipalities frameworks and input from the cannabis industry. The timeline below highlights the key stages in the City's process to develop the framework.

The following is a summary of survey results from a recent survey the City conducted (between January 20 - February 5, 2024) to get input on the proposed framework.



Who we reached

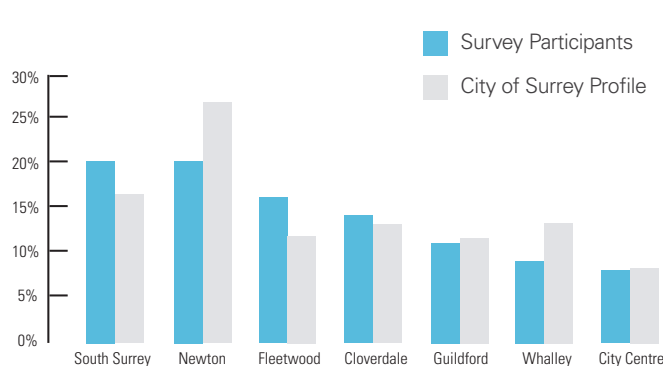
BY THE NUMBERS

4169 Survey Respondents

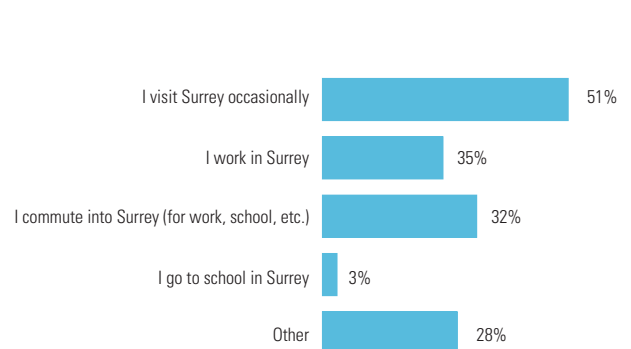
96% Live in Surrey

PROFILE OF SURVEY PARTICIPANTS

Where in Surrey Survey Participants Live

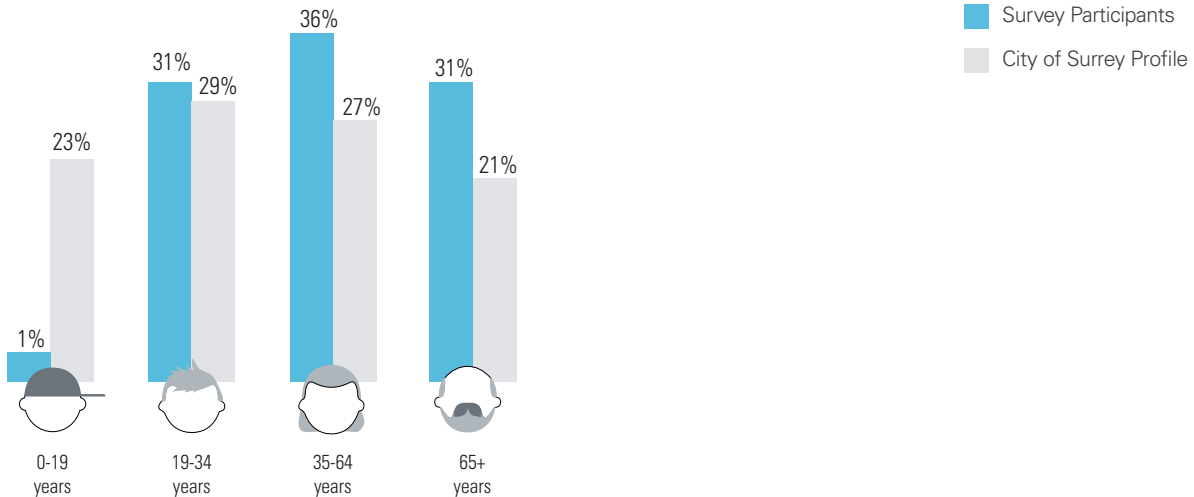


Non-Surrey Residents Relation to Surrey

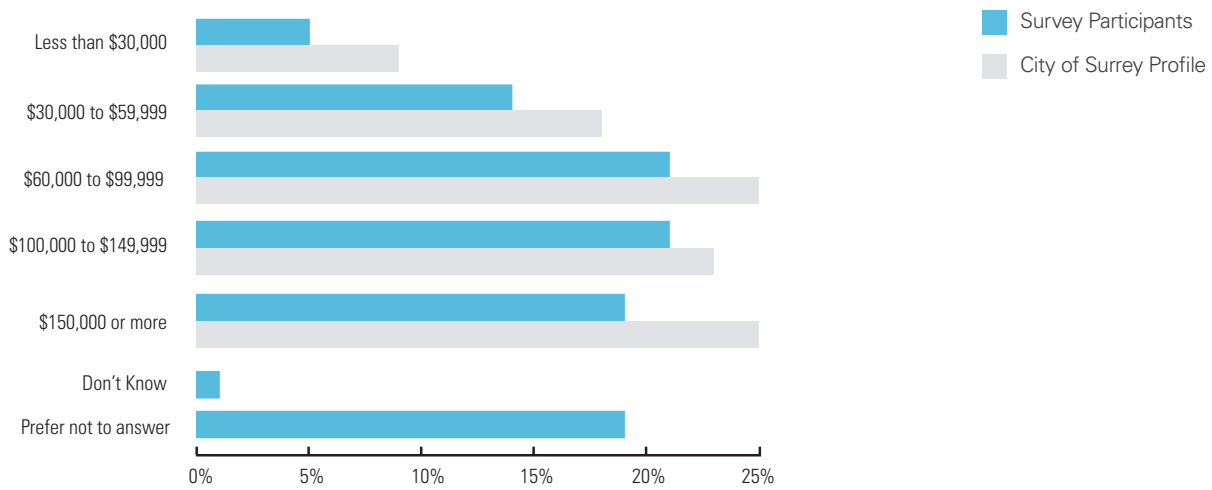


Who we reached

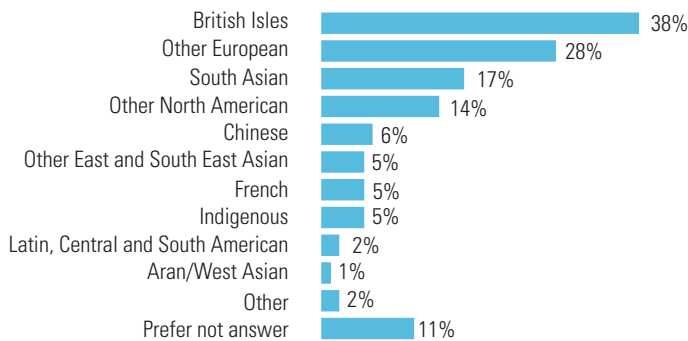
Age of Survey Participants



Annual Household Income



Ethnicity / Cultural Origin



| What we heard: Locational requirements

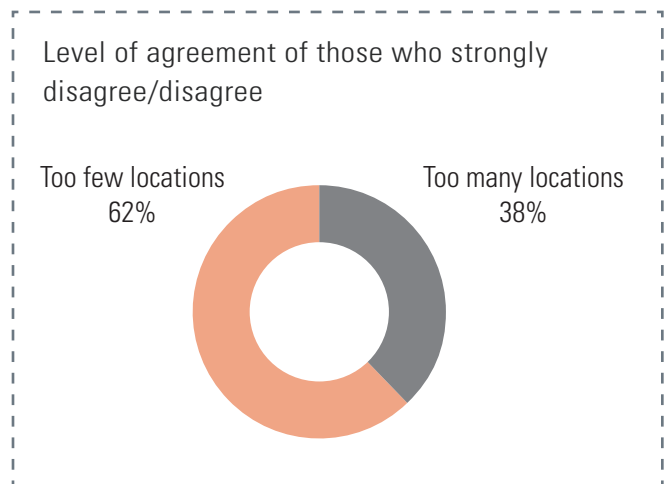
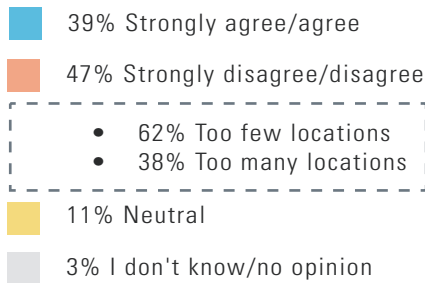
1. Limiting the number of cannabis stores to 12 city-wide

Overall Support

68% Support 12 (or more) cannabis stores city-wide

We asked participants if they agree with limiting the number of cannabis stores to 12 city-wide.

Overall 68% of participants support 12 or more stores city-wide. 39% strongly agree/agree and 62% of those who strongly disagree/disagree, said limiting the number of cannabis stores to 12 city-wide is too few locations. This results in 68% supporting.



What participants said

If participants strongly disagree/disagree, we asked please tell us why. The reasons for disagreeing fall into two areas: (1) Participants feel 12 is too few locations and (2) Participants feel 12 is too many locations.

12 is too few locations

Top 3 comments

- 1 Not enough for size of city/ won't meet demand. Oppose limits.
- 2 Should be treated like liquor stores i.e., located everywhere / not limited.
- 3 Need more competition to ensures quality, selection.

12 is too many locations

Top 3 comments

- 1 Concerns about drug use, drug addiction, and health impacts.
- 2 Increases exposure/ accessibility to youth.
- 3 Limit more - significantly (6 or less).

| What we heard: locational requirements

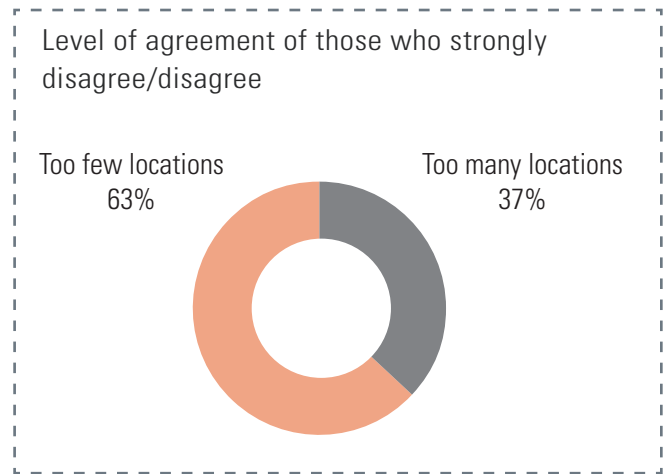
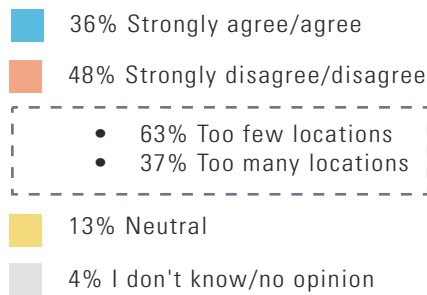
2. Limiting the number of cannabis stores to 2 within each Surrey community

Overall Support

66% Support 2 or more cannabis stores within each community

We asked participants if they agree with limiting the number of cannabis stores to 2 stores in each Surrey community

Overall, 66% support 2 or more stores within each Surrey community. 36% strongly agree/agree and 63% of those who strongly disagree/disagree said limiting the number of cannabis stores to 2 within each Surrey community was too few locations.



What participants said

If participants strongly disagree/disagree, we asked please tell us why. The reasons for disagreeing fall into two areas: (1) Participants feel 2 stores in each community is too few locations and (2) Participants feel 2 stores in each community is too many locations.

2 is too few locations

Top 3 comments

- 1 Let the market determine the number of stores.
- 2 Quantity should be based on population size/ geographical size/ density.
- 3 Apply the same considerations as liquor stores.

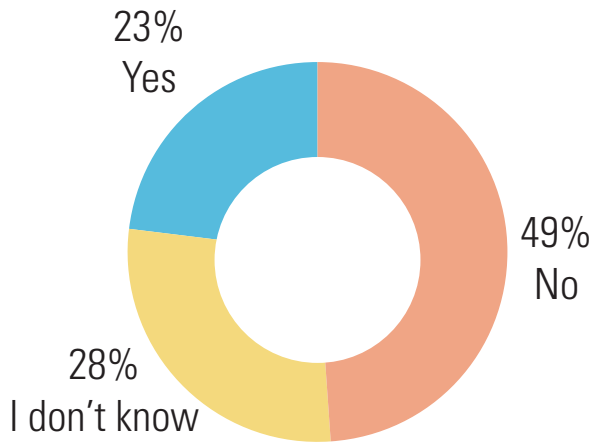
2 is too many locations

Top 3 comments

- 1 Concerns about youth / limit access away from youth.
- 2 Support one store per community.
- 3 Concerns about drugs/ health impacts/ drug addictions.

| What we heard: Locational requirements

3. Additional Requirements



We asked participants if there were any other requirements we should consider in addition to the location and other criteria (listed below) the City is proposing:

1. Permit cannabis stores in town centres and commercially designated areas as identified by the Official Community Plan.
2. Permit cannabis stores on lots zoned for commercial use (C-5, C-8, C-15, C-35, CHI, or Comprehensive Development Zone based on these commercial zones) that allow retail stores.
3. Limit cannabis stores to sensitive uses and exposure to children and youth by restricting cannabis stores to 200 m or more from:
 - Schools (public and private)
 - Community and recreation centres
 - Parks and playgrounds
 - Existing cannabis retail and production locations

What participants said

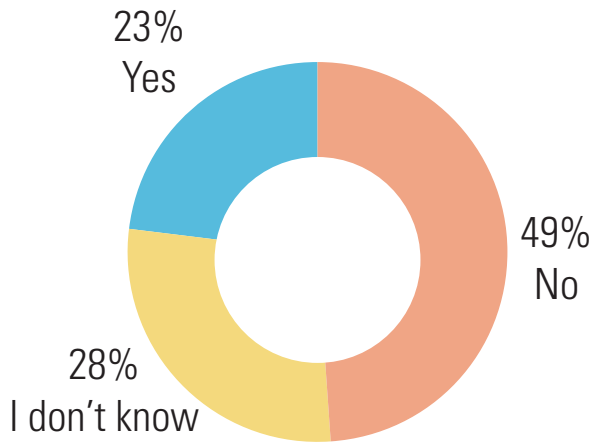
If participants said yes, the City should consider additional requirements, we asked please explain. Here's what participants said:

Top 3 comments

- 1 Extend separation distance from schools (where a distance is mentioned, between 300m - 1km).
- 2 Consider other sensitive areas - residential, daycares, malls, transit stations, high risk/ crime areas, places of worship, hospitals, dog parks, etc.
- 3 Extend separation distance in general.

| What we heard: Application & selection process

4. Other Considerations for Application and Selection Process



We asked participants if there is anything else that we should consider regarding the application and selection process in addition to the following:

If applicants meet all the pre-screening (location criteria) requirements, applications will then be reviewed and ranked. The following selection and scoring criteria are proposed to assess the most suitable candidates:

1. Experience of the operator
2. Parking and access plan
3. Visibility, lighting and crime prevention design
4. Signage and building face design
5. Surrey-based business

What participants said

If participants said yes that the City should consider additional requirements for the application and selection process, we asked please explain. Here's what participants said:

Top 3 comments

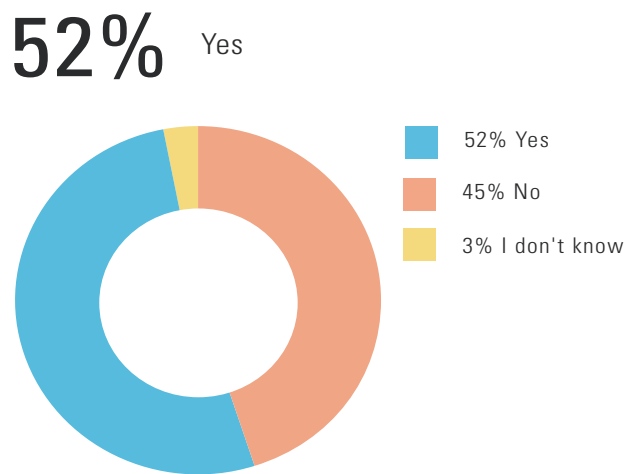
- 1 Criminal/ police background check (including no gang affiliation/ organized crime/ money laundering etc.).
- 2 Police presence in area/ enforcement of regulations/ regular audits.
- 3 Avoid locating stores in sensitive areas (e.g., near schools and residential areas), requiring a business plan, and encourage competition.

| What we heard: Visits to cannabis stores

Of those that supported 12 or more cannabis stores and 2 or more stores in each community, we wanted to know whether they currently visit or intend to visit cannabis stores in the future.

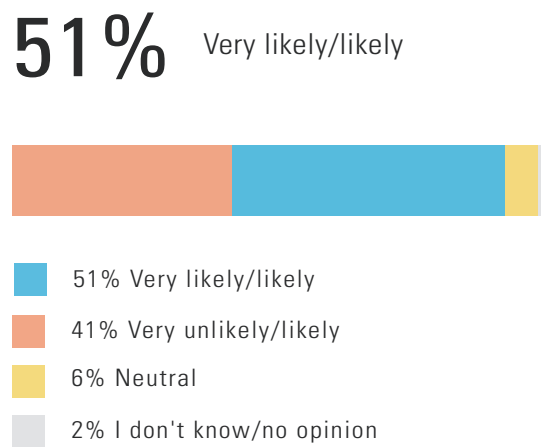
5. Visits to cannabis stores located in other municipalities

We asked do you visit retail or online cannabis stores in other municipalities?



6. Likelihood of participants to visit retail cannabis stores in Surrey

We asked how likely are you to visit a cannabis store in Surrey?



| Next Steps

Feedback collected from this survey was used to help refine the proposed retail cannabis policy framework.