



Committee of the Whole

penticton.ca

Committee of the Whole
to be held at
City of Penticton, Council Chambers
171 Main Street, Penticton, B.C.

Tuesday, March 20, 2018
Recessed from the Regular Council Meeting at 1:00 p.m.

1. **Call Committee of the Whole to Order**
2. **Adoption of Agenda**
3. **Delegations and Community Recognition**
 - 3.1 Smart Grid Application 1-12
Troy Martin, CIMEA
 - 3.2 Non-Medical Cannabis Update and Public Engagement Strategy 13-18
Blake Laven, Planning Manager and JoAnne Kleb, Community Engagement Specialist
4. **Adjourn to Regular Meeting of Council**



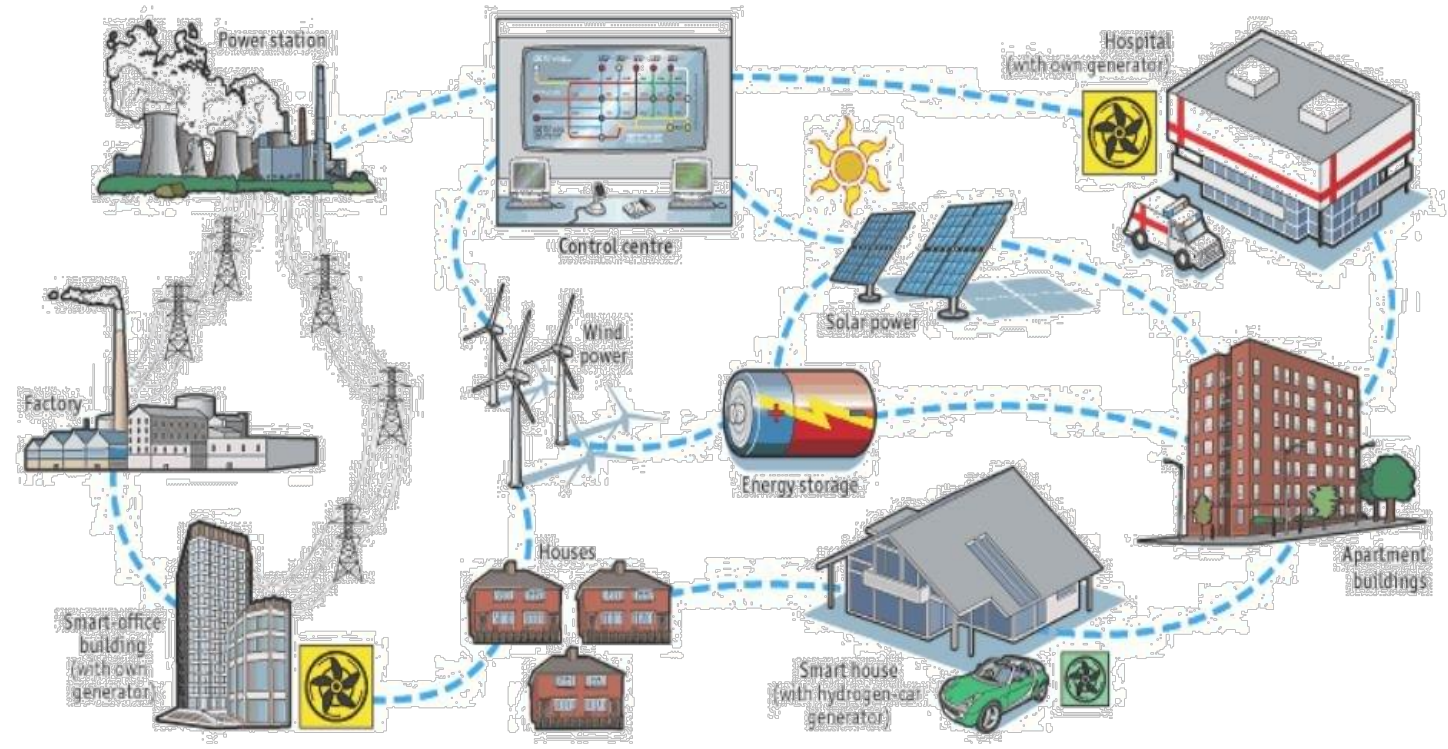
Smart Grid Application

Presented to Penticton City Council, March 20, 2018

Presented by: Troy Martin, P. Eng.

CIMA+ Partner, Energy Division – Director of BC Projects -
Generation, Transmission & Distribution

The Smart Grid = Electric Grid + Intelligence



Sources: The Economist, ABB

IEEE STANDARDS ASSOCIATION  IEEE



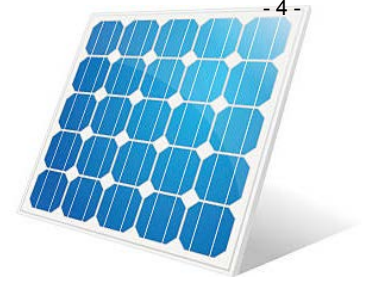
Natural Resources Canada Smart Grid Grant

NRCan Smart Grid Program metrics are:

- GHG emission reductions and other environmental benefits;
- Economic and social benefits;
- Improved asset utilization and increased efficiency;
- Increased reliability and resiliency;
- Increased system flexibility and renewable energy penetration;
- Cyber security.

What are we doing?

- Reduce Wholesale Electrical Purchase from FortisBC for the entire community – in a way that is fiscally responsible, sustainable, and environmentally conscious
- Three Smart Grid initiatives:
 - Install solar panels on City Hall and Yard's parking lots (590 kW total)
 - Upgrade diesel standby generator control for peak load generation
 - Upgrade wastewater pumping controls to allow smart control of power consumption



Why are we doing it?

- Implementing these Smart Grid initiatives will cut peak (most expensive) power loads
- This reduces both cost and overall greenhouse gas (GHG) emissions
- These savings can be passed along to the community and future generations



Why are we doing it?



What will it cost?

- Major grants available from the Department of Natural Resources Canada
- \$5,324k for all three initiatives
 - \$4,755k for the solar system (50% NR Can / 50% COP)
 - \$278k for the diesel system (25% NR Can / 75% COP)
 - \$252k for the pumping system (25% NR Can / 75% COP)



Natural Resources
Canada

Ressources naturelles
Canada

How will this be funded?

- Department of Natural Resources Canada Grant application has been submitted
 - Short list released in July
 - Negotiations fall 2018 – there is no commitment required from COP until this point
 - Completed by 2022
- Project is also eligible for the following grant programs that we intend to apply for after project is approved by NRCan and the City (contribution to project TBD):
 - FortisBC Energy at Work
 - Community Energy Leadership Program
- If grant applications are denied, the project pays for itself in 29 years



Summary

Task	Budget	NRCan Support	NRCan request	COP Costs
Prefeasibility Study (diesel in 2016, smart grid 2017)	\$ 40,000	37.5%	\$ 15,000	\$ 25,000
Intallation				
190KW Array - City Hall	\$ 1,455,000	50.0%	\$ 727,500	\$ 727,500
400kW Array - City Yard	\$ 3,063,000	50.0%	\$ 1,531,500	\$ 1,531,500
Diesel Synch and controls	\$ 159,000	25.0%	\$ 39,750	\$ 119,250
Pumping controls	\$ 133,000	25.0%	\$ 33,250	\$ 99,750
Smart grid integration system	\$ 50,000	37.5%	\$ 18,750	\$ 31,250
Engineering/Commissioning - 8%	\$ 389,000	37.5%	\$ 145,875	\$ 243,125
Monitoring of the project results and confirming Benchmarks	\$ 20,000	37.5%	\$ 7,500	\$ 12,500
Reporting	\$ 15,000	37.5%	\$ 5,625	\$ 9,375
Total	\$5,324,000		\$ 2,524,750	\$2,799,250

Option	With Grant		W/O Grant	
	ROI	Payback (y)	ROI	Payback (y)
Solar cell installation	30%	15	-29%	29
Diesel Retrofit	1213%	1	866%	2
DSR Pumps	272%	2	211%	4

Next Steps?

- If short listed bring negotiating terms to Council for approval (July 2018)
- Negotiate a contract (Fall 2018)
- Bring the final contract to Council for approval (Fall/Winter 2018)



Questions?

Committee of the Whole Report

penticton.ca

Date: March 20, 2018 File No: RMS 4300 -01
To: Peter Weeber, Chief Administrative Officer
From: Blake Laven, Planning Manager and JoAnne Kleb, Community Engagement Specialist
Subject: **Non-Medical Cannabis Update and Public Consultation Process**

Staff Recommendation

THAT the Committee of the Whole endorse the public consultation work plan outlined herein, with the goal of creating regulations regarding the distribution and consumption of non-medical cannabis in Penticton.

Executive Summary

The Provincial Government has recently outlined the framework for the retail distribution of non-medical cannabis (NMC) in BC. The system closely mirrors that of liquor retail sales, with the Liquor Distribution Branch (LDB) being responsible for the operation of stand-alone government operated outlets and the distribution of federally controlled cannabis to private retail stores. Licenses for private stores will be issued through the Liquor Control and Licensing Branch (LCLB) and will require local government approval through a City Council resolution.

Local governments have been given wide-ranging authority over local distribution, including where stores can be located, how stores will operate and where public consumption of cannabis can and cannot occur. This report provides Council with a broad outline of this new framework and outlines staff's proposed strategy to develop regulations for Penticton through extensive public and stakeholder consultation.

Strategic priority objective

Creating regulations through public and stakeholder consultation for the safe distribution and consumption of cannabis products in Penticton is in keeping with the Council priorities of Good Governance and Social Development.

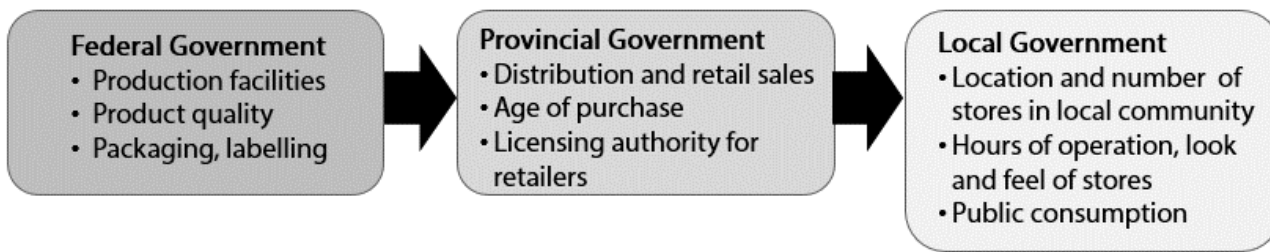
Financial implication

The various public engagement activities outlined in this report are estimated to cost \$8,000 + staff time. Part of the development of a local licensing process will be determining a license fee for dispensaries.

Background

When the federal government announced that recreation cannabis would become legal in Canada in July of 2018, it created a great amount of speculation on what role local governments would have in determining the location and form of retail sales outlets. With the introduction of the federal Cannabis Act in April 2017, it became clear that the federal government was favoring a system where a federal agency (most likely Health Canada) would have jurisdiction over the licensing of production facilities (which they do for medical cannabis production) and product quality, safety and packaging, with distribution (retail sales and other) left to each province.

Following most other provinces, BC has recently announced the distribution framework for non-medical cannabis (NMC) for our province. The province will be the licensing authority for individuals to hold a retail sales license for NMC, but importantly, the province will not issue a license unless an applicant has approval from the local government through a Council resolution. In addition to being able to create a process for getting a Council resolution, local governments will also have authority over whether retail outlets (dispensaries) will be permitted in their community and what regulations regarding the location and number of outlets will be permitted and what other regulations should be put in place.



Retail framework for non-medical cannabis sales in BC

Non-medical (recreational) cannabis (NMC) will be able to be purchased through government-operated outlets, private retail stores and online. The Liquor Distribution Branch (LDB) will assume responsibility for operating the government retail stores and the Liquor Control and Licensing Branch (LCLB) will be responsible for licensing private retail operations.

Retail co-location of NMC with alcohol or tobacco will *not* be permitted, along with other products such as food, gas, and lottery tickets.

Applications for licenses will be processed through the LCLB's on-line portal, which is expected to be launched this spring. Unlike liquor licenses, there won't be a provincial 'cap' on the number of licenses issued by the Province; however, licenses will not be issued without local government support through a Council resolution.

Licensed stores will be able to sell 'federal-compliant' and 'Liquor Distribution Board sourced' dried cannabis, cannabis oils and seeds. Cannabis accessories (pipes, vaporizers etc.) will also be allowed. Edibles will not initially be allowed, because of federal prohibitions. The federal government, however, has stated that they will be introducing edibles into the product offering within 12 months of legalization.

Consumption lounges or any other types of retailing (delivery services or offsite sales at festivals and events for example) is not permitted at this time.

Summary of local government jurisdiction over non-medical cannabis distribution as outlined by the province

The regulations outlined by the province give local government's wide-ranging authority over much of the local distribution framework, including the following items:

1. The number of retail stores within their boundaries (including that local government may prohibit them altogether).
2. Imposition of security requirements and additional restrictions on hours of operation – retail stores can otherwise operate between 9 am to 11 pm.
3. Restrictions on locations where public consumption is or isn't allowed (Adults 19 years and older will be permitted to consume NMC in public spaces where tobacco smoking and vaping are allowed. Exceptions to this rule include a ban on consumption in areas frequented by children, such as beaches and parks, as well as inside vehicles. Additional restrictions will be at the discretion of local governments).

Existing cannabis retail shops in Penticton

Penticton has an interesting history with retail sales of medical and non-medical cannabis. With the announcement by the federal government of the intention to legalize NMC in 2016, communities across the country saw a huge increase in the number of dispensaries (which until that time were mostly focused on 'medical marijuana' and often classified as compassion clubs). In some areas the RCMP or other local police forces took swift action to raid and close stores. In other areas of the country, particularly in BC, the dispensaries become more entrenched – with some communities (notably Vancouver, Victoria and Squamish) actually licensing and regulating the shops under their *Community Charter* powers to regulate business.

In Penticton, the City responded to a number of unlicensed dispensaries by putting zoning prohibitions in place. The City did issue two temporary licenses to two different dispensaries that were operating in the City. Those licenses have since expired and were not renewed. Since those licenses have expired, the City has been taking active enforcement against the two dispensaries as well as one other dispensary that was not issued a license. Currently there are two operating businesses selling cannabis product in violation of negotiated consent agreements.

The regulations issued by the province, specifically state that operating a dispensary (lawfully or not) does not necessarily prejudice an applicant from receiving approval for a retail license. The Retail Licensing Guide issued by the province provides the following statement:

Having operated an illegal dispensary will not, on its own, exclude you from being considered for a licence. All applicants will be assessed using the same evaluation criteria, including background checks and local government support. Persons who have operated dispensaries prior to legalization will not receive preferential treatment in the provincial application process.

City Council will need to determine how to treat these operating dispensaries, given the fact that they will most likely apply for licensing. While the operating dispensaries have provided a good case study for the public to look towards when evaluating a local regulatory framework, there is also the perception of rewarding businesses that did not follow due process. If these current dispensaries receive a license and another one does not, there may be questions of procedural fairness. These are questions that will need to be delved into during the public consultation on this issue.

Community Engagement

The issue of cannabis legalization and retail sales is a significant change for the city and a controversial topic for the community. It will be important to set up a framework that reflects the values and wishes of the community. Staff will be seeking input from the community to develop regulations for the following:

- Prohibit or allow retail stores for NMC
- Number of retail stores, locations and distances from each other, schools, etc.
- Retail store operations and appearance (hours and security)
- Retail store applications and licensing (including initial allocation)
- Restrictions on public consumption

The goal of the engagement program is to conduct a process that is trusted by the community and builds support for the recommended regulations. Through the engagement program:

- Stakeholders will agree they had the opportunity to provide input and that their input was understood.
- Stakeholders will agree the recommendations reflect their interests and input.
- Stakeholders will trust the process and support the outcome.
- Stakeholders will have the information they need to participate effectively.
- Council will have confidence the recommendations reflect community input.
- Staff will have meaningful data to develop their recommendations.

Stakeholders

Staff have identified the following stakeholder groups as having a unique interest in the development of the regulations for retail sales of NMC in Penticton and who will be invited to participate in the engagement program:

- Youth (SD 67, Pen Hi and Princess Margaret leadership, Parent Advisory Councils, YES Project)
- Health (Interior Health, OneSky, Pathways)
- Enforcement (RCMP, Bylaw, Licensing)
- Retailers (existing and prospective operators)
- Business (Chamber of Commerce, Downtown Penticton Association)
- Committees (Community Revitalization, Community Safety and Wellness Committee)
- Community at large

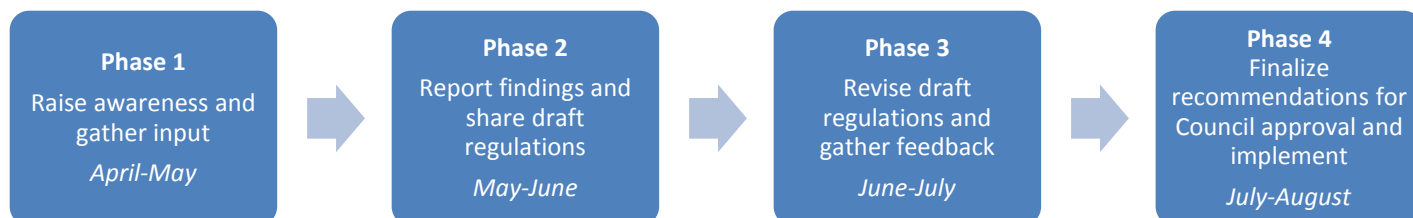
Level of Engagement

Due to the potential concerns about retail sales of NMC in the City, staff are proposing a high level of engagement as shown below.

IAP2				
Inform	Consult	Involve	Collaborate	Empower
<i>Provide with balanced and objective information to assist them in understanding the problem, alternatives or solutions.</i>	<i>Obtain feedback on the analysis, alternatives and / or decisions.</i>	<i>Work directly with the public throughout the process to ensure their interests are consistently understood and considered.</i>	<i>Partner with the public in each aspect of the decision including the development of alternatives and the identification of the preferred solution.</i>	<i>To place final decision making in the hands of the public.</i>

Process and Plan

The engagement program will be conducted in four phases:



Highlights of the activities planned include:

Phase 1 – Raise awareness and gather input

- Community awareness will be raised through an article in the Utility newsletter, a press release, newspaper advertisements and promotion through social media.
- Stakeholders will be informed about the work through targeted emails and letters.
- A city-wide survey will be conducted through shapeyourcitypenticton.ca to gather feedback that enables staff to identify community interests and draft the regulations.
- An information session will be held with prospective retailers to inform them of the process and answer their questions.
- A project page on shapeyourcitypenticton.ca will be established as a central resource for information on the engagement activities.

Phase 2 – Report findings and share draft regulations

- Results from the survey and the draft regulations will be shared at a Council meeting and communicated through a press release and on shapeyourcitypenticton.ca.
- Targeted meetings will be scheduled with stakeholder groups to share the findings and review the draft regulations.
- Staff will host an open house and / or go to the Community Market to review the findings with the community. Feedback will be collected through shapeyourcitypenticton.ca.
- A second information session will be held with prospective retailers to inform them of the findings

Phase 3 – Revise regulations and gather feedback

- Feedback from the second phase will be incorporated into a final draft of the regulations and shared at a Council meeting and communicated through a press release on shapeyourcitypenticton.ca.
- Final drafts of the regulations will be shared with key stakeholder groups and targeted meetings will be held if required.
- A forum will be created on shapeyourcitypenticton.ca to gather comments on the final draft
- Prospective retailers will be notified of the changes through an email and / or information session if required.

Phase 4 – Finalize recommendations for Council approval and implement

- Feedback from the third phase will be incorporated and the final recommendations will be shared with Council for approval.
- Community awareness of the final regulations will be raised in the community through an article in the Utility newsletter, a press release and promotion through social media.

Analysis

Legalization of non-medical cannabis is scheduled to take place this summer. Through the comprehensive consultation plan outlined in this report, Penticton will be ready to respond to this eventuality with regulations reflective of the values of our community.

Staff are recommending that Council receive the information contained in this report and endorse the work plan outlined herein.

Alternate Recommendations

THAT staff are directed to wait for legalization to occur and monitor the situation in other communities prior to developing regulations for Penticton.

Attachments



N/A

Respectfully submitted,

Blake Laven, RPP, MCIP
Planning Manager

Joanne Kleb,
Community Engagement Officer

Approvals

Director Development Services 	Chief Administrative Officer 
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