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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
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Pat Vanini, Executive Director, Association of Municipalities of Ontario