



## **Administrative Report**

### **Office of the Chief Administrative Officer**

**To:** Warden McNamara and Members of County Council

**From:** Robert Maisonville  
Chief Administrative Officer

**Date:** Wednesday, April 03, 2019

**Subject:** OCLIF – County Allocation Redistribution

**Report #:** 2019-0403-ADM-R04-RM

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#### **Purpose**

To advise County Council of the results of discussions held among the County and local municipal CAO's regarding the allocation of Ontario Cannabis Legalization Implementation Fund (OCLIF).

#### **Background**

In 2018, the Province introduced the OCLIF under the *Cannabis Licence Act, 2018*. The Fund provides \$40 million over two years to municipalities across Ontario to help with implementation costs of recreational cannabis legalization.

The first allocations to municipalities, totaling \$15 million, were made in January 2019 and subsequent allocations, following the municipal opt-out deadline were distributed in February 2019.

The allocations are distributed to municipalities based on a per household formula (2018 Municipal Property Assessment Corporation (MPAC) data), with the second allocation subject to the following considerations:

- Municipalities that have opted out of hosting private retail stores shall receive \$5,000 each.

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- Municipalities that have not opted out of hosting private retail stores continue to receive funding on a per household basis, adjusted so that at least \$5,000 is provided to each municipality.
- Upper tier municipalities receiving funding in relation to opt-out decision made by the local municipalities. That is, if a local municipality opted-out, the upper tier municipality does not receive funding on a per household basis in relation to that municipality.

Use of the funds are solely for the purpose of paying for implementation costs directly related to the legalization of cannabis. Examples provided by the Ministry included: enforcement, response to public enquiries, paramedic services, fire services and by-law / policy development.

The chart below provides detail of the first and second payments received by the County and the local municipalities:

Municipality	Households	Jan-19	Feb-19
Essex Co	72,513	92,455.00	58,990.00
Amherstburg T	9,202	11,733.00	14,356.00
Essex T	8,927	11,382.00	13,927.00
Kingsville T	8,760	11,169.00	13,666.00
Lakeshore T	14,344	18,289.00	5,000.00
LaSalle T	11,230	14,319.00	5,000.00
Leamington M	10,925	13,930.00	17,043.00
Tecumseh T	9,125	11,635.00	5,000.00
		184,912.00	132,982.00

## Discussion

Discussions on the OCLIF took place at a recent CAO's meeting. As noted in the Background section of the report and addressed in the Appendices from the Ministry of Finance (MoF), the funding is intended to help address, such items as enforcement, policy development, response to public enquiries,

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paramedic services and fire services. All municipalities have and will continue to experience significant cost in relation to this new legislation. However, it was the consensus of the group, that for the County of Essex, a heavier burden is more likely to be experienced at the local municipal level.

Concerns with respect to Public Health; their role and funding constraints, were also discussed. However, with little information forthcoming specifically on Public Health, but more broadly on the restructuring of Health Care in the Province, it was agreed that should public health expenditures associated with this new legislation result in higher costs at the County level, as a result of increased costs from the Public Health agency and assuming additional annual funding will be forthcoming, changes to funding allocations could be reconsidered should circumstances warrant.

In trying to determine a formula for revenue sharing, it was agreed that the Gas Tax Funding model, previously adopted by the County of Essex, of an 80/20 local/County split would be reasonable and provide a level of consistency. Attached as Appendix IV is the redistribution from a 50/50 to an 80/20 allocation. It is important to highlight that for those municipalities that have opted out at this time as a host municipality for retail sales, the County does not receive the per household allocation for those municipalities and accordingly, no revenue share allocation with the local municipality would be forthcoming.

## **Financial Implications**

The OCLIF allocation was not included within the Corporation's 2019 Budget. However, the Corporation does expect additional costs due to this legislation, to be incurred to address policy development (i.e. Fit for Duty), staff education and directly related services in EMS and at Sun Parlor Home. Tracking of cost will be necessary throughout 2019 to support the funding and will be reported to Council in a subsequent report.

## **Recommendation**

It is the recommendation of the Chief Administrative Officer that County Council approve the redistribution of the County portion of Ontario Cannabis Legalization Implementation Fund (OCLIF) from the received 50/50 (local/County) allocation to an 80/20 (local/County) split, in accordance with household funds received (example for initial allocations provided in Appendix IV of Report 2019-0403-ADM-R04-RM).

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Respectfully Submitted

*Robert Maisonville*

Originally Signed by

Robert Maisonville, Chief Administrative Officer

<b>Appendix No.</b>	<b>Title of Appendix</b>
Appendix I	MoF Letter – November 20, 2018
Appendix II	MoF Letter – November 26, 2018
Appendix III	MoF Letter – February 12, 2019
Appendix IV	OCLIF Redistribution