



The Corporation of the City of Courtenay

Staff Report

To: Council

File No.: 2502-0340-50

From: Director of Development Services

Date: May 7, 2025

Subject: Liquor Licence Application and Process Policy – DS-03

PURPOSE:

For Council to consider a Liquor Licence Application and Process Policy for the City of Courtenay to more effectively manage applications and provide greater clarity on the role of the Liquor and Cannabis Regulation Branch, City of Courtenay and related procedures.

BACKGROUND:

The City of Courtenay receives liquor licence applications through the online provincial licensing portal. Since 2017, the City has completed approximately 16 liquor licence applications, inclusive of the required community input process and Council resolution. Through the City of Courtenay Fees and Charges Bylaw No. 3107, 2023, the City collects \$1,500.00 (+ GST) per liquor licence application.

Issuance of liquor licences is at the sole discretion of the Provincial Liquor and Cannabis Regulation Branch (LCRB). The current role of the City in liquor licence applications is to provide input and recommendation on the application and its specifics, which are factored in by the LCRB in their determination. For many applications, comment from the City requires a public input process and Council resolution.

To assist both staff and applicants in the management of liquor licence applications, Development Services has prepared a Liquor Licence Application and Process Policy (DS-03) for all types of applications, see Attachment 1.

Note, retail cannabis licensing is subject to the procedure and requirements within the City of Courtenay Storefront Cannabis Retailers Policy (Policy # 3030.00.05), approved by Council on September 4, 2018.

DISCUSSION:

Role of Local Government - Participation in Liquor Licence Applications:

When a liquor licence application is received by a local government there are three options for considering the application:

1. Opt-in - accept the application and provide input and/or recommendation to the LCRB on an application within 90 days.
2. Opt-out - choose not to give feedback and provide rationale.
3. Reject - generally reserved for specific circumstances, where the local government does not want the application to proceed.

In instances where opting-out or rejecting the application applies, local governments must still provide the LCRB with a rationale and supporting documentation for why it is opting-out or rejecting. Opting out of applications can be done on an application by application basis, or the local government can indicate in

writing to the LCRB it does not wish to receive notice of applications or a class of applications in accordance with the [Liquor Control and Licensing Act, Section 38 \(2\)](#).

Types of Applications:

There are approximately 30 different variations of liquor licence applications that require a response from the City. They can be grouped under four general categories, all of which relate to the issuance of a new licence or amendment of an existing licence. The four categories are:

1. Liquor Primary and Liquor Primary Club
2. Manufacturer
3. Food Primary
4. Rural Licence Retail Store (RLRS)

The fourth category, RLRS, is unlikely to apply to the City of Courtenay as the areas within our jurisdiction are not classified as rural.

Types of Responses:

Depending on the type of application, and assuming the City has opted-in, different responses and processes are required by the City. The three types of response are:

1. Community input process – public comments required and a Council Resolution.
2. Objection or no objection to a licence amendment application- no public comments are required and a Staff Response is required.
3. Zoning confirmation- public comments not required and a Staff Response is required to confirm compliance.

Community Input Process

The community input process is the most comprehensive type of response. When the City opts-in to an application that requires this type of response, Staff proceed with the provincially required public input process allowing community members share their views on the application. The details for implementation of the public input process are discretionary, as long as it is appropriate and fair to both the applicant and the public.

Following the public input process, Staff prepare a report for Council's consideration seeking a resolution for the LCRB. This report includes a summary of the public's comments, details of the application and recommendation(s) that consider the criteria required by the *Liquor Control and Licensing Regulation*, such as the impact of noise on the community in the immediate vicinity, general impact on the community, and confirmation that a food primary establishment is being operated in a manner that is consistent with its food primary purpose. The LCRB requires this resolution to process the application as part of its approval or non-approval of a license issuance.

Objection or No Objection

When the City opts-in to an application that requires only either an "objection" or "no objection", the response does not require consideration of public input or a resolution. Only a simple objection or no objection is required by staff. While the City can provide more comment if it chooses, there is no guarantee that the LCRB will take the comment into consideration in their determination.

Zoning Confirmation

When the City opts-in to a zoning confirmation, no public comments are required and the LCRB is only seeking confirmation by staff that the use is permitted in accordance with Courtenay's Zoning Bylaw.

Responding to these types of applications (objection or no objection and zoning confirmation) enables participation in the process and requires comparable staff time to providing a rationale for opting-out, which is required when opting-out.

Summary of Proposed Liquor Licence Policy:

The proposed policy follows the City's current practice of opting-in to all liquor licence applications. The policy outlines each of the elements involved: application requirements, procedures, public input process, when a report to Council is required, and requires for when staff is required to respond. The intent of the policy is to provide a clear and consistent process for LCRB applications for both the applicant and staff.

For applications requiring public input and a Council resolution, Staff would continue to coordinate the process, including notification, compiling and summarizing any public responses in a report for Council to consider options for response to the LCRB via a resolution.

Applications that only require an "objection or no objection" response, Staff will continue to opt-in to the application and provide one of two responses. For applications requiring a zoning confirmation, Staff will continue opt-in to the application and provide a confirmation of compliance with the current Zoning Bylaw No. 2500, 2007.

Licence Fees:

Section 41 of the *Liquor Control and Licensing Act*, enables a local government to impose fees, including varying fees based on the application type or complexity of the application's assessment. The City's Fees and Charges Bylaw No. 3107, currently sets one fee amount of \$1,500.00 (+ GST) regardless of the type of liquor licence application or the methods and assessment required to process the application.

A scan of other comparable local governments on Vancouver Island and the rest of BC, reveals fees varying depending on a combination of the type or size of the application, the degree or method of public input conducted, or whether the response is delegated or requires a council report and resolution. In the case of the City of Kelowna, they use different fees based on the occupancy load of the establishment and they use 250 persons as a point where their fee will exceed \$1,500 based upon a formula.

Courtenay currently has a flat fee of \$1,500 and does not reflect occupant loads or type of application and what is required by LCRB for a response. The proposed Liquor Licensing Policy does not provide a variation in fees based upon how the City processes liquor licence applications requiring a community input process and Council resolution versus no public input or council resolution required. For the applications that require public input and Council resolution, the level of effort, including Staff and Council time, is reflected in the fee amount of \$1,500.

For applications that only require Staff assessment and no public input, (objection or no objection or zoning confirmations) other communities charge between \$100 and \$300. These types of applications require less effort by staff and their impact will be minor in scale and duration.

Acknowledging the current variation in application types and effort involved in processing, staff identify an opportunity to create separate fee categories for the different types of responses – public input and Council resolution and applications only requiring staff assessment and response. Staff are proposing the following different fees to reflect level of effort:

- Applications requiring public input, report to council and Council resolution to remain at \$1,500

- Applications requiring no public input and only Staff assessment and staff response to establish a new fee of \$250.

Should Council wish to support the proposed fee structure (above), Staff would prepare amendments the Fees and Charges Bylaw No. 3107, 2023. These amendments could be brought forward to Council for consideration in 2025, Q4. A resolution has been provided for Council's consideration.

OTHER CONSIDERATIONS:

Delegation of Community Input Process Resolutions:

To provide flexibility processing applications, Section 40 of the *Liquor Control and Licensing Act* enables a local government to delegate the authority to provide comment on some or all types of liquor applications requiring a resolution. This delegated authority and parameters (including application reconsidered by Council), are established by bylaw, adopted by Council. Once powers are delegated, a copy of the adopted bylaw must be provided to the LCRB. Some local governments, such as the City of Burnaby, delegate to Staff the response to the LCRB based on the assessment and degree of public concern raised through the public input process.

The Provincial Liquor Policy Manual provides guidance illustrating the delegation can be general (e.g. all liquor licensing matters) or very specific (e.g. all applications to extend closing times up to 2 a.m., or all applications where public input resulted in no more than five letters of opposition). The level of delegation is at the discretion of the local government.

Below are some examples of variations to the types of delegation based upon initial research of other municipalities that could be considered in the future:

- Type of Application
 - All temporary change to hours of liquor services for a manufacturer (events only)
- Scale of the application
 - Increases in the person capacity when the increase is under 25 additional persons
- Number of Public Comments received
 - Ex: Only when 10 or less public comments have been received

Should Council wish to consider delegation, Staff would conduct further research to inform options and recommendations for Councils consideration as part of the 2026 Development Services work program.

Public input process:

How the City chooses to run its public input process is discretionary as long as it is appropriate and fair to both the applicant and the public.

Aligned with other public notification processes set out in the City's Development Procedures Bylaw No.3106, 2023, Development Services provides mail-out notification to owners and occupants within a 30-metre radius of the subject property and posts a notice on the City's website for 2 consecutive weeks providing information on the application and ways for the public to provide comment. This approach aligns with best practices, is same or similar to other communities in BC. There has been no observable issue with the City's current practice. For these reasons, this process is incorporated into the proposed Liquor Licensing Policy.

POLICY ANALYSIS:

Community Substance Use Strategy

Stemming from Phase Three of the Community Substance Use Strategy, Action Table One, City Staff and elected officials collaborating on advancing recommended actions, including “Develop or review existing municipal bylaws and policies related to alcohol and cannabis sales and selling establishments to reduce negative impacts to community health, safety and liveability.” The creation of a liquor licensing policy is an initial step and enables Staff to more effectively communicate about the process and manage applications.

As applicable bylaws are scheduled to be updated, Staff can consider this strategic action in their review, which may impact other City bylaws and policies such as zoning, signage, business licensing, fees, parks, and nuisance or address together as a special project. Depending on Council direction, it could also lead to the development of a Municipal Alcohol Policy (MAP) or Community Alcohol Strategy. If supported, this work would be incorporated into the 2026–2027 workplans or beyond.

Staff plan to gain insights from the Comox Valley Community Substance Use Strategy Committee and the Action Table to guide future policy development in alignment with the OCP. Emerging policy objectives may also influence the City’s response to the LCRB on future liquor licence applications. Below are some initial examples of ways other policies and bylaws can influence alcohol use in the City of Courtenay, that may or may not be directly incorporated into the Liquor Licence Policy.

Municipal Alcohol Policy:

- Alcohol sale and consumption on municipally owned properties (i.e. parks, rec centres, street fairs, etc.).

Zoning Bylaw:

- Restrictions on where, how many or the size of licenced premises across the City and/or in specific neighbourhoods.

Business Licence Bylaw:

- Restrictions on hours of operation.

Sign Bylaw:

- Restrictions on the types of signage that can be used by liquor primary establishments.

Equitable policy development for alcohol and other substance use aligns with Official Community Plan Social Infrastructure (SI) “Objective 1: All Courtenay residents experience equitable access to services” and in particular Social Infrastructure Policies #1, #4, #6, #8 and #12.

The impacts of any City of Courtenay policy are felt differently by different segments of our community. Potential future recommendations for amendments to the Liquor Licensing Policy, or other policies that stem from the Comox Valley Community Substance Use Strategy Committee Action Table, should incorporate an equity lens during the policy development process.

FINANCIAL IMPLICATIONS:

Approval of the Liquor Licence Application and Process Policy DS-03 has no negative financial implications to the City’s Financial Plan. Implementation of this Policy will assist in recovering costs associated with processing Liquor Licence applications.

ADMINISTRATIVE IMPLICATIONS:

Processing development applications, including Liquor Licence applications, is a statutory component of the corporate work plan and a core duty of the Development Services Department. Work to date has primarily been carried out by Development Services staff, although senior leadership from other departments have provided input.

STRATEGIC PRIORITIES REFERENCE:

This initiative addresses the following strategic priorities:

- Local Economy - Explore a business attraction and retention service
- Local Economy - Review City processes that may be barriers to economic development
- Good Governance - Review and streamline development process and set targets for application processing times

OPTIONS:

1. THAT Council approve the Liquor Licence Application and Process Policy DS-03, dated May 7, 2025.

THAT Council direct staff to prepare the bylaw amendment for “City of Courtenay Fees and Charges Bylaw No. 3107, 2023” to define fees for; applications requiring public input, report to Council and Council resolution to be \$1500, and for applications not requiring public input and only requiring staff assessment and staff response to be \$250.

2. THAT Council direct staff to prepare a report on proposed delegation for Council’s consideration in 2026.
3. THAT Council defer and provide alternative direction to staff.
4. THAT Council not move forward.

ATTACHMENTS:

1. City of Courtenay Liquor Licence Application and Process Policy DS-03, dated May 7, 2025

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