

**MINUTES OF A COMMITTEE OF THE WHOLE MEETING  
OSWEGO VILLAGE PRESIDENT AND BOARD OF TRUSTEES  
OSWEGO VILLAGE HALL  
100 PARKERS MILL, OSWEGO, ILLINOIS  
September 3, 2019**

**CALL TO ORDER**

President Troy Parlier called the meeting to order at 6:00 p.m.

**ROLL CALL**

Physically Present: President Troy Parlier and Trustees James Marter, Terry Olson, Pam Parr, Luis Perez, Judy Sollinger and Brian Thomas.

Staff Present: Dan Di Santo, Village Administrator; Christina Burns, AVA/HR Director; Tina Touchette, Village Clerk; Jeff Burgner, Police Chief; Jennifer Hughes, Public Works Director; Billie Robinson, Asst. Finance Director; Rod Zenner, Community Development Director; Jenette Sturges, Community Engagement Coordinator, Marketing; Jay Hoover; B&Z Manager; Joe Renzetti, IT Manager; Carri Parker, Purchasing Manager; Karl Ottosen, Village Attorney; and Ryan Morton, Village Attorney.

**CONSIDERATION OF AND POSSIBLE ACTIONS ON-ANY REQUESTS FOR ELECTRONIC PARTICIPATION IN MEETING**

There was no one who attended electronically.

**PUBLIC FORUM**

Public Forum was opened at 6:01 p.m.

Linda Porter addressed the Board regarding cannabis. She asked if cannabis revenues stay in the community or if goes into a pot for everyone to share in the State. Administrator Di Santo noted that the information would be provided in the presentation at tonight's meeting.

Rose of Sharon Devos addressed the Board regarding cannabis. She is concerned with facilities in the area; substantial health risks; drugs in the community and further into the school system; sufficient tracking of resources on hand; inviting into our community is a risk; revenues are not free; very disappointed.

There was no one else who requested to speak; the Public Forum was closed at 6:04 p.m.

**OLD BUSINESS**

There was no Old Business.

**NEW BUSINESS**

F.1. Presentation and Discussion on Adult Use Cannabis.

Administrator Di Santo addressed the Board regarding adult use cannabis.

**Illinois Cannabis Regulation and Tax Act**

- On June 25, 2019, Governor Pritzker signed the Cannabis Regulation and Tax Act (Cannabis Act) into law (Public Act 101-27) legalizing and regulating production, consumption, and sale of cannabis in Illinois
- Effective January 1, 2020, persons aged 21 and older may lawfully possess up to 30 grams of recreational cannabis
- Consumption of cannabis is prohibited in public places, schools, childcare facilities and other locations
- Municipalities may not restrict authorized private consumption of cannabis that is authorized in the Cannabis Act; however, the Cannabis Act does allow municipalities to decide whether to, and how to, allow cannabis businesses in town

### State Licensing

- The Cannabis Act authorizes the production and distribution of cannabis and cannabis products through state-licensed cultivators, craft growers, infusers (edibles), transporters and dispensaries
  - Retail sale of cannabis
- Adult Use Licenses will be granted on a graduated scale
  - Licenses available for January 1, 2020 will only be issued to the existing 55 medical cannabis dispensaries, who will be permitted to open a second adult use dispensary– the application period has already opened
  - An additional 75 licenses can be applied for this fall and will be awarded before May 1, 2020
  - After January 1, 2021, another 110 licenses will be available
  - After January 1, 2022, up to 500 licenses will be available
- Cultivators will be capped at 50, craft growers at 100, and infusers at 100
- Home grow cannabis is limited to medical cannabis program patients only

### Zoning

- The Cannabis Act preserves local zoning authority, including the right for municipalities to “opt-out” and not allow cannabis businesses in town
  - Not allowed to sell, infuse or cultivate
- If allowed, municipalities may also regulate the time, place, manner, and number of cannabis businesses through a special use permit

### Public Safety

- Concerns Regardless of Opt-In or Opt-Out Decision
  - Impaired driving from cannabis use
  - Difficulty identifying levels of THC in the field
    - ✓ No portable breathe test
  - Increased need for training of DRE (Drug Recognition Expert) Officers
  - Cannabis is currently involved in criminal activities in the Village
  - Expungement process is staff intensive and not easily understood
    - ✓ No control over
- Concerns if the Village Decides to Opt-In
  - Allowing cannabis cafés/smoke lounges and allowing smoking cannabis in cannabis businesses would allow people to smoke cannabis then drive away immediately
    - ✓ Increase in impaired driving
  - Dispensaries could become target for burglaries
    - ✓ Denver, Colorado 2018 Annual Marijuana Report states less than 1% of businesses are marijuana related but 10% of burglaries in Denver occur at marijuana businesses.
  - Licensing and compliance checks will require staff time to complete

### Village Employee Policies

- The Cannabis Act allows municipalities to set reasonable zero-tolerance policies for employee recreational cannabis use
- Recreational use of cannabis is currently prohibited for Village employees
  - The Cannabis Act also prohibits police officers and firefighters from using cannabis while on duty
    - ✓ Cannabis Act does not prohibit off-duty
  - Employees that operate vehicles under a commercial driver’s license (CDL), still cannot use cannabis at all under federal Department of Transportation rules, even for medical purposes
- Staff recommends continuing this prohibition into the future, which will require clarification in the Employee Policy Manual
  - Staff will bring back to Board for a policy change

### State Revenue

- The State of Illinois will collect revenues from cannabis businesses (taxes and fees), and deposit 8% of all the revenues into the Local Government Distributive Fund (LGDF)

- Like other LGDF revenues (income tax), these funds will be distributed on a per capita basis, regardless if the local government permits cannabis businesses in their jurisdiction
- These revenues are intended to fund crime prevention programs, training, and interdiction efforts
  - Regardless of opt-in or out

Local Revenue

- Municipalities that permit cannabis businesses within their jurisdiction may impose a Municipal Purchase Excise Tax on adult use cannabis products of up to 3%, in 0.25% increments
- At this point it appears that the 1% state local sales tax will also apply, as would the Village of Oswego’s 1.25% home rule sales tax
- If the Village of Oswego permitted cannabis businesses and imposed a local tax at the full 3%, the total local tax on cannabis products could be 5.25%
- Dispensary revenue estimates vary widely from \$1 million to \$10 million+ per year
  - This equates to an estimated \$52,500 to \$525,000+ per year in local revenue per dispensary using Village of Oswego tax rates

Economic Development Considerations

- Increased tax base
  - There is the potential for significant new revenue streams to be injected into the local Oswego economy
  - Local tourism could increase, particularly if neighboring communities do not allow for licenses.
- Location of cannabis businesses
  - Cannabis businesses could depress or increase neighboring business’ revenue
  - There is some evidence that legal cannabis businesses have increased nearby industrial property values and contributed to revitalizing dying retail strip centers
- Influence on image/perception of Oswego (positive and negative)
  - A 2017 survey by Southern Illinois University Carbondale found that 66% of registered voters in Illinois supported legalizing marijuana
  - Similar surveys have found the most support from the Millennial and Gen X cohorts
- Competition for limited licenses
  - If the Village Board is inclined to support cannabis businesses in Oswego, it may be advantageous to decide quickly in order to have the best chance at securing any of the limited number of licenses available
  - May need to wait until 2022 or beyond
- Job creation
  - Industry experts claim legalized cannabis as having the fastest area of job creation in the U.S. and estimates in 2018 that there were 211,000 Americans directly employed in legalized cannabis jobs

**Figure 6: Estimated Annual Economic Impacts of Legalizing Marijuana in Illinois, By 2020**

Impact on Sales, Businesses, Employment, and Gross State Product	Annual Estimate
Total Estimated Marijuana Sales in Illinois	\$1,616.20 million
Number of Establishments (Firms Created)	2,633 businesses
Total Employment (Jobs Created)	23,618 jobs
<ul style="list-style-type: none"> <li>• <i>Direct Jobs at Marijuana Dispensaries and Manufacturers</i></li> <li>• <i>Induced Jobs from Higher Consumer Demand</i></li> </ul>	<ul style="list-style-type: none"> <li>• <i>19,486 jobs</i></li> <li>• <i>4,132 jobs</i></li> </ul>
Net Economic Impact (Annual Gross State Product)	\$1,000.17 million

*Source(s): Authors’ estimates from an economic simulation using IMPLAN (IMPLAN, 2018) based on legal recreational marijuana market estimates from Figure 4.*

Public Survey

- On August 21, the Village posted an online survey for one week asking the public for their opinion on local cannabis business regulation
  - **84.01%** of respondents either strongly or somewhat support retail medical Dispensaries.

- **73.46%** of respondents either strongly or somewhat support manufacturing facilities for extraction or infusion.
- **73.13%** of respondents either strongly or somewhat support indoor cultivation centers
- **72.59%** of respondents either strongly or somewhat support Retail Recreational Dispensaries.
- **60.03%** of respondents either strongly or somewhat support Cannabis cafes or smoke lounges
- The survey also asked about where cannabis businesses should be located
  - **69.62%** of respondents either strongly or somewhat support a retail recreational dispensary in industrial parks
  - **69.60%** of respondents either strongly or somewhat support a retail recreational dispensary in retail areas such as Route 34, Route 71, Route 30, or Orchard Road
  - **62.92%** of respondents either strongly or somewhat support a retail recreational dispensary in Downtown/Main Street
- **79.85%** of respondents either strongly or somewhat support a local tax on cannabis products.
- Of all respondents, **95.05%** self-identified as an Oswego resident (88.03%), business owner, or both.
- Survey is not a statistically valid survey

### Current Area-Medical Dispensaries

These communities are eligible for a license effective January 1, 2020.

- Addison
- Buffalo Grove
- Chicago
- Deerfield
- Elmwood Park
- Evanston
- Highland Park
- Homewood
- Joliet
- Justice
- Mokena
- Morris
- Mount Prospect
- Mundelein
- Naperville
- North Aurora
- Oak Park
- Posen
- Rolling Meadows
- Romeoville
- St. Charles
- Worth

### Other Communities

- Aurora
  - No formal discussion has taken place
- Batavia
  - The Mayor says he will veto any ordinance granting a cannabis business license
- Geneva
  - September 23 Board discussion
- Kendall County
  - September COW discussion

- Naperville\*
  - Will consider “opt-in” Ordinances on September 3 at 7 p.m.
- Montgomery
  - Discussions have begun and will continue over the next couple months
- North Aurora\*
  - Plan Commission will discuss in September and Village Board review likely in November
- Plainfield
  - September COW Discussion
- Plano
  - September 9 COW discussion with a goal to vote on ordinances next month
- Sandwich
  - September 16 COW discussion
- St. Charles\*
  - “Opt-In” passed Committee and will be sent to the Plan Commission to talk about zoning
- Sugar Grove
  - Planned Board discussion in late September
- Yorkville
  - First read of Ordinance expected on September 10

\*Communities that already have medical dispensaries

#### Discussion and Direction

- Staff recommends that the Village Board direct staff to conduct a public hearing with the Planning and Zoning Commission on October 10, 2019, on the zoning implications of the Cannabis Act and where they should be located and times they can sell.
- Staff recommends that the Planning and Zoning Commission only consider cannabis business regulation as a special use, subject to conditions, rather than a permitted use in any zoning district.
  - Special use requires a public hearing
- Based on public health concerns as well as public safety concerns with impaired driving from cannabis use and difficulty identifying levels of THC in the field, staff recommends prohibiting cannabis cafés/smoking lounges and smoking cannabis inside any cannabis business.
  - No way to tell how much THC is ingested

#### Planning and Zoning Commission Considerations

- Appropriate Zoning Districts
  - Retail Recreational Dispensaries
  - Indoor Cultivation Centers
  - Manufacturing Facilities for Extraction/Infusion
  - Craft Growers
  - Transporters
- Permitted locations
  - Downtown
  - Retail Areas (eg Rt 34, Rt 30, Rt 71, Orchard Road)
  - Industrial Parks (eg Stonehill, Kendall Point)
- Hours of operation
- Signage
- Special considerations
- Distance from other uses (eg schools, parks, childcare facilities, places of worship)
  - The Cannabis Act requires all dispensaries to be 1,500 feet from each other

#### Next Steps

- Along with Planning and Zoning Commission recommendations on zoning, staff will return to the Village Board with ordinances drafted that address the following:

- Enacting a local cannabis tax of up to 3%
  - ✓ The Village Board can earmark the funds for specific purposes such as police staffing and training or any other purpose
- Licensing requirements similar to liquor control regulations
  - ✓ Requiring a text amendment for each new license
  - ✓ Establishing penalties for violations
  - ✓ Requiring security, interior and exterior design, and business plans

Board and staff discussion focused on this is the first time talking about the subject; no final decisions will be made tonight; only discussion; Oswego does not have a medical dispensary; economic development research is on-going; ordinance drafted based on recommendation; zoning classifications; study shows teenage use has gone down; link to be provided to the Board; limited THC for purchase; where medical dispensaries are located in other communities; whether to require a special use; tobacco stores require a special use; security concerns; security measures mandated by the State; inspections are done once per month by the State Police; impaired driving concerns; working on testing for THC; can purchase 2.5 ounces every two weeks for medical use; 3 grams per purchase for recreational use; put out for referendum instead of a survey; ordinance for referendum needs to be approved within 79 days before the next election in March; can have up to three questions on referendum; bring to the Planning and Zoning Commission to discuss and make a recommendation; looking at all implications; no communities have smoking lounges yet; don't know if lounges are regulated; potential threat of putting people behind the wheel; staff to look into other states that allow lounges; no way to measure THC levels in the field; authorized to possess up to 30 grams of cannabis; would be a crime to possess more than 30 grams; no limit on how much you can use at any given time; can only regulate possession; will still have a black market and get illegally; crime rates; 65% of users are underage; guidelines on medical versus recreational; medical is over 90% THC but mixed with other ingredients; recreational can be purchased with 10%, 20% or 30% THC; needing another level of review; one year to opt-out was taken out of the law; if not opting out, then it will be assumed you opt-in; communities around Oswego are opting-in; not ready to make a decision yet; survey responses came in quickly; residents encouraged to contact the Board regarding cannabis. Staff to bring back to the Board in October or November; timetable is the Board's decision. There was no further discussion.

#### **CLOSED SESSION**

There was no Closed Session held.

#### **ADJOURNMENT**

The meeting adjourned at 6:57 p.m.

Tina Touchette  
Village Clerk