

ITEM NO. _____ TO THE CITY COUNCIL OF PEORIA, ILLINOIS, IN COUNCIL,
ASSEMBLED YOUR COMMITTEE OF THE WHOLE to Whom was
Referred a POLICY SESSION Regarding the PROHIBITION or
IMPLEMENTATION of the Local Government Portions of the
CANNABIS REGULATION AND TAX ACT, Effective January 1, 2020,
and to Provide Direction to Staff as Appropriate.

A Policy Session was held on Saturday, August 24, 2019, beginning at 9:00 A.M. at City Hall, Council Chambers (Room 400), 419 Fulton Street, Peoria, Illinois, with Mayor Jim Ardis presiding, and with proper notice having been given.

ROLL CALL

Roll Call showed the following Council Members were physically present: Ali, Cyr, Grayeb, Jensen, Kelly, Montelongo, Moore, Oyler, Riggerbach, Ruckriegel, Mayor Ardis – 11.
Absent: None.

Others present were: City Manager Patrick Urich, Assistant City Manager Deborah Roethler, Senior Attorney Chrissie Peterson, City Clerk Beth Ball, Chief Deputy City Clerk Stefanie Tarr, Community Development Director Ross Black, Police Chief Loren Marion, Captain Todd Green, Finance Director Jim Scroggins, Chief Diversity and Inclusion Officer Farris Muhammad, Interim Public Works Director Bill Lewis, Illinois State House of Representative Jehan Gordon-Booth, Chair of the Peoria County Board Andrew Rand, Peoria Public Schools Superintendent Dr. Sharon Desmoulin-Kherat, and Public Health Administrator Monica Hendrickson and interested citizens and members of the media.

**Communication from the City Manager and Corporation Counsel with a Request for
DIRECTION on the PROHIBITION or IMPLEMENTATION of the Local Government
Portions of the CANNABIS REGULATION AND TAX ACT, Effective January 1, 2020.**

Mayor Ardis reviewed the purpose for a Policy Session, noting it was for information only and the City Council would not be voting on any items. He said this was the time for the City Council to direct Staff to hold Public Hearings in order for the community to participate and voice its opinion. He said the purpose of the Policy Session was for Council and Staff interaction. He said any comments the public wanted to make could be made at the end of the session. He encouraged the community to contact their Council Member with their questions.

City Manager Urich reviewed the materials distributed to the Council Members.

Senior Attorney Chrissie Peterson presented a PowerPoint presentation on the new cannabis law passed by the State of Illinois effective January 1, 2020. She reviewed State and local medical cannabis regulations, reporting a 2019 retail sales statewide of \$125.9 million. Next, she reviewed the Cannabis Regulation and Tax Act that would take effect January 1, 2020. She said it would not have an impact on the medical cannabis program, reporting it would be difficult to grow plants at the strengths needed for medicinal purposes. She reviewed cannabis regulations broken down between residents of Illinois and non-residents, the amount, concentration and THC levels. She reviewed where cannabis could be consumed and where it was prohibited. She commented that the Act anticipated private resident use, an on-site cannabis-related business, or other businesses such as a cigar bars. She said the Act also anticipated other businesses such as bars or lounges to be licensed for cannabis use. She said there was an issue where a bar could seek an on-site cannabis license, but cigarettes would not be allowed. She continued to review business prohibitions noting that the City of Peoria could adopt an Ordinance prohibiting the sale of recreational cannabis. She reported that Illinois

anticipated issuing 75 adult use dispensary licenses on or before May 1, 2020. She said the City of Peoria did not have to approve recreational marijuana, and she reviewed the cities that had banned its use.

In response to Council Member Moore regarding regulation, Attorney Peterson said it was in the best interest of the City to make a solid decision on zoning and marijuana regulations prior to January 1, 2020, stating that the City did not want people to get licensed by omission.

Attorney Peterson said if the City Council did not allow the sale or production of recreational cannabis, then the City did not have to review zoning issues or business licenses. She said the City could adopt "reasonable" zoning restrictions for various cannabis-related businesses. She said the Council could regulate time, place, manner, number and distance along with establishing a Special or Permitted Use. She reviewed various zoning issues that would need to be addressed and commented that a business authorized to allow on-site consumption shall not be deemed a public place within the meaning of the Smoke Free Illinois Act. She reported that the State of Colorado just approved public consumption lounges in May of 2019, noting there were now nine cannabis lounges in the United States with the majority in San Francisco, one in Denver and one in Oakland, California. She provided a visual map of marijuana legalization by state, noting that Illinois was going to be the only state in the Midwest.

Discussions were held on whether the City of Peoria could allow dispensaries but not allow on-site consumption and Attorney Chrissie Peterson said it was critical to establish regulations by January 2020.

Attorney Peterson reviewed the State taxes and provided a breakdown noting the cultivation businesses would pay a 7.0% tax, which would go towards the Cannabis Regulation Fund. Of that amount, she said 8.0% would be allotted to the Local Government Distributive Fund (LGDF). She said the City could impose a Municipal Cannabis Retailer's Occupation Tax in an amount not to exceed 3.0% adopted in .25% increments, with a State Sales Tax of 1.0% and Home Rule Sales Tax of 1.75%.

Discussions were held regarding the tax assessed on THC content, and Attorney Peterson stated the dispensaries would confirm with the cultivation centers the THC content. She said the taxes assessed were for recreational marijuana only. She said the State was going to develop a Cannabis Advisory Board that would determine which areas of the State met certain criteria for receiving additional funding from the Cannabis Regulation Fund.

Discussions were held regarding the Municipal Cannabis Retailer's Occupation Tax and it was mentioned the City of Chicago implemented a 3.0% tax from the onset and the Village of Sheridan was looking to implement a 2.0% tax. City Manager Urich said any increase to 3.0% would have to be done in .25% increases. Council Member Kelly expressed a concern that the tax would be so high that the current illegal market would remain. Attorney Peterson said if the overall tax rate could not stay under 30%, then the illegal market would be cheaper.

Attorney Peterson reviewed employment matters and discussions were held regarding pre-employment testing for cannabis. She commented that the City was a public employer and received Federal dollars, noting that cannabis continued to be illegal on a Federal level and required the City to certify its Zero Tolerance Policy. Discussions were held on how the new law would affect private employers, and Attorney Peterson said a pre-employment drug screen could not be the only factor to determine whether or not to hire an individual. Discussions were held regarding the City's contracts for services and whether the City's requirements would filter to the contracted entities.

Community Development Director Ross Black said the City received funds from the U.S. Department of Housing and Urban Development wherein a lot of those funds were to subgrantees who carried forward the Federal Drug Free Workplace requirements.

Council Member Moore inquired how the drug free workplace would be monitored as it related to contractors and subcontractors, and Attorney Peterson said she would review the situation and provide a Report Back. Attorney Peterson commented, in response to Council Member Rigenbach, that the City continued to work on the Collective Bargaining Agreements and the Drug Place Policy with the Human Resource Department on how to address the issue.

Attorney Peterson said arrests without a conviction for possession, manufacture, and possession with intent to deliver for up to 30 grams could be expunged; however, she said it could not be associated with a violent crime or selling to a minor. She said the State of Illinois gave the City a timeline in which to comply with the expungement process, and she reviewed the timeline. She said the Peoria Police Department would be working on the expungement process, noting there was an estimated 800,000 records eligible for expungement state-wide.

Discussions were held regarding the extra Staff needed for the expungement process, and Police Chief Marion said his Department would need to hire another Records Technician Position whose primary responsibility would be expungements. At the request of Council Member Moore, Chief Marion said he would forward the salary information for the new position to the City Council.

Mayor Ardis recognized Illinois State House Representative Jehan Gordon-Booth, Peoria County Board Chair Andrew Rand, Peoria Public Schools Superintendent Dr. Sharon Desmoulin-Kherat, and Public Health Administrator Monica Hendrickson who were present.

Attorney Peterson reviewed the City's existing Ordinance as it related to cannabis, noting that State law nullified the language as it related to individuals over the age of 21. She said because the new law only applied to those over the age of 21, the Council needed to decide if there needed to be language for those under 21.

Discussions were held regarding the affect this would have on those under the age of 21 and statistics were presented as to the number of citations that had been issued in the past.

Council Member Kelly recommended utilizing the Ordinance for underage drinking in order to draft an Ordinance for cannabis use under the age of 21.

Discussions were held regarding the Right to Privacy and the testing of employees in the workplace as well as governmental agencies versus private companies.

Discussions were held regarding business regulations wherein the City licensed liquor sales, video gaming and tobacco sales. Attorney Peterson said the Council may want to consider some regulations for inspections of retail cannabis stores.

Attorney Peterson reviewed the social equity piece of the bill noting the need to ensure that there would be equity in applicants and ownerships. She also reviewed the need for additional legislation. She said the Illinois Municipal League (IML) was concerned that medical marijuana users would be able to grow marijuana plants without the Police Departments knowing where these plants were being grown. She said the IML was asking for clarification on "unreasonable prohibition" use of cannabis and clarification on restricted and unrestricted funds.

Discussions were held regarding the municipal tax revenues and Attorney Peterson said municipalities would not be eligible to receive those taxes dispersed from the State until September 2020. She said a number of municipal attorneys were recommending cities adopt a tax and to file with the Illinois Department of Revenue as soon as possible.

Discussions were held regarding the tax rates and the different entities that could implement a tax. It was discussed that Peoria County would only be able to implement a tax on establishments located in unincorporated parts of the County.

Mayor Ardis said these were the initial discussions and conversations regarding the new bill and how it would impact the City. He said all the information provided to the City Council would be available on the City's website.

Hearing no objection, Mayor Ardis granted Privilege of the Floor to Illinois State House Representative Jehan Gordon-Booth.

Illinois State House Representative Jehan Gordon-Booth said she was pleased to see the City Council having the conversation regarding the new law passed by the State on recreational cannabis. She said the Council had missed a lot of context of the bill during the overview and conversation. She said the most important aspect of this bill was the expungement process. She said she also wanted to ensure there was equity in the process. She said the lawmakers had put everything in the bill that the Illinois Municipal League requested. She said on January 1, 2020, the State of Illinois would be the first state in the Midwest to make recreational cannabis legal, noting there were 13 other states trying to push this legislation forward in their assemblies. She said the State of Illinois had the most highly regulated industry in the market and the most equitable adult use for cannabis, which would put the State as a strong leader. She said it was important to note that the State demanded a study be conducted that would assess the current medical market supply. She said the different tax waves was to ensure the market was equitable. She commented on R3, Restore, Reinvest and Renew, which would be important to the City of Peoria and other communities, noting that \$120 million would be reinvested back into the communities and would continue to increase over time with a plan.

Police Chief Loren Marion provided information on what it would cost to hire a Records Technician Position for the expungement purposes. He also provided information relating to paraphernalia sold, noting it was legal as long as there was no illegal residue on it. He said there was no age restriction on individuals purchasing paraphernalia. He said the Illinois Law Enforcement Training and Standards Board had done a cost analysis of legalizing cannabis in Illinois, and he said that report would be available in early 2020. He reviewed the potential pros and cons of legalizing cannabis and the number of cannabis-related arrests under 30 grams for 2017, 2018 and 2019.

Council Member Moore requested information on cannabis arrests and the racial division of those arrests. Council Member Ali request the report to include arrests according to zip code. Discussions were held regarding the impact of legalizing cannabis on the Police Department's canines, and Chief Marion commented that the canines that were trained to locate cannabis would need to be retrained.

Discussions were held regarding the current cannabis dispensary that was located in the City, noting there had not been any complaints or arrests since its opening four years ago.

Council Member Grayeb expressed a concern with legalizing cannabis, noting the potential negative impact it could have on violence and crime. He said should the City allow recreational marijuana, then there needed to be stronger enforcement for the illegal distribution of cannabis.

City Manager Urich remarked on the importance of the City having some type of Ordinance in place prior to the new recreational cannabis law taking effect January 1, 2020.

Community Development Director Ross Black said the City Council could direct Staff to prepare zoning regulations that prohibited the adult use sale of cannabis at any location, which could include the medical dispensaries. He said recreational sale could be limited to certain areas in the City with certain standards, such as permitted within Commercial Districts but not within 3000 feet of residential areas.

Council Member Ruckriegel commented that beginning January 1 recreational marijuana would be legal whether or not the City zoned for it. He said the Council was on limited time to address the matter, noting that the dispensaries were making plans and would not wait for the City to provide direction. He remarked on the importance of holding multiple conversations regarding recreational marijuana prior to the new law taking into effect.

Mayor Ardis encouraged the City Council to contact Staff with additional questions should they have any after the meeting.

Council Member Jensen requested a Report Back on how it would impact the City should the City not allow recreational marijuana.

Policy Session ended at 11:30 A.M.

CITIZENS' OPPORTUNITY TO ADDRESS THE CITY COUNCIL/TOWN BOARD

Susan O'Neal, an attorney and a citizen of Peoria, urged the City Council to conduct public hearings and to have local expertise from local dispensaries speak at those hearings. She commented on the tax rate and the potential for black market sales. She commented on the potential zoning issue, noting it could create a hardship for Trinity if it had to relocate. She spoke on the Ordinance asking the City to repeal 20-112 in its entirety, noting the impact it would have on the citizens and the youth. She commented on the need to analyze data for those who had been arrested for drug paraphernalia and for drug possession by zip code and by race.

John Hopkins, property owner and landlord in the City of Peoria, commented on the benefits the community would receive should the City allow recreational use. He encouraged the City Council to approve dispensaries allowing recreational sale of cannabis and to use the revenues to benefit the City.

Piper Petrocelli, a citizen of Peoria, said it was her hope that the City Council would embrace this industry. She referred to a Town & Country magazine that provided an article on cannabis etiquette, noting there were numerous cannabis millionaires. She said if the Council considered consumption centers, then the bakeries and restaurants should be considered as well. She recommended using the revenue to pay down the City's pension debt obligation. She encouraged the City Council to embrace the social opportunity and equity piece of the legislation.

Anthony Walraven, a citizen of Peoria, said he was disappointed with how the Policy Session was conducted. He said a tool kit was provided by the sponsors of the bill noting that the Illinois Municipal League was focused on ways to restrict the bill and not on ways to make Peoria a vibrant place. He said this would be a difficult bill to administer, noting it had not been done before. He said the best interest of the City needed to be included in the deliberations. He remarked on the money that could be used to help fund minority businesses in the industry and on the potential impact to the City should the Council decide not to allow it in the City. He said this was an opportunity to invest in the City with the money from the State and to build union jobs.

Chama St. Louis, a concerned citizen, said the City of Peoria should allow the use of recreational cannabis along with a zoned public use space. She said this was an opportunity for the City to utilize the revenues to invest in the people and the neighborhoods that needed it most. She encouraged the City Council to conduct more public meetings, and she commented that racial equity was at the heart of the new bill. She urged the City Council to allow the sale and consumption of recreational cannabis within the City limits.

Dr. George Gilbert, a citizen of Peoria and a specialist in Addiction Medicine, urged the City Council to focus on the youth of the City. He said this was a public health issue, and he commented on the affects cannabis had on the brain of individuals under the age of 25, noting that current research showed cannabis affected the developing brain up to the age of 25. He said the community and the Council needed to educate themselves, and he recommended reading Tell Your Children the Truth about Marijuana, Mental Illness. He said the youth would be a vulnerable population as would be the young women of child-bearing age wherein the babies would be affected by marijuana. He said he appreciated the expungement efforts associated with the bill, and he asked the City Council not to forget the people who would be greatly impacted by the approval of recreational marijuana.

Jose Padraza, a disabled Army veteran suffering from Post-Traumatic Stress Disorder, provided his personal experience as it related to medical marijuana, noting the positive impact it had on his life in order to be a productive member of society and a better husband and parent without the use of prescription drugs.

Ron DiGiacomo, a citizen of Peoria and owner of Trinity Compassionate Care, explained his plans to expand the business with the approval of recreational cannabis. He said this expansion would create an additional 20 new jobs. He said should the City zone areas for recreational cannabis outside his current location would create a hardship on his business. He remarked on the equity and educational programs that would be provided with the new law. He said it was his intent to open for recreational use beginning January 1, 2020, and he said he would like a Special Use for his business. He said since Trinity had been open there had not been any incidents. He remarked on the importance of educating social responsibility and to educate staff, patients and adults how to use responsibly.

Stephanie Arthalony, a citizen of Peoria and a patient and employee of Trinity, remarked on the positive impact medical marijuana had on her life. She said she no longer needed prescription medicine in order to sleep. She said medical marijuana addressed issues of post-traumatic stress disorder and helped her be more productive in life.

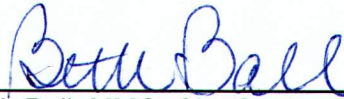
Anita Burnett, a citizen of Peoria and a nurse at a local medical marijuana dispensary, provided an overview of her cancer history dating back to her youth and how medical marijuana helped her with symptoms in her adult years. She provided an explanation of how medical marijuana was used and its effect on individuals. She remarked on the importance of keeping the dispensary centrally located.

Katie Kim, owner of the Kim Group in Peoria, said recreational marijuana was now legal. She said if the City wanted to keep and create jobs, the Council needed to approve recreational use and determine how to retain the opportunity in Peoria.

BrieAna McGhee, a citizen of Peoria and employee at Trinity, remarked on the opportunities afforded her at Trinity Compassionate Care and the need for the City to approve recreational marijuana and to keep Trinity at its current location.

Donielle Ross, a citizen of Peoria, commented on the negative effects of approving recreational marijuana, commenting that the City did not have a clear perspective on the issues.

The Policy Session closed at 12:19 P.M.



Beth Ball, MMC, City Clerk
City of Peoria, Illinois

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