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<b>COMMUNICATION</b>	
CW -	Dec 5/18
ITEM -	1

**DATE:** November 30, 2018

**TO:** Honourable Mayor and Members of Council

**FROM:** Michael Coroneos, Chief Financial Officer and City Treasurer  
Mary Reali, Deputy City Manager, Community Services

**RE:** Ontario Funding Model Update – Cannabis Legislation

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**Purpose:**

The purpose of this memorandum is to provide Members of Council with an update on the Province's cannabis legalization implementation funding.

**Highlights:**

- On November 26, 2018, the City received a letter from the Minister of Finance, announcing the funding for municipalities through the Ontario Cannabis Legalization Implementation Fund ("OCLIF"), attaching the City's 2018-19 First Payment – Allocation Notice;
- The OCLIF is provided to municipalities to help with the implementation costs of recreational cannabis legalization. This fund consists of two \$15 million installments and a \$10 million contingency fund to address unforeseen circumstances

This funding breakdown consists of:

1. First Payment of Funds
  - The Province will distribute \$15 million of the OCLIF between all municipalities based on the following criteria:
    - 2018 MPAC Household numbers
    - 50/50 split in household numbers between lower- and upper-tier municipalities

**In the case of the City of Vaughan, this one-time payment is based on \$2.55 per household, with the lower-tier portion of this payment being \$124,949.**

2. Second Payment of Funds (will take place after January 22, 2019)
  - The Province will distribute \$15 million of the OCLIF between all municipalities based on the following criteria:
    - If a municipality has not opted-out of hosting private retail stores, it will receive funding based on the 2018 MPAC household numbers, so that at least \$5,000 is provided to each municipality (i.e., City of Vaughan – a second per-household allocation equal to or greater than the initial \$124,949);
    - If a municipality has opted-out of hosting private retail stores, they will receive a maximum \$5,000 lump sum.

- It is important to note that if a municipality opts-out by January 22, 2019, and opts back in at a later date, that municipality will not be eligible for additional funding.

**In the case of the City of Vaughan, a Committee of the Whole Report dated December 5, 2018 has been prepared providing Council with information on provincial legislation related to cannabis legislation and its potential regulatory impacts on municipalities.** This information may further inform Council's deliberations on the matter.

- There are few details on how the contingency portion of the OCLIF will be allocated, save that priority shall be given to municipalities that have not opted out by January 22, 2019 of the provincial private cannabis retail model;
- No details have yet been released with respect to the allocation of the Province's share of the federal cannabis excise duty beyond that over the first two years of legalization 50% of any excise duty that exceeds \$100 million shall be provided to municipalities that have not opted out.

Staff from By-law and Compliance, Licensing & Permit Services, Office of the Chief Financial Officer & City Treasurer, Office of the Chief of Corporate Initiatives & Intergovernmental Relations will continue to monitor the Province's implementation of its cannabis legislation, regulations and funding commitments.

Respectfully Submitted,



Michael Coroneos  
Chief Financial Officer and City Treasurer



Mary Reali  
Deputy City Manager, Community Services

Copy: Corporate Management Team  
Gus Michaels, Director and Chief Licensing Officer,  
By-law and Compliance & Licensing and Permit Services