

RPC21-64/RPC21-60 – Cannabis Retail Zoning

Good day Mayor and Councillors,

My name is Landyn Uhersky with Wiid Boutique Inc. We currently operate two retail cannabis locations in Regina, with two more under construction. We are also actively involved in the Weed Pool Cannabis Cooperative that supports legal retailers across the province. Therefore, I am closely tied to trends in the market.

Please accept this submission as our feedback to Item RPC21-64/RPC21-60 – Cannabis Retail Zoning Amendments.

In the past, we have contributed to council discussions, but the number of meetings regarding Cannabis Zoning have been too numerous to stay on top of and there is an overwhelming feeling that the decisions have already been made before going into the discussions.

We would like to submit this argument to deny the proposed amendments around RPC21-60 and to keep the separation distances as they are. Therefore, we are in favour of Alternative Option #2, referring the report back to Administration to be reconsidered entirely. This means that the 182.88m separation should continue to be applied in all regards as the bylaw was originally written. However, we do not believe that the bylaw requires the Reciprocal Separation Distance.

Rationale

1 Store for 10,000 People

To be frank, I am unable to understand why Administration is recommending any changes at all. From the City's own report, it states that:

"The general rule for a mature market is about one store for 10,000 people. This means Regina, with its population of 239,497, would need to host roughly 24 stores to ensure a healthy business environment to disrupt the black market." (pg. 4, EX21-41)

Under the current bylaws, as of October 31, 2021, there are 16 stores operating (see Appendix). Also under the existing bylaw, there are 13 retail locations with "Permits Currently Under Review" (see Appendix). As such, there are currently 29 retail locations either open or under construction in Regina. This already undercuts the "one store for 10,000 people" to one store per 8,258 people. Therefore, by enacting the proposal, Council will be knowingly further harming the economic viability of all cannabis retailers in Regina by further reducing the ratio of 1:10,000. This is before taking into account that only 11% of Saskatchewan's population consumes cannabis products compared to the national average of 20% (Appendix B, EX21-41). This would provide an equitable ratio of 1 store per 18,000 people in Saskatchewan.

Economic Viability

As a locally owned and operated business, we strive to do what is best for our community. In doing so, we pay all of our staff a livable wage and provide benefits, source locally, participate in the community, and support local charities and organizations.

We are able to run our operations very lean and built our model on one store per 10,000 people, knowing that the market would continue to saturate. In that model, wages and benefits are by far our largest expense. By extrapolating our current operational data, with all outstanding 29 stores in Regina, we would no longer be profitable by spreading Regina's cannabis market equally amongst all 29 stores let alone the proposal to open the market even further.

This means that in order to meet the pressures, we would have to consider laying off some of our 25 current full-time employees making a livable wage, and cutting benefits. Additionally, this puts into jeopardy the 15-20 additional staff that will be hired with our expansion. We would also have to consider sourcing products and services outside of Regina to realize savings. This will negatively impact dozens of local businesses that we currently work with.

While we believe we will personally be able to operate with increased competition, I am worried for new entrants into the market who do not have brand recognition, purchasing power, and an established customer base. As such, this proposal would discourage local business owners from operating, but does encourage the many publicly traded companies currently operating on debt structures to take the place. These mega-cannabis chains often have central purchasing groups operating outside of Regina and Saskatchewan, and remove any profits from our communities. Most of these chains do not offer full time employment, benefits, or a livable wage.

Fairness

I would also like to appeal to the fairness of this proposal. With 29 locations outstanding under the current bylaws, these locations will be subject to different rules than the new entrants to the market. When picking our own locations, we were forced to pick locations that were allowed under the current bylaws and have already invested millions in tenant improvements, rent, and equipment, as well as being locked into lease agreements. For example, in our South Albert location, we were forced into the particular unit we are in, as the unit beside ours was two feet too close to the boundary of the Public Library in the Southland Mall. Meanwhile, a new entrant to the market would be allowed to choose more desirable locations with higher traffic that would have previously been disallowed under the current bylaws. This sends a signal that the City of Regina is willing to provide different sets of rules for different businesses operating within the same industry.

Black Market

Being very closely aligned with the industry, we have noticed more black-market customers purchasing from legal retailers. As bulk options have come down in price that is now better value than the black market, we have been able to cut into that market significantly. Another project we work on is to transition legacy growers into legal growers. Anecdotally, these growers are saying that they are no longer selling cannabis into the black market because customers have already moved to the legal market and that they can no longer compete on the variety, price and that the legal market quality has increased significantly since legalization.

Currently, the largest driver of the black market is the implementation of the provincial Public Health Order, requiring cannabis retailers to ask for proof of vaccination to purchase cannabis. Over night,

cannabis retailers across Saskatchewan are reporting a 20-60% drop in sales since implementation of the order. Customers are not afraid of vocalizing that they are returning to the black market due to the order. At this point it would just be virtue signalling to suggest adding more stores will eat into the black market when we have a mass exodus of consumers and we know the reason.

Conclusion

In conclusion, I would like to appeal to council to vote no on the proposed amendments. Take into consideration we have already surpassed the 1:10,000 ratio that was the rationale for the proposal. Please vote no on the basis that the cannabis industry is currently performing well in Regina and is providing high paying jobs and benefits to many people in our community. Adding even more stores will further put that in jeopardy. Please vote no to having different sets of rules for different retailers depending on time in market. Please vote no, as we have already displaced the majority of the black market and continue to do so using our collective purchasing power.

Thank you for your time and consideration.

Appendix

Regina

Canna Cabana

- Unit J2, 2095 Prince of Wales Dr.
- 25A 2223 Victoria Ave E

Farmer Jane Cannabis Co.

- 2068 Aurora Blvd.
- Unit D, 3881 Rochdale Blvd
- 480 McCarthy Blvd N

Fire & Flower Cannabis Co.

680E Victoria Ave.

Inspired Cannabis Co.

1120-3806 Albert Street

Lucid Cannabis

681 Albert St

Save on Grass Cannabis Company

3405 A Saskatchewan Drive

The Bakery

- 1306 Broad St
- 4049 Albert St.

The Joint Cannabis

926 Victoria Ave

Tweed

- 1501 Albert St
- 3735 E Quance St

Wiid Boutique Inc.

- 4554 Albert St
- 2747 Quance St.

Source: SLGA

<https://www.slga.com/permits-and-licences/cannabis-permits/cannabis-retailing/cannabis-retailers-in-saskatchewan#regina>

Permits Currently Under Review

Address	Completed Application Received
4305 Rochdale Boulevard	September 25, 2020
1846 Scarth Street	October 5, 2020
2323B 11th Avenue	January 5, 2021
155 Albert Street N	February 8, 2021
970 Albert Street	February 9, 2021
#10 - 3710 Eastgate Drive	February 9, 2021
235 Victoria Avenue	February 16, 2021
371 Albert Street	March 16, 2021
25A - 2223 E Victoria Avenue	March 23, 2021
4613 Gordon Road	April 12, 2021
4401 Albert Street (Unit B)	June 29, 2021
#102-3934 Dewdney Avenue	August 9, 2021
1954 Hamilton Street	October 19, 2021

Source: City of Regina

<https://www.regina.ca/business-development/land-property-development/planning/proposed-development/>

