

TO: CHAIR AND MEMBERS
PLANNING AND DEVELOPMENT COMMITTEE

DATE: April 27, 2023

FROM: GENERAL MANAGER
PLANNING AND DEVELOPMENT

FILE: 46000 06

**SUBJECT: LIQUOR AND CANNABIS POLICY REVIEW – PROJECT INITIATION,
PROCESS AND NEXT STEPS**

PURPOSE: To provide introductory information on the proposed Liquor and Cannabis Policy review process and seek authorization to gather public input.

RECOMMENDATION:

1. **THAT** the Committee and Council authorize staff to undertake public consultation regarding the subject Liquor and Cannabis Policy review, as generally outlined in Section 5.0 of this report.

REPORT

1.0 INTRODUCTION

The Liquor and Cannabis Regulation Branch (LCRB) oversees liquor and non-medical cannabis regulations, which govern British Columbia’s sale of liquor and cannabis. This responsibility includes the supervision of regulation and licencing of establishments and events including: restaurants, bars, pubs, liquor manufacturers (breweries, wineries, and distilleries), private liquor stores, special events involving liquor, private cannabis stores, and cannabis marketing. The Liquor Distribution Branch (LDB) is the provincial body responsible for the distribution of alcohol and non-medical cannabis products as well as the operation of “BC Liquor Stores” and “BC Cannabis Stores.”

The LCRB is the licencing authority for liquor and cannabis licence applications and requires that they have the necessary local government zoning approvals, and in some cases allow local governments to provide comments and lead community consultation processes. As such, Burnaby has developed procedures and guidelines for processing such applications, including *Processing Procedure and Criteria for Liquor Licence Applications (2003)*, *Liquor Store Locational Framework (2006)* and *Government Cannabis Store Guidelines (2020)*.

The Provincial liquor and cannabis landscape has evolved in recent years. Some examples of important changes include: an increase in manufacturer licensees and the evolution of those establishments, the introduction of both government-owned and private retail cannabis stores in the Province along with an increase in cannabis manufacturers, and various initiatives which arose

from the pandemic. In addition to changes to Provincial regulations, in March 2020 Council directed staff to review the adopted Licence Retail Store liquor store application framework. Consequently, new rezoning applications for LRS's have been suspended until the completion of the framework review. As such, a comprehensive review of the City's Liquor and Cannabis Policy is warranted.

The purpose of this report is to briefly summarize the City's current liquor and cannabis processing procedures, liquor licencing policies, and liquor and cannabis store location guidelines, as well as to outline the objectives of the review, and propose a project timeline and summary of next steps, including public consultation.

2.0 POLICY FRAMEWORK

The Liquor and Cannabis Policy review as outlined in this report, is aligned with the Corporate Strategic Plan (2022), Burnaby Official Community Plan (1998), the Burnaby Economic Development Strategy (2007), The Burnaby Social Sustainability Strategy (2011), the Environmental Sustainability Strategy (2016), the Climate Action Framework (2020), and the Community Safety Plan (2020).

3.0 CURRENT REGULATORY FRAMEWORK FOR LIQUOR AND CANNABIS LICENCING

3.1 Liquor Establishment Licencing

Liquor licence applications (LLAs) are approved by the LCRB. Applicants may apply for three (3) main types of Liquor Licences:

- Food Primary - where the principal use is serving food, for example a restaurant.
- Liquor Primary - associated primarily with hospitality, entertainment, or beverage service businesses. Examples include nightclubs, pubs, and alcohol service in establishments not typically associated with liquor, for example barber shops or spas.
- Manufacturer - which allow the licensee to manufacture and store beer, wine, and spirits, and provide liquor service to patrons in designated areas.

Applications are referred to the City. The LCRB requests the local government to respond in one of three ways:

- Community input and commentary;
- Objection or no objection; and,
- Zoning confirmation.

“Community input and commentary” requires the local government to conduct a public input process and provide comments on specified criteria to the LCRB, for example:

- The impact of noise on nearby residents;

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- The impact on the community if the application is approved;
- Whether the amendment will result in the service area being operated in a manner that is contrary to its primary purpose (food primary licences only);
- The feedback of residents and a description of the method used to gather feedback; and,
- The local government’s recommendation (including whether or not the application is supportable) and the reasons why.

If the LCRB requires local government commentary as well as community input, the local government may choose to: 1) accept the application, agree to process the application, provide the LCRB with commentary, and conduct community consultation; 2) reject the application; or 3) opt out of the process, in which case the LCRB would take over the public input process and gather the views of the residents. It is noted that the LCRB does not explicitly require a Council resolution, even in cases where community input and commentary are required. The local government simply needs to provide a response which addresses the LCRB criteria outlined above.

The “objection or no objection” and “zoning confirmation” responses do not require a public input process or commentary on a list of LCRB criteria, and are therefore far less comprehensive and onerous.

When deciding whether or not the City opts into the public input process, staff are guided by the 2003 Council adopted report *Processing Procedure and Guidelines for Assessing Liquor Licence Applications*. If the policy requires the City to opt in, a report to Council would be prepared, evaluating the application against LCRB and City criteria as well as requesting authority from Council to gather public input. A second report to Council would summarize the input received from the public and provide a recommendation to Council on whether or not to endorse the application to the LCRB. Depending on the type of application (liquor primary, food primary, or manufacturer), staff may comment on criteria such as: hours of liquor service, proximity to other uses, and proximity to public transportation, to name a few.

The City’s Liquor Licence Application (LLA) processing procedure has not been comprehensively reviewed in 20 years. A review of Burnaby’s liquor licence guidelines is recommended to update outdated criteria (e.g. distance from “cyber cafes”), align them closer to that of the LCRB requirements, and to find ways to reduce processing time and streamline applications.

3.2 Liquor Store Licencing

The City differentiates between government liquor stores and private liquor stores in the *Burnaby Zoning Bylaw 1965*, defining the former as a Liquor Distribution Branch (LDB) *Liquor Store* and the later as a *Licensee Retail Store (LRS)*.

There is a Provincial government-imposed moratorium on new LRSs which is effective until July 1, 2032. Therefore, new applications for private liquor stores are not currently being accepted by the LCRB. The only exception is for current wine store licensees who want to convert their licence to an LRS licence. Existing LRS licence holders that wish to move their licence to a new location may do so, subject to LCRB and local government reviews and approvals. While the LCRB does

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not license government owned BC Liquor Stores, the LDB has advised it will not grow its network of BC Liquor Stores while the moratorium is in place.

LRS licence holders that wish to relocate to a new location in Burnaby must submit a rezoning application that is reviewed to ensure compliance with Council adopted guidelines and to get public input from surrounding neighbours. Similar to an application to permit a new liquor primary establishment, a rezoning to a zoning district which permits an LRS (e.g. C2h, C3h) or a government liquor store (e.g. C3a) is required. On February 07, 2005, a Council report outlined guidelines for assessing applications for LRSs, which included locational, store size, and operational criteria such as business hours and security requirements for private liquor stores.

The Planning and Development Committee, at its meeting held on February 25, 2020 expressed concern regarding the increased number of rezoning applications for private liquor stores that the City was receiving. On March 09, 2020 Council directed staff to review the adopted Framework, including the number of LRSs permitted in each quadrant. In conjunction with the review, the Committee recommended that Council consideration of new rezoning applications for LRSs be suspended until the completion of the Framework review.

3.3 Retail Cannabis Store Licencing

Similar to liquor licences, retail cannabis store applications are first submitted to the LCRB and are then sent to local governments for input. To approve and issue a cannabis store licence, the LCRB must receive a positive recommendation from local government. Part of this recommendation must include a summary of the views of nearby residents and a description of how the public input process was conducted. In addition, the local government is permitted to set locational criteria on items such as the proposed establishment's proximity to schools, residential or business areas, parking, existing cannabis retail stores, etc. Local governments may also limit store hours, or impose other operational conditions.

A May 20, 2020 report to Council provides guidelines regarding the assessment of government BC Cannabis Stores applications. The report outlines assessment criteria similar to that of private liquor stores, which outlines locational, size, and operational guidelines. A rezoning of the property to the district C2i or C3i Districts, is also required. The City of Burnaby currently does not have guidelines for, and consequently does not process applications for private cannabis stores. For context, the majority of municipalities in the Lower Mainland have private cannabis stores operating in their cities. Notable municipalities which do not are Surrey and Richmond.

An objective of the Liquor and Cannabis Policy review would be to examine current government store guidelines and, if there is a desire for new private stores, to develop guidelines for them.

3.4 Cannabis Product Storage and Manufacturing

Health Canada is responsible for establishing and maintaining the framework regulating the production of cannabis, which includes setting standards for health and safety and for licencing production and processing facilities. Under the *Cannabis Act*, to "produce" cannabis, means to

obtain it by any method or process, including by: manufacturing; synthesis; altering its chemical or physical properties by any means; or cultivating, propagating or harvesting it or any living thing from which it may be extracted or otherwise obtained. To establish a cannabis production facility, Health Canada requires proof that the applicant notify the local government authority, including R.C.M.P. or local police force, of their intention to file for a federal cannabis production licence. Local authorities are able to provide a direct response to Health Canada on whether an application complies with relevant bylaws and policies, and local authorities may also provide summary of any public input to Health Canada.

A cannabis production facility is defined in the *Zoning Bylaw* as “a building or portion thereof providing for the production, finishing, packaging, warehousing and/or distribution of cannabis.” These facilities may conduct cannabis related activities such as cultivation, processing, manufacturing of a variety of cannabis products, analytical testing, research, sales, and distribution if authorized by Health Canada. A Cannabis Production Facility is currently permitted within the M1 Manufacturing, M2 General Industrial, M3 Heavy Industrial, M4 Special Industrial, and M5 Light Industrial Districts, subject to a rezoning to a CD district which would include a public input process.

The Liquor and Cannabis Policy review would examine the City’s current requirements to establish a cannabis production facility, with the goal of reducing application processing time while ensuring the safety of the community and the requirements of Health Canada, the *Cannabis Act*, and Metro Vancouver are met.

4.0 LIQUOR AND CANNABIS REVIEW

A Liquor and Cannabis Policy review presents the opportunity to evaluate and make any necessary refinements or additions to the existing policies currently in place. More specifically, the objectives of the policy review are:

- To update the City’s guidelines and processes to better align with current LCRB policies;
- To modernize Burnaby’s approach to liquor and cannabis licence applications, identifying and filling potential gaps, and reducing processing timelines, while balancing market demand and community safety;
- To create a clear and concise policy document, providing transparency and direction to the benefit of both applicants and City staff;
- To review options and criteria for private cannabis stores;
- To simplify the approvals process and timelines for liquor and cannabis stores, and manufacturing facilities; and,
- To respond to changes in the industry and market, for example:
 - The increase in manufacturer licensees and the evolution of those establishments;
 - The introduction of both government-owned and private retail cannabis stores in the Province;
 - Retail sale of wine in grocery stores; and,
 - Liquor service in spas, barber shops, etc.

Although not exhaustive, the forgoing highlights some potential items which may be addressed in the policy update.

5.0 PROJECT PHASES

While the timing and details regarding the scope of each phase will be further developed and are subject to change as the project advances, a high level summary of each phase is described below.

- **Phase 1 – Draft Policy Directions and Public Consultation (Fall 2023):** This phase focuses on the review of current policy and identification of gaps and areas of improvement. Research would also be conducted to collect data on current policy in British Columbia. Staff will report back to Council with draft policy directions for review and consideration.

To better understand the concerns of Burnaby residents with the existing policy, and to obtain input to help establish draft directions, it is proposed that an online survey be made available on a dedicated City project webpage. The survey would include questions related to the objectives of the policy review, for example: locational criteria for liquor and cannabis stores; satisfaction levels on being adequately served by the existing network of liquor licence establishments, liquor stores, and cannabis stores; and, the desire for additional places to consume liquor (parks, spas, barbershops, etc). The online survey would be advertised on the City’s website and in newspaper ads. The survey would run for approximately 4 weeks, and copies of the survey would be available at City Hall for those unable to complete an online survey. Additional stakeholders which may be consulted throughout the process include: current liquor and cannabis licence holders, RCMP, LCRB, Fraser Health, and local business associations.

- **Phase 2 – Proposed Policy (Winter 2023/2024):** This phase will present Council with the final proposed policy for consideration of adoption. Once input has been gathered from the public, staff will advance a subsequent report to Committee and Council summarizing the feedback received, as well as a draft of the revised policy for consideration and feedback.
- **Phase 3 – Zoning Bylaw Amendments (Winter/Spring 2024):** The adoption of a new Liquor and Cannabis Policy would likely require amendments to the *Zoning Bylaw*. Specific amendments could include: definitions for new uses; a locational framework for liquor and cannabis stores; the removal or additional of subzones; and, the revision of existing bylaw provisions to reflect the new uses and incorporate any necessary changes and additions.

6.0 SUMMARY AND NEXT STEPS

A Liquor and Cannabis Policy review is needed, as the current regulatory framework does not respond to today’s context, and therefore have potential gaps that may not be in line with current LCRB policy. The creation of a simplified, concise policy document would provide better transparency for applicants, and a more efficient and accurate process for staff in the future. A revised policy would also ensure these uses are considered holistically with the context of creating

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complete communities. This policy review also responds to a request from Council, instructing Staff to undertake a review of the City’s liquor store processing.

This report provides an overview of the proposed Liquor and Cannabis Policy review as well as current processes and procedures. It is recommended that the Committee and Council authorize a public consultation process to seek public input on the subject Liquor and Cannabis Policy review, as generally outlined in Section 5.0 of this report. Staff will begin a review of existing policies and best practices to identify gaps and areas which require improvement or updating, and if approved, issue a survey for community input. Once input has been gathered from the public, staff will advance a subsequent report to Committee and Council summarizing the feedback received, as well as a draft of the revised policy for consideration and feedback.



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