



7th Floor, Frost Building South
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Telephone: 416-314-6331

7^e étage, Édifice Frost Sud
7 Queen's Park Crescent
Toronto ON M7A 1Y7
Téléphone: 416-314-6331

November 20, 2018

Dear Head of Council (elect):

Recently, Ontario's Government for the People moved to a new cannabis retail model to meet our key priorities of combatting the illegal market and keeping our children and communities safe.

Today, the Province is beginning the fulfillment of its commitment to provide \$40 million in funding over two years to municipalities to help with the implementation costs of recreational cannabis legalization.

The Ontario Cannabis Legalization Implementation Fund (OCLIF) will be distributed as follows:

- In early January, the first payment of \$15 million will be made to all municipalities on a per household basis, adjusted so that at least \$5,000 is provided to each municipality. This will enable all municipalities to proceed with their planned legalization activities.
- A second payment of \$15 million will then be distributed following the deadline for municipalities to opt-out under the *Cannabis Licence Act*, which is January 22, 2019.
 - Municipalities that have not opted-out as of January 22, 2019 will receive funding on a per household basis, adjusted so that at least \$5,000 is provided to each municipality. This funding will support initial costs related to hosting retail storefronts.
 - Municipalities that have opted-out will receive only a second \$5,000 each.
- The Province is setting aside \$10 million of the municipal funding to address costs from unforeseen circumstances related to the legalization of recreational cannabis, and priority will be given to municipalities that have not opted-out. Further details will be provided at a later date.

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- Finally, if Ontario's portion of the federal excise duty on recreational cannabis over the first two years of legalization exceeds \$100 million, the Province will provide 50 per cent of the surplus only to municipalities that have not opted-out as of January 22, 2019.

Our government is committed to respecting taxpayers and their hard-earned money. We believe municipalities have an obligation to do likewise.

As such, municipalities must use this funding to address the costs that directly relate to the legalization of recreational cannabis. Examples of permitted costs include:

- increased enforcement (e.g. police, public health and by-law enforcement, court administration, litigation);
- increased response to public inquiries (e.g. 311 calls, correspondence);
- increased paramedic services;
- increased fire services; and
- by-law / policy development (e.g. police, public health, workplace safety policy).

Lower-tier and upper-tier municipalities will receive a 50/50 split of the allocation. The household numbers will be split between the upper- and lower-tier, and the allocation calculated accordingly. Decisions to adjust the split in allocation and transfer funding can be made at the local level as needed. Upper-tier municipalities will receive funding in relation to opt-out decisions made by the lower-tier municipality.

The Deputy Minister of Finance will write to your Treasurer with further details on the administration of this funding and attach each municipality's specific allocation notice.

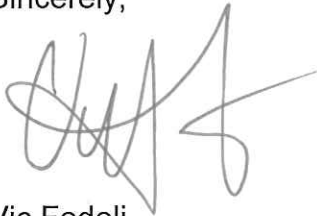
To assess the impact of the funding, the Association of Municipalities of Ontario and the City of Toronto have been asked to work with the Ministry of Finance to establish a process by which a sample group of municipalities can assess the use and impact of these funds. More information on this process will be provided at a later date.

Our government is committed to building a retail system for cannabis sales that will help eliminate the illegal market and is safe and reliable with rules that keep cannabis out of the hands of children and youth, while keeping our roads safe. Complementary to this municipal funding, the Province continues to do the following:

- Increase the capacity of law enforcement to help detect drug impaired driving through training. The Province has also created a specialized legal team to support drug impaired driving prosecutions, increased capacity at the province's Centre of Forensic Sciences, and has created a Cannabis Intelligence Coordination Centre.
- Support local boards of health (public health units) by providing a suite of tools and resources for enforcement of the *Smoke-Free Ontario Act, 2017*, which includes rules for smoking and vaping of cannabis.
- Conduct an integrated public awareness campaign to communicate the rules and regulations for recreational cannabis and educate Ontarians about the health and safety measures in place to protect them.

We appreciate the efforts of municipalities in the implementation of the federal government's legalization of cannabis and look forward to continuing to work together.

Sincerely,



Vic Fedeli
Minister of Finance

c: The Honourable Caroline Mulroney, Attorney General
The Honourable Steve Clark, Minister of Municipal Affairs and Housing
Paul Boniferno, Deputy Attorney General
Greg Orencsak, Deputy Minister of Finance
Laurie LeBlanc, Deputy Minister of Municipal Affairs and Housing
Renu Kulendran, Ontario Legalization of Cannabis Secretariat, Ministry of Attorney General
Nicole Stewart, Executive Lead, Cannabis Retail Implementation Project, Ministry of Finance
Kate Manson-Smith, Assistant Deputy Minister, Local Government and Planning Policy Division, Ministry of Municipal Affairs and Housing
Dan Miles, Chief of Staff

Ministry of Finance

Office of the Deputy
Minister

Frost Building South, 7th
Floor
7 Queen's Park Crescent
Toronto, ON M7A 1Y7

Tel (416) 325-0420

Fax (416) 325-1595

Ministère des Finances

Bureau du sous-ministre

Édifice Frost Sud 7e étage,
7 Queen's Park Crescent
Toronto, ON M7A 1Y7

Tél 416-325-0420

(416) 325-1595



November 26, 2018

Dear Treasurer:

Re: Ontario Cannabis Legalization Implementation Fund

In his November 20, 2018 letter to Heads of Council (elect), the Minister of Finance announced funding for all municipalities through the Ontario Cannabis Legalization Implementation Fund ("Fund"). This Fund will provide \$40 million in funding over two years to municipalities across Ontario to help with the implementation costs of recreational cannabis legalization.

This letter sets out the terms and conditions of receiving money under the Fund.

1. First Payment of Funds

For the first payment in January, the Province will distribute \$15 million of the Fund between all municipalities based on the following:

- 2018 MPAC Household numbers
- 50/50 split in household numbers between lower- and upper-tier municipalities
- Adjustments to provide at least \$5,000 to each municipality

Municipalities will receive a first payment in the amount set out in the attached allocation notice.

2. Second Payment of Funds

For the second payment, the Province will distribute \$15 million of the Fund between all municipalities based on the following:

- If a municipality has not opted-out of hosting private retail stores in accordance with *Cannabis Licence Act*, it will receive funding based on the 2018 MPAC household numbers, adjusted so that at least \$5,000 is provided to each municipality.

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- If a municipality has opted-out of hosting private retail stores in accordance with the *Cannabis Licence Act*, it will receive a maximum amount of \$5,000. Please 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.

Municipalities will receive a second payment based on the above criteria. The Province will send an allocation notice to municipalities setting out the amount of the second payment by March 2019.

The amount of the Fund allocated to each municipality in Ontario will be posted at www.fin.gov.on.ca/en/budget/oclif/ in December.

3. Use of Funds

Municipalities must use the money they receive from the Fund solely for the purpose of paying for implementation costs directly related to the legalization of cannabis.

Examples of permitted costs include:

- Increased enforcement (e.g., police, public health and by-law enforcement, court administration, litigation)
- Increased response to public inquiries (e.g., 311 calls, correspondence)
- Increased paramedic services
- Increased fire services
- By-law / policy development (e.g., police, public health, workplace safety policy)

Municipalities must not use the money they receive from the Fund to pay for:

- Costs that have been, or will be, funded or reimbursed by any other government body, or third party
- Costs not related to cannabis legalization

4. Transfer of Funds Within Upper-Tier and Lower-Tier Municipalities

Upper-tier municipalities and lower-tier municipalities may transfer any money that they receive from the Fund between each other. Despite any transfer of money that may occur under this section, municipalities remain responsible for ensuring compliance with the terms and conditions of this letter with respect to the transferred money.

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5. Funding Assessment

To assess the impact of this funding, the Province has requested that the Association of Municipalities of Ontario and the City of Toronto work with the Ministry of Finance to establish a process by which a sample group of municipalities will provide information on use of funds and impact of funding. More information will be available as this process is developed.

If municipalities are asked to provide information on the use of the money received under the Fund and impact of such funding, they must provide the information requested, in a timely manner. As such, municipalities must keep and maintain all records relating to money received from the Fund.

In addition, the Province or any authorized representative or identified independent auditor, may request to review the records or conduct an audit in respect of the expenditure of money a municipality has received from the Fund.

If you have any further questions, please contact:

Cannabis Retail Implementation Project
Ministry of Finance
Email: OCLIF@ontario.ca

Yours sincerely,



Greg Orensak
Deputy Minister

Attachment

- c. Paul Boniferno, Deputy Attorney General
Laurie LeBlanc, Deputy Minister of Municipal Affairs and Housing
Nicole Stewart, Executive Lead, Cannabis Retail Implementation Project
Allan Doheny, Assistant Deputy Minister, Provincial-Local Finance Division
Renu Kulendran, Ontario Legalization of Cannabis Secretariat, Ministry of Attorney General

Kate Manson-Smith, Assistant Deputy Minister, Local Government and Planning
Policy Division, Ministry of Municipal Affairs and Housing
Pat Vanini, Executive Director, Association of Municipalities of Ontario

Ontario Cannabis Legalization Implementation Fund
2018-19 First Payment - Allocation Notice



Town of Richmond Hill
Region of York

1938

The Ontario Cannabis Legalization Implementation Fund (OCLIF) is provided to municipalities to help with the implementation costs of recreational cannabis legalization.

| | |
|---------------------------|-----------------|
| Funding Allocation | \$84,168 |
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| A Funding Amount based on Number of Households ($A1 \times A2 \div 100$) | \$84,168 |
|--|-----------------|

| | |
|--------------------------------------|----------|
| 1. Number of Households | 66,014 |
| 2. Funding Amount per 100 Households | \$127.50 |

Notes and Data Sources

A - funding amount is rounded up to the nearest dollar.

A1 - household figures are based on the 2018 returned roll provided by the Municipal Property Assessment Corporation (MPAC).

A2 - represents the funding amount per 100 households for lower-tier municipalities.