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**ATTACHMENT E
LETTER OF RATIONALE**



#200 - 110 E Cordova St
Vancouver BC, V6A 1K9
Canada

W: www.kiaro.com
E: hello@kiaro.com
T: 1.888.623.2420

Rezoning Rationale

May 14, 2019

**City of Nanaimo
Planning Department
455 Wallace Street
Nanaimo, BC V9R 5J6**

Re: Cannabis Retail Store Rezoning Rationale - Kiaro

Kiaro is pleased to submit this letter in support of its application for a Cannabis Retail Store ("CRS") in the City of Nanaimo.

About Kiaro

Kiaro is a B.C.-based cannabis brand that carries a variety of curated products appealing to individuals who wish to enjoy cannabis responsibly. Kiaro plans to open a number of fully compliant retail stores across Canada and, through its stores, offer a customized omni-channel cannabis experience that is inviting, convenient, and appealing, allowing consumers to choose safe and reputable products.

We achieve this through best in class staff training, strong product knowledge, and in store educational resources. We also seek to create true and long-lasting partnerships with the communities and neighbourhoods in which we operate by investing in meaningful community development initiatives that align with our vision and values. Kiaro's name derives from the Italian word chiaroscuro, meaning "to emerge from the darkness into light" – a nod to the new era of cannabis legalization.

Our Commitment

- Kiaro's leadership team is comprised of professionals across a variety of industries who have a track record of success and a dynamic plan for sustainable market growth based on a balanced commitment to our people, operations, and finances
- Kiaro represents a community-minded, full-service retail model focused on an exceptional retail experience
- Kiaro believes in partnering with the municipalities in which we will operate and commits to engaging in active and ongoing consultation to ensure we continue to educate and engage the communities we serve

- Kiaro believes in putting people first and creates a supportive working environment by investing in employee education and good management practices

Cannabis Retail Store Zoning Criteria

Kiario has thoroughly reviewed the criteria required by the City of Nanaimo and has included a thorough rezoning rationale based on the policy endorsed by the City of Nanaimo Council on September 17, 2018.

Location

The location of the proposed CRS on 78 Wharf Street has been carefully chosen to take into consideration proximity to the items identified in section 1.1, 1.2, and 1.3 of the Cannabis Retail Store Zoning Criteria. The proposed CRS meets the required location criteria by being near an urban node, commercial centre or corridor, as designated in the City's Official Community Plan. It is not located directly adjacent, or in close proximity to a school or licensed daycare facility. The proposed site meets the necessary minimum separation of 200m from any of these facilities, as measured from the front door of the CRS to the school or daycare property line.

We have also identified a number of local adult subsidized housing and treatment centres in the downtown area within 1km of our proposed CRS. We are committed to engaging with these organizations prior to opening, and over the long-term. In order to incorporate their needs and feedback into our planning processes; and if the opportunity presents itself, to provide information and resources for their stakeholders about how the regulated retail cannabis sector can and will protect the interests of local residents by improving public health and safety, and curbing the presence of the illicit market in the community.

Moreover, the proposed CRS is in the downtown core, one of the densest urban areas of the City. While we understand that another CRS applicant is also pursuing a store in the area, we believe that this dynamic part of the City could benefit from two stores and, as outlined elsewhere in this document, Kiario is fully committed to ensuring that we build a location that allows us to be partners in the downtown revitalization efforts to increase both commercial diversity and employment opportunities.

Building and Site

Kiario has thoroughly reviewed Section 2.1, 2.2, and 2.3 of the Criteria and are committed to ensuring the CRS complies with these relevant sections, as well as with the City's Official Community Plan and the Downtown Centre Urban Node objectives. The proposed site shares the aims of downtown revitalization and was conceived to improve and enhance the aesthetics of the community and surrounding area to ensure a positive experience for local business owners, residents and visiting tourists. Our design and operating practices will ensure

the Downtown Centre can continue to foster an environment that is inviting, tourist-friendly and responsive to the needs of Nanaimo's citizens. The proposed site's operating hours and size are consistent with neighbouring businesses, and we are planning for significant upgrades to the building, including tenant improvements to the interior and exterior, as well as on-going maintenance, window cleaning and landscaping to complement the esthetics of the local community.

- Proposed Size of Facility: 1,900 sqft
- Proposed Operating Hours: 10:00am to 8:00pm, Sunday to Saturday

Kiara has reviewed the parking bylaw No. 7266, Section 7.3 ii Downtown-Specified Area and will comply with the City's parking requirements. We are committed to facilitating ease of access to the CRS, and to reducing traffic congestion by encouraging our clients to utilize the available street parking out front of the proposed CRS, and within the downtown core. These available public parking spots also include designated handicap parking stalls directly across from the proposed CRS to increase accessibility and equitable access to the store. Kiara is further committed to keeping our staff and clients educated about Nanaimo's Downtown Mobility Hub Project and will ensure that our staff and clients are informed about the free (and almost free) parking opportunities the City promotes on evenings and weekends as part of its strategy for a positive downtown Nanaimo parking experience.

We will also post information for our clients and staff featuring viable parking alternatives such as local bike parking options, and the locations of nearby parkades at the Dorchester Hotel on 12 Bastion; the Harbour Front Parkade on 51 Gordon and the Pioneer Parkade at 20 Anchor Way. Moreover, we will encourage our clients and staff to seek sustainable transit solutions and alternative modes of transportation to reduce reliance on personal vehicles, and to help reduce traffic congestion and advance a more environmentally friendly culture. Additionally, loading will be accommodated through the front door during the hours that the store is closed in order to further reduce impact on both foot and vehicle traffic in the area during business hours. Section 2.2.1 in relation to the revitalization of a heritage building is not applicable to this proposed application.

Community Impact

We are confident Kiara will not only meet but exceed the community's expectations for a retail cannabis store. We have consulted with local residents and business owners in the area and are aware of potential challenges and negative impacts of the proposed CRS on the community. As a result, Kiara has identified the specific measures to minimize or prevent these impacts from occurring by ensuring compliance through:

Training & Compliance

1. Ongoing staff training and staff meetings to review government policy bulletins, regulatory changes and municipal developments. This is over and above all mandatory government training
2. Store design and operating protocols that ensure no minors enter the premises
3. Ensuring that our staff is asking for two (2) pieces of identification, including one with a picture to confirm both age and identity. Kiaro commits to adherence to all federal and provincial laws and regulations, and will consistently implement compliance to the highest operational standards by only accepting the prescribed forms of primary and secondary ID options, and verifying the ID of every patron that enters the store
4. Regularly updating our staff on how to verify various kinds of ID from across the globe
5. Security cameras will be active and recording at all times, including when the store is not open for business
6. Security camera recordings will be turned over the B.C. Liquor and Cannabis Licensing Branch or law enforcement as required
7. The store layout will ensure that no cannabis products are visible from the street, and there will be no offsite storage of cannabis products to improve security and public safety
8. Strict inventory management and sales records will be maintained and made available to provincial government inspectors upon request
9. Patrons intoxicated by alcohol or drugs will be refused service and asked to leave the store immediately
10. Any patron causing a disturbance will be addressed promptly by staff and if behaviour is not immediately addressed, they will be asked to leave the store
11. An incident log will be maintained to report problematic patrons, accident or injury in the store, any illegal acts, or need to call emergency personnel. We will ensure that staff learnings are shared through review of the logbook and at regular staff meetings
12. Staff will cooperate at all times with law enforcement or inspectors
13. All cannabis products will remain in sealed containers, and no cannabis products will be opened in the store to prevent odours from impacting the community.
14. We will educate staff and customers that the excise tax label and other seals on cannabis product containers must remain intact while they are in transport to prevent odours and improve safety.
15. Cannabis products will not be accessible to customers other than at the point of sale and will otherwise be stored in the back room or in locked display cabinets which will further prevent odour issues and improve safety
16. Cannabis smell jars will be physically affixed to the counter and not accessible to touch by the customers

Community Contribution

17. Display of Signs in accordance with prohibitions outlined in Smoking Regulation Bylaw 2018 No. 7268 that state the phrase "no smoking" with a graphic symbol substantially

in the form shown on Schedule "B" attached to the bylaw, which will be a minimum of six centimeters in diameter and will include the words "City of Nanaimo Bylaw No.7268 Maximum Penalty \$10,000"

18. We will also work to educate our staff and clients about the prohibitions outlined in Smoking Regulation Bylaw 2018 No. 7268 with respect to no-smoking in local parks in our area (Bastion Square Park and Piper Park), as well as designated public spaces and required distancing protocols from transit stops
19. Display of social responsibility materials regarding health and safety impacts provided by government will be visible; and we will provide our own information in compliance with government guidelines
20. Annual community contributions will be given to help finance the objectives of the Official Community Plan and to support local charitable groups that help to alleviate poverty, and improve the quality of life for residents in the community experiencing financial hardship and transition challenges

Promotion

21. Semi-annual community open-house events will be hosted, where local business owners and residents can engage directly with Kiara management at an off-site location to share their feedback and learn more about our activities in the community, and about the value of the regulated retail cannabis sector in terms of improving public health and safety and eroding the presence of the illicit market
22. All customers will be provided a shopping bag that complies with the advertising and promotional restricts in the federal Cannabis Act
23. There will be no online sales from the store or by Kiara in B.C, no sales of gift cards and no delivery services to ensure compliance with provincial regulations

Projected Traffic Volumes and On-Street Parking

Kiara has thoroughly reviewed Section 3.2 of the Criteria, as well as the Nanaimo Downtown Mobility Hub Project, and we are committed to ensuring the CRS complies with the relevant City requirements, and municipal objectives. Projected traffic volumes and on-street parking demands associated with the proposed CRS will not adversely impact the area, as the availability of parking downtown is considered sufficient to meet expected traffic volumes. We are committed to posting information for our clients and staff featuring viable parking alternatives like local bike parking options, and the locations of nearby parkades at the Dorchester Hotel on 12 Bastion; the Harbour Front Parkade on 51 Gordon and the Pioneer Parkade at 20 Anchor Way. All Kiara staff will be encouraged to seek out transportation alternatives, such as public transportation and cycling, so that any potential impact of our staff parking needs on nearby residential and commercial areas is minimized, and an environmentally friendly culture is advanced to help reduce reliance on personal vehicles.

Consideration for Family Oriented Facilities

Kiara has also reviewed all of the family-oriented facilities located in close proximity to the proposed CRS (please see list below), and is committed to ensuring the impact on minors and families is minimized through operating hours that are consistent with neighbouring businesses; training our staff to strictly prohibit minors from entering the store; and through a store layout that will ensure that no cannabis products are visible from the street. Moreover, all cannabis products will remain in factory sealed containers, and no cannabis products will be opened or consumed in the store to prevent potential odours from impacting local foot traffic walking by. The proposed site also aims to enhance the aesthetics of the community, and surrounding area by ensuring our walk ways, windows, signage and general area are clean to prevent any unsightliness for local residents, and to foster a tourist-friendly environment for traveling guests to the City.

We have identified the following family-oriented facilities near the proposed CRS and will reach out to engage with each of these organizations prior to opening to ensure their comments and feedback are incorporated into our community planning:

- Vancouver Island Public Library
- Nanaimo Museum
- Port Theatre
- Nanaimo Art Gallery/Art Lab
- Harbour Dance Studio

Minimizing Odours

All legal cannabis products in Canada are packaged in smell proof and child resistant containers which are sealed at the manufacturer and may not be opened in the retail store. The product may also not be consumed on the premises or in the immediate vicinity of the store in accordance with prohibitions outlined in Smoking Regulation Bylaw 2018 No. 7268. These requirements mean that there should be no possibility of odour issues from the store, however, if there was ever a problem identified, we would immediately take measures to address it. Kiara is committed to consistently engaging with our local community of business neighbours and residents to ensure compliance, and to work towards collective solutions should any issues arise.

Preventing Smoking or Cannabis Consumption

"No Smoking" and "No Consumption" signs will be posted inside and outside of the store in accordance with prohibitions outlined in Smoking Regulation Bylaw 2018 No. 7268. The signs will be compliant with provincial regulations and municipal by-laws that restrict smoking. Anyone found to be smoking or otherwise consuming cannabis products in or near the store will be asked to leave immediately. We will also keep engaged with the local business

community, and residents in the area to ensure are meeting community expectations and working towards collective solutions if any issues arise.

Targeted Market Segments

All marketing and branding efforts will be undertaken in compliance with the marketing and advertising restrictions in the federal Cannabis Act and the provincial Cannabis Control and Licensing Act, as well as any additional restrictions put in place by the City of Nanaimo. Kiaro target demographics for the proposed CRS are set out as:

- Aged 24- 55 with 60% Male, 40% Female
- Post-secondary education
- Successful careers, with strong social connections with friends and family
- Active lifestyles and open-minded, interested in exploration such as travel, personal development, health and others
- Some cannabis experience, but limited product knowledge

Promoting the Cannabis Act and Cannabis Control and Licensing Regulations

Kiario is committed to ensuring our retail cannabis stores not only meet but exceed the regulations set by the federal government, provinces and municipalities. We see our role as crucial to:

- Protecting young Canadians by keeping cannabis out of the hands of children and youth
- Enhancing public awareness about responsible use
- Improving public understanding about social stigma and legal issues
- Offering only legally sourced, federally approved, analytically tested products acquired from government authorized distributors and licensed producers

Integration of Cannabis Retail into the Establish Business Community

Prior to submission of Kiario's application for a CRS in the community, we undertook engagement with the local business community, specifically the Nanaimo Chamber of Commerce, to discuss local community impact and business concerns related to the opening and operations of a CRS. Kiario's engagement with local businesses and community stakeholders is a cornerstone of the work we undertake both prior and following the opening of any CRS. We are committed to ensuring we are integrated into the established business community by:

- Joining local business associations and boards to support the community's greater business development goals
- Providing educational resources through open-house and community events

- Executing a clean, modern design that compliments the community's business aesthetic
- Providing refined and sophisticated retail experience to destigmatize cannabis retail and compliment the City's downtown revitalization objectives
- Ongoing education for staff and providing only high-quality, analytically tested products
- Making ourselves available for additional consultation with the local business community

Community Notification and Engagement

In addition to the ongoing engagement with the local business community, and prior to the application proceeding to Council, we intend to fulfill requirement 3.3.1 of the Criteria to notify all neighbouring property owners within 200m of the proposed CRS, and we will provide a copy of the letter to the City for review prior to distribution. Moreover, Kiara has developed robust ongoing community consultation, education and engagement plans. Part of these detailed plans include:

- Partnering with local thought leaders and licensed producers to provide educational resources about seed to sale
- Holding regular staff training events and consumer education programming
- Presenting to regulators and community stakeholder groups
- Ensuring there are multiple pathways for the community to provide feedback
- Engaging in a dialogue with the community through open-houses and education events

Positive Impacts for the Community

We believe Kiara's planning and operational impacts will also create a number of positive outcomes for the community. Financial impacts in the local area will be realized through our commitment to sourcing out local service providers to help build and operationalize the proposed CRS; as well as through contributions by way of property taxes and licensing fees which will help strengthen local economic development and commercial diversity. Kiara is also committed to creating positive social impacts by operationalizing a best-in-class retail experience to help destigmatize the retail cannabis sector; and by partnering with the communities in which we operate and engaging in active and ongoing consultation to ensure we continue to educate and inform key local business stakeholders and the public.

We believe in putting people first and in creating a supportive working environment by investing in employee education and good management practices. We know that knowledgeable, well trained and community-minded staff are the cornerstone of a successful cannabis retail store, and so in support of creating positive outcomes for the people and communities in which Kiara operates, we are committed to:

- Inclusive hiring practices with above average wages for frontline staff, strong salaries for management, and comprehensive benefits packages for all team members
- Positive company culture, work/life balance, and professional development opportunities
- Ongoing product, systems and compliance training
- Supporting local community involvement and active volunteering within the municipality

Thank you very much for considering this application for a CRS. Should you have any further questions, please feel free to contact us directly.

Sincerely,

Kayleigh Donahue

Director, Business Development & Licensing at Kiara

#200 - 110 E Cordova St, Vancouver BC

P: 1.888.623.2420 | M: 1.236.886.1488 | E: kayleigh@kiara.com | W: kiara.com