SPECIAL MEETING – TOWN HALL
MAYOR & BOARD OF TRUSTEES
VILLAGE OF BURR RIDGE

STATE OF ILLINOIS CANNABIS REGULATION AND TAX ACT

AGENDA

October 21, 2019
7:00 P.M.

1. **CALL TO ORDER & PLEDGE OF ALLEGIANCE**
2. **ROLL CALL**
3. **SUMMARY OF STATE OF ILLINOIS CANNABIS REGULATION AND TAX ACT (CRTA)**
4. **PUBLIC SAFETY IMPLICATIONS OF CRTA**
5. **STAFF PRESENTATION REGARDING CANNABIS BUSINESS REGULATION AND RELATED LOCAL IMPACTS**
6. **PUBLIC COMMENTS**
7. **DISCUSSION BY BOARD OF TRUSTEES**
8. **CONSIDERATION TO DIRECT THE PLAN COMMISSION TO HOLD A PUBLIC HEARING TO CONSIDER TEXT AMENDMENTS TO THE ZONING ORDINANCE TO EITHER PROHIBIT OR TO AUTHORIZE RECREATIONAL CANNABIS BUSINESSES**
9. **ADJOURNMENT**

TO: Mayor and Board of Trustees

FROM: Village Administrator Doug Pollock and Staff

SUBJECT: Special Meeting of October 21, 2019

DATE: October 17, 2019

3. SUMMARY OF CANNABIS REGULATION AND TAX ACT (CRTA)

A representative from the Village Attorney's office will provide an overview of the CRTA.

4. PUBLIC SAFETY IMPLICATONS OF CRTA

Burr Ridge Police Chief John Madden and Du Page State's Attorney Bob Berlin are scheduled to make a presentation on the potential public safety impacts of legalized cannabis possession and use in the State of Illinois.

5. LOCAL REGULATION OF CANNABIS BUSINESSES

Attached is a report prepared by Assistant Village Administrator Evan Walter regarding local regulatory authority of cannabis businesses.

6. PUBLIC COMMENTS

Notices of the town hall meeting have been published on the Village web site, social media pages, web page, and a notice was sent to all Homeowners' Association representatives. Attached are email responses received as of this writing. The town hall meeting will also be broadcast live and replayed similar to a regular meeting of the Board of Trustees.

7. DISCUSSION BY BOARD OF TRUSTEES

After staff presentations and public comments, the Board of Trustees will have the opportunity to ask questions and to further discuss the relevant issues. Please note that the authority granted to the Village of Burr Ridge by the CRTA is limited to a decision to prohibit or allow recreational cannabis businesses within our corporate boundaries.

8. DIRECTION TO THE PLAN COMMISSION

As previously reported, the Board of Trustees must make a decision on opting-in (regulating cannabis businesses in the Village) or opting-out (prohibiting cannabis businesses in the Village) prior to January 1, 2020. At the conclusion of the town hall, the Board of Trustees should provide direction to the Plan Commission to:

- Hold a public hearing to consider an amendment to the Zoning Ordinance prohibiting all recreational cannabis businesses in the Village.
- Hold a public hearing to consider amendments to the Zoning Ordinance establishing regulations for recreational cannabis businesses in the Village.

VILLAGE OF BURR RIDGE

MEMORANDUM

TO: Village Board of Trustees
Mayor Gary Grasso

FROM: Evan Walter - Assistant Village Administrator

DATE: October 21, 2019

RE: **Local Authority to Regulate Recreational Cannabis Businesses**

On June 25, 2019, Governor Pritzker signed HB 1438, the Cannabis Regulation and Tax Act, which legalized the sale, possession, and consumption of recreational cannabis by adults over 21 effective January 1, 2020. This report is meant to provide information regarding local authority to regulate recreational cannabis businesses as defined by the Act.

Recreational Businesses

The Cannabis Regulation and Tax Act (henceforth: the "Act") legalizes the use and possession of cannabis throughout the State of Illinois. While the Act does not grant any additional local regulatory authority over the use and possession of cannabis, it does grant somewhat broad local authority over recreational cannabis businesses within the corporate boundaries of a municipality. Municipal governments may regulate recreational cannabis businesses as follows:

Legal Power
Limit the number of each type of recreational cannabis business
Create an overlay district to allow for more specific land use control
Create custom separation requirements between sensitive uses
Outright ban on the establishment of businesses by ordinance
If not banned – enact zoning controls on businesses
If not banned – Tax cannabis at up to 3% beyond ordinary sales tax
If not banned – *Allow on-premises consumption of cannabis
Enact reasonable regulations of home grow by medical cardholders

Zoning Regulations

The Act states that municipalities may "enact ordinances to prohibit or significantly limit a [Recreational Business'] location." Several land use restrictions were created in the Act:

- Recreational cannabis uses are prohibited in residential zoning districts.
- Retail dispensaries and craft growers may not be located within 1,500 feet of another retail dispensary.
- No cannabis advertisements may contain any statement or illustration that is false or misleading; promotes the overconsumption of cannabis; displays cannabis or an image of a leaf or bud; shows a minor consuming cannabis; makes health or medicinal claims about cannabis; or includes any image that is likely to appeal to minors.

The six uses described below were specifically created by the Act. Any of the uses below may be prohibited or permitted and regulated by the Village as desired. The Board has provided general feedback that of the six uses listed, only dispensaries would be considered for location in the Village, and they would be listed as a special use.

Dispensary. A facility that sells cannabis and cannabis-infused products, cannabis seeds, and paraphernalia to the general public and qualified medical cannabis patients. Based on experience from medical dispensaries and recreational dispensaries in other States, it is anticipated that dispensaries in Illinois will be approximately 5,000 square feet in area or smaller. The Plan Commission and EDC both recommended that if dispensaries were to be permitted in the Village, they should be limited in their location to Manufacturing Districts or in an appropriate location along Route 83.

The following uses are involved with the manufacture or processing of cannabis. Businesses involved in the manufacturing and processing of materials, products and goods and are restricted to the G-I General Industrial or the L-I Light Industrial Districts.

1. *Craft Grower.* Facilities which grow and package cannabis for sale at a dispensary. A craft grower may share a premises with a processor or dispensary and may sell or distribute cannabis to another cannabis-related business. A facility for a Craft Grower may not exceed 14,000 square feet in floor area.
2. *Cultivation Center.* Facilities which cultivate, process, transport, and perform other necessary activities to provide cannabis and cannabis-infused products to Recreational Businesses. This use is permitted to be up to 210,000 square feet in size per location.
3. *Infuser.* A facility that directly incorporates cannabis or cannabis concentrate into a product.
4. *Processor.* A facility that extracts constituent chemicals or compounds to produce cannabis concentrate or incorporates cannabis or cannabis concentrate into a product.
5. *Transporter.* Transports cannabis on behalf of a licensed Recreational Business. Staff has received feedback from several cannabis companies who have stated that they would likely seek a transporter license at the same location as a dispensary, as it would allow for further vertical integration of their company's supply chain.

Taxation and Revenue Mechanisms

Municipalities are permitted to levy a special local sales tax of up to 3% on top of their existing sales tax rate to the gross retail sales of recreational cannabis in their communities. For example, if a dispensary located in Burr Ridge generated $1,000,000 in gross revenue, the Village would receive $42,500 in sales tax ($30,000 from the 3.0% special sales tax and $12,500 from the local 1.25% sales tax, which presently exists).

Staff also wishes to point out that the Act, as presently written, does not permit municipalities from receiving tax revenues prior to September 1, 2020, even though dispensaries may open for business on January 1, 2020. It has been reported that the sponsors of the original legislation may seek to amend this portion of the law to align both sale and tax collection to occur on January 1, 2020, but the Illinois General Assembly has not convened to date to officially take this action at this time.

Local municipalities will not be restricted in how they are permitted to expend local sales tax revenues associated with the sale of recreational cannabis. Additionally, the Village will receive

an annual payment from the State to assist in enforcing the Act regardless of whether a Recreational Business operates in the community.

State and regional estimates typically assume that recreational cannabis sales will be higher in Illinois than other markets for recreational cannabis, such as Colorado, based on comparisons regarding population, income, tourism, and current patterns of usage. Staff has provided three examples of local sales tax generation based upon projections using data from Illinois, Colorado, and Washington State.

- The first projection, performed by the DuPage Mayors and Managers Conference, assumes that the total demand in Illinois will "fit" into the limited number of dispensary licenses that will be granted by the State and forecasts **$488,473** in tax revenue if a dispensary were located in Burr Ridge.
- The second projection uses the Illinois Economic Policy Institute's (IEPI) estimation of a $2 billion statewide recreational cannabis market by 2022. If all dispensary licenses were issued and in operation, this would equate to **$354,167** in tax revenue per dispensary.
- Finally, of the 387 active recreational dispensaries in the State of Washington, the average dispensary generated $2,750,000 in gross revenues, meaning that the average dispensary would generate **$117,000** in tax revenue if it were located in Burr Ridge.

Trip Generation and Traffic Impact

In assessing zoning regulations, it is important to assess the potential traffic impact of a dispensary. In both Washington State and Colorado, the average consumer spends roughly $75 per visit and visits a dispensary about once per month. Staff has provided three examples using $75 as a projected sales price:

- A dispensary generating **$1,000,000** in gross annual retail sales would generate about 13,000 annual purchasing trips, or **36** purchasing trips per day.
- As stated previously, the average recreational dispensary in Washington State generates **$2,750,000** in gross annual retail sales. This would equate to about 66,500 annual purchasing trips, or **183** purchasing trips per day.
- A dispensary generating **$10,000,000** in gross annual retail sales (comparable with local revenue projections) would generate about 133,000 annual purchasing trips, or **365** purchasing trips per day.
- For context, the average McDonald's and Chipotle location serves approximately **700** customers per day and each generate approximately **$2,500,000** in gross annual retail sales.

Staff notes that not all persons who make a trip to a retailer make a purchase; the projections above assume only those who purchase goods are counted.

Municipal Actions

Many municipalities in the Chicagoland region have already taken action on this matter. A comprehensive survey of all municipal actions on this matter is provided in the attachments. The response from municipalities in the immediate vicinity of Burr Ridge include:

(list of nearby Villages)

Summary

The State of Illinois Cannabis Regulation and Tax Act grants authority to municipalities to prohibit any or all recreational cannabis business within their jurisdiction. If not prohibited, each municipality may establish zoning regulations regarding the location of such businesses (zoning districts including an overlay district), land use classification (permitted use or special use), and separation requirements (minimum distance from sensitive uses such as residential uses). The Act also allows those municipalities that allow recreational cannabis dispensaries to impose an additional 3% cannabis sales tax.

ILLINOIS MUNICIPAL LEAGUE

Adult-Use Cannabis Resources

7/16/19

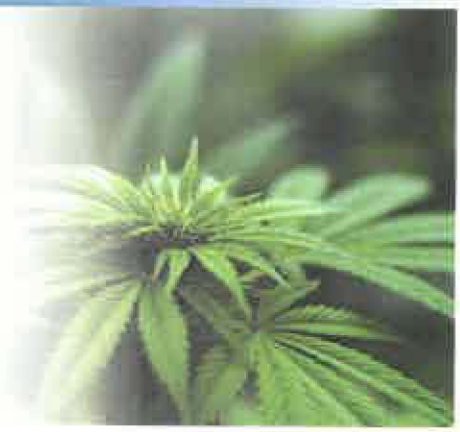
Illinois Municipal League | 500 East Capitol Avenue | P.O. Box 5180 | Springfield, IL 62705 | iml.org

TABLE OF CONTENTS

ILLINOIS MUNICIPAL LEAGUE

FACT SHEET

Adult-Use Cannabis



Public Act 101-0027 creates the Cannabis Regulation and Tax Act and was signed into law by Governor JB Pritzker on June 25, 2019. Effective January 1, 2020, the Act legalizes the possession and private use of cannabis for Illinois residents over 21 years of age.

7/15/19

LOCAL REGULATION OF CONSUMPTION

Municipalities may not restrict the private consumption of cannabis that is authorized by the Act. However, the Act prohibits the use of cannabis in public places, schools and child care facilities among other locations. Municipalities may adopt and enforce local ordinances to regulate possession and public consumption of cannabis so long as the regulations and penalties are consistent with the Act.

HOME GROW LIMITED TO MEDICAL PROGRAM PARTICIPANTS

Home grow cannabis will be authorized only for medical cannabis program participants, and is limited to five plants in their residence and subject to specified restrictions. Home grow of recreational cannabis by non-medical participants is prohibited. More information about the medical cannabis program is available via this link.

ZONING

The Act preserves local zoning authority and directly authorizes municipalities to prohibit (opt out) or significantly limit the location of cannabis businesses by ordinance. Municipalities will have the authority to enact reasonable zoning regulations that are not in conflict with the act. This would include the authority to opt out of either commercial production or distribution (dispensaries) of adult-use cannabis within their jurisdiction. Municipalities also may enact zoning ordinances and regulations designating the time, place, manner and number of cannabis business operations, including minimum distances between locations through conditional use permits.

BUSINESS REGULATION

In addition to zoning authority, municipalities will have the authority to allow for on-premise use of cannabis at locations to be determined locally. The Act anticipates that local authorities will engage in inspections of cannabis-related businesses. Municipalities may establish and impose civil penalties for violations of the local ordinances and regulations.

IML
ILLINOIS MUNICIPAL LEAGUE

500 East Capitol Avenue | PO Box 5180 | Springfield, IL 62705-5180 | Ph: 217.525.1220 | Fx: 217.525.7438 | www.iml.org

LOCAL REVENUE

Municipalities, by ordinance, may impose a Municipal Cannabis Retailers' Occupation Tax on adult-use cannabis products of up to 3% of the purchase price, in .25% increments. Counties may impose up to 3.75% in unincorporated areas, in .25% increments. The taxes imposed under this Act shall be in addition to all other occupation, privilege or excise taxes imposed by the State of Illinois or by any unit of local government, such as sales tax.

SMOKE FREE ILLINOIS ACT

The Act applies the restrictions of the Smoke Free Illinois Act on smoking cannabis, and provides that property owners may prohibit the use of cannabis by any guest, lessee, customer or visitor. In addition, lessors may prohibit cultivation of cannabis by their lessees.

EMPLOYER PROVISIONS

The Act provides employer protections including that nothing in the enactment prohibits employers from adopting reasonable zero-tolerance or drug-free workplace employment policies concerning drug testing, smoking, consumption, storage or use of cannabis in the workplace or while on-call. These policies must be applied in a nondiscriminatory manner. Employers may prohibit the use of cannabis by employees in the workplace, and engage in discipline, including termination, for violations of those polices and workplace rules.

STATE LICENSING

The Act authorizes the production and distribution of cannabis and cannabis products through state-licensed cultivators, craft growers, infusers, transporters and dispensaries. Cannabis transporters will be separately licensed by the Act, as well. A market study due in March 2021 will inform future licensing. The state will issue licenses according to a graduated scale. By the end of the first year, there will be up to 295 dispensing organizations. The Act will allow up to 500 dispensing organizations by January 1, 2022. Cultivators will be capped at 50, and 100 craft growers will be allowed. By that same date, 100 infusers will also be authorized to be licensed.

GRANTS AND INVESTMENT

The Act establishes the Restore, Reinvest and Renew (R3) Program to invest in communities historically impacted by economic disinvestment and violence. The Illinois Criminal Justice Information Authority (ICJIA) will identify R3 areas that qualify for funding, and grants will be awarded by the R3 Board. A 22-member R3 Board will award grants throughout the state, subject to an application process and the Government Accountability and Transparency Act (GATA); the R3 Board shall be chaired by the Lt. Governor.

STATE REVENUE

State revenues derived from the Cannabis Regulation and Tax Act will be deposited into the Cannabis Regulation Fund. The funds will be distributed to multiple state agencies for implementation of the Act. The legalization of adult cannabis also includes a new source of Local Government Distributive Fund (LGDF) dollars. A portion of the Cannabis Regulation Fund revenues (8% of deposits) will go to local governments, through LGDF, which will be used to fund crime prevention programs, training and interdiction efforts. The Cannabis Regulation Fund is derived from moneys collected from state taxes, license fees and other amounts required to be transferred into the Fund.

SOCIAL EQUITY

The Act provides for a social equity program to establish a legal cannabis industry that is accessible to those most adversely impacted by the enforcement of drug-related laws in this state, including cannabis-related laws. Qualifying social equity applicants may be awarded financial assistance and incentives if they are interested in establishing cannabis related businesses.

DECRIMINALIZATION AND EXPUNGEMENTS

A significant portion of the Act addresses the decriminalization of cannabis through mandatory and discretionary expungements of criminal convictions relating to non-violent cannabis offenses.

Model Ordinance

Municipal Cannabis Business Prohibition

ILLINOIS MUNICIPAL LEAGUE

MODEL ORDINANCE
MUNICIPAL CANNABIS BUSINESS PROHIBITION

ORDINANCE NO. _____

AN ORDINANCE AMENDING THE MUNICIPAL CODE OF THE CITY/VILLAGE OF _____ BY THE ADDITION OF [ARTICLE/CHAPTER]_____ PROHIBITING CANNABIS BUSINESS ESTABLISHMENTS

WHEREAS, the City/Village has the authority to adopt ordinances and to promulgate rules and regulations [that pertain to its government and affairs and] that protect the public health, safety and welfare of its citizens; and

WHEREAS, this Ordinance is adopted pursuant to the provisions of the Illinois Cannabis Regulation and Tax Act, Public Act 101-0027, which provides that the City/Village has the authority to prohibit adult-use cannabis business establishments; and

WHEREAS, the City/Village has determined that the operation of cannabis business establishments would present adverse impacts upon the health, safety and welfare of the residents, and additional costs, burdens and impacts upon law enforcement and regulatory operations of the City/Village; and

NOW, THEREFORE, BE IT ORDAINED by the City Council of the City/Board of Trustees of the Village of _____ as follows:

SECTION 1. Recitals. The facts and statements contained in the preamble to this Ordinance are found to be true and correct and are hereby adopted as part of this Ordinance.

SECTION 2. Cannabis Business Establishments Prohibited. Chapter ___ of the Municipal Code of the City/Village of _____ shall be amended by the addition of [Article/Chapter] ____ that will read as follows:

ARTICLE [CHAPTER] ____ Cannabis Business Establishments Prohibited.

1. Definitions. The following words and phrases shall, for the purposes of this Article [Chapter], have the meanings respectively ascribed to them by this section, as follows:

ADULT-USE CANNABIS BUSINESS ESTABLISHMENT: A cultivation center, craft grower, processing organization, infuser organization, dispensing organization or transporting organization.

ADULT-USE CANNABIS CRAFT GROWER: A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to cultivate, dry, cure

and package cannabis and perform other necessary activities to make cannabis available for sale at a dispensing organization or use at a processing organization, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS CULTIVATION CENTER: A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to cultivate, process, transport and perform necessary activities to provide cannabis and cannabis-infused products to licensed cannabis business establishments, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS DISPENSING ORGANIZATION: A facility operated by an organization or business that is licensed by the Illinois Department of Financial and Professional Regulation to acquire cannabis from licensed cannabis business establishments for the purpose of selling or dispensing cannabis, cannabis-infused products, cannabis seeds, paraphernalia or related supplies to purchasers or to qualified registered medical cannabis patients and caregivers, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS INFUSER ORGANIZATION OR INFUSER: A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to directly incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis-infused product, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS PROCESSING ORGANIZATION OR PROCESSOR: A facility operated by an organization or business that is licensed by the Illinois Department of Agriculture to either extract constituent chemicals or compounds to produce cannabis concentrate or incorporate cannabis or cannabis concentrate into a product formulation to produce a cannabis product, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

ADULT-USE CANNABIS TRANSPORTING ORGANIZATION OR TRANSPORTER: An organization or business that is licensed by the Illinois Department of Agriculture to transport cannabis on behalf of a cannabis business establishment or a community college licensed under the Community College Cannabis Vocational Training Pilot Program, per the Cannabis Regulation and Tax Act, (P.A.101-0027), as it may be amended from time-to-time, and regulations promulgated thereunder.

PERSON: Any person, firm, corporation, association, club, society or other organization, including any owner, manager, proprietor, employee, volunteer or agent.

2. Cannabis Business Establishments Prohibited. The following Adult-Use Cannabis Business Establishments are prohibited in the City/Village of _____. No person shall locate, operate, own, suffer, allow to be operated or aide, abet or assist in the operation within the City/Village of _____ of any of the following:

Adult-Use Cannabis Craft Grower
Adult-Use Cannabis Cultivation Center
Adult-Use Cannabis Dispensing Organization
Adult-Use Cannabis Infuser Organization or Infuser
Adult-Use Cannabis Processing Organization or Processor
Adult-Use Cannabis Transporting Organization or Transporter

3. Public Nuisance Declared. Operation of any prohibited Cannabis Business Establishment within the City/Village in violation of the provisions of this Article [Chapter] is hereby declared a public nuisance and shall be abated pursuant to all available remedies.

4. Violations. Violations of this Article [Chapter] may be enforced in accordance with the provisions of Article [Chapter] ___ of this Code.

5. Severability. If any provision of this Ordinance, or the application of any provision of this Ordinance, is held unconstitutional or otherwise invalid, such occurrence shall not affect other provisions of this Ordinance, or their application, that can be given effect without the unconstitutional or invalid provision or its application. Each unconstitutional or invalid provision, or application of such provision, is severable, unless otherwise provided by this Ordinance.

6. Effective Date. This Ordinance shall be in full force and effect from and after its passage and approval and publication as required by law.

ADOPTED THIS _____ day of _____, 20__.
AYES:
NAYS:
ABSTENTIONS:
ABSENT:

APPROVED THIS _____ day of _____, 20 __.

_____
Mayor/Village President

ATTEST:

_____
City/Village Clerk

ICMA

Local Impacts of COMMERCIAL CANNABIS

ICMA, the International City/County Management Association, advances professional local government management worldwide through leadership, management, innovation, and ethics. Through expansive partnerships with local governments, federal agencies, nonprofits, and philanthropic funders, the organization gathers information on topics such as sustainability, health care, aging communities, economic development, cybersecurity, and performance measurement and management data on a variety of local government services—all of which support related training, education, and technical assistance.

ICMA provides support, publications, data and information, peer and results-oriented assistance, and training and professional development to more than 12,000 city, town, and county experts and other individuals and organizations throughout the world.

Published September, 2018

Contents

Acknowledgements

ICMA gratefully acknowledges the City of Half Moon Bay, California for its funding and support of this research project. We also appreciate the generosity of the following individuals in sharing their time, insights, and connections:

Amber Blake	Deputy City Manager, City of Durango, CO
Dennis Bozanich	Deputy County Executive Officer, County of Santa Barbara, CA
Matthew Bronson	City Manager, City of Grover Beach, CA
Matthew Chidester	Deputy City Manager, City of Half Moon Bay, CA
David Durflinger	City Manager, City of Carpinteria, CA
Judy Erwin	City Manager, City of Hines, OR
David Favour	Development Services Deputy Director, City of Issaquah, WA
Eric Feldt	City Planner, City of Battle Creek, MI
Rebecca Fleury	City Manager, City of Battle Creek, MI
Ben Florine	Deputy City Clerk, City of Durango, CO
Adam Hanks	Interim City Manager, City of Ashland, OR
Chris Harlow	Deputy City Clerk, City of Durango, CO
Clare Hartman	Deputy Planning Director, City of Santa Rosa, CA
Lorenzo Hines	Assistant City Manager, City of Pacifica, CA
Danny Jordan	County Manager, County of Jackson, OR
Ron LeBlanc	City Manager, City of Durango, CO
Joe Lopez	City Manager, City of Modesto, CA
Sean McGlynn	City Manager, City of Santa Rosa, CA
Emily Moon	Interim City Manager, City of Issaquah, WA
Dirk Nelson	City Attorney, City of Durango, CO
Amy Phillips	City Clerk, City of Durango, CO
Ginny Sawyer	Policy and Project Manager, City of Fort Collins, CO
Suzanne Sitter	Legal Coordinator, City of Durango, CO
Dan Steidle	Chief of Police, City of Pacifica, CA
Kurt Triplett	City Manager, City of Kirkland, WA
Rorie Watt	City Manager, City and Borough of Juneau, AK
Tina Wehrmeister	Planning Director, City of Pacifica, CA
Scott Winkels	Intergovernmental Relations Associate, League of Oregon Cities

Finally, the authors thank our ICMA colleagues Kirie Samuels, Anne Phelan, Erika White, and Tad McGalliard for their editing, design, and other contributions to this report.

Local Impacts of COMMERCIAL CANNABIS

INTRODUCTION

The last two decades have brought waves of significant change to state laws regarding medical and recreational cannabis, which in turn have implications for local governments.

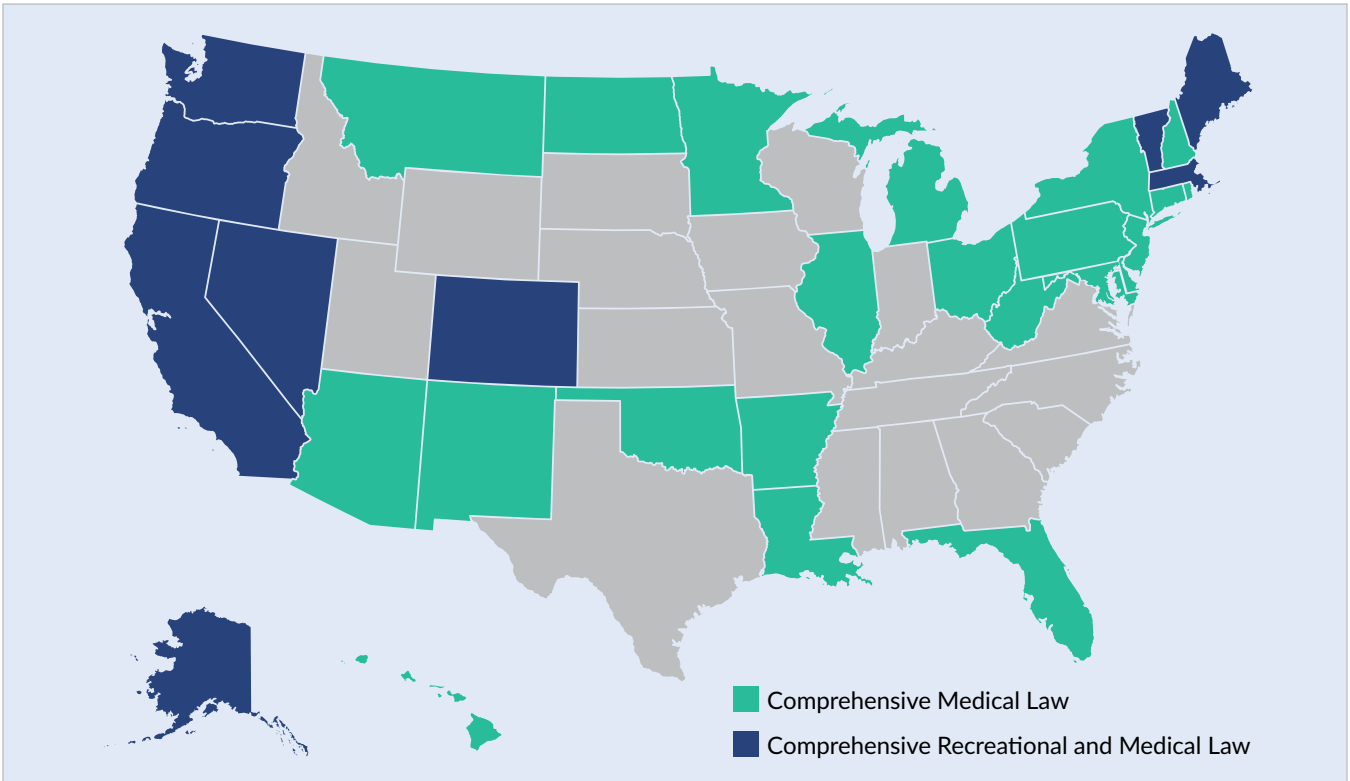
Since the passing of California's Proposition 215 in 1996, another 30 states plus the District of Columbia, Guam, and Puerto Rico have followed with their own measures legalizing medical cannabis. Voters in nine of those states—Colorado, Washington, Alaska, Oregon, Massachusetts, Maine, Nevada, California, and Vermont—plus the District of Columbia have also legalized adult recreational use of cannabis.[1]

At the federal level, cannabis remains a Schedule I drug according to the U.S. Controlled Substances Act, reserved for "substances … with no currently accepted medical use and a high potential for abuse," a classification also applied to heroin, lysergic acid diethylamide (LSD), methylenedioxymethamphetamine (ecstasy), methaqualone, and peyote.[2]

Under the Obama administration, the Department of Justice issued a series of guidelines regarding federal prosecution of medical and recreational cannabis activities, the best known being Deputy Attorney General James Cole's 2013 memo. The Cole Memo provided some assurance to states and localities permitting medical or recreational cannabis activities that the federal government would not challenge these states' laws, provided they aligned with federal high-level priorities such as keeping marijuana away from children and upholding protections against public health and safety threats associated with use and distribution.

In early 2018, the new Attorney General Jeff Sessions issued a memo to all rescinding the Obama administration's guidance on federal prosecution of medical and recreational cannabis activities.[3] Despite the Justice Department's about-face, additional states

State Cannabis Laws as of July 2018



Source: National Conference of State Legislatures

such as Oklahoma and Michigan have since proceeded with their plans to vote on medical and recreational cannabis, respectively. The Canadian government overwhelmingly passed a national measure to legalize and regulate cannabis, becoming the second nation worldwide to do so. In the United States, public polling on the issue shows a dramatic shift over the past decade in favor of legalization.[4]

In the meantime, increasing numbers of local governments are faced with decisions about whether and how they want to regulate medical and/or recreational cannabis in their communities. These decisions are extremely complicated and have implications across many local government departments and systems. Public debate is emotionally charged and not all questions can be answered given the youth of a legal cannabis industry.

ICMA provides this resource to assist local governments in considering implications of legal commercial cannabis activities in their communities. Findings and recommendations are drawn primarily from interviews with local government administrators and staff and review of available data and reports (emphasizing neutral sources whenever possible) from early adopters of legal cannabis legislation.

A note on terminology: Cannabis is the biological genus or generic name for multiple species of plants also popularly referred to as marijuana, hemp, and no shortage of other slang terms. Although early U.S. legislation on this topic used the spelling "marihuana," some have argued this term and its variants, specific to use of the plant for smoking, were introduced in an attempt to marginalize migrant populations.[5] Despite cannabis being the scientific term, marijuana prevailed in common vernacular. This report gives preference to the scientific term cannabis but uses marijuana interchangeably in some case studies to be consistent with the relevant state and local legislation.

IMPACT AREAS

Economic Development

Redevelopment and Growth Potential

While not guaranteed, it is certainly possible to capitalize on peak interest in this industry as an opportunity for redevelopment and economic growth. Across the state of California, the declining cut flower industry is causing some producers to consider a shift toward cannabis cultivation.[6] Small-scale food growers on the rural outskirts of Cape Cod, Massachusetts, find themselves in a similar situation.[7] Grover Beach, California realized its underused industrial land would be marketable to cannabis product manufacturers, and imposed additional requirements for public improvements on those sites to such users. The small town of Cotton Plant, Arkansas—a far cry from progressive costal enclaves—sees potential for a legal medical cannabis industry to resurrect a waning local economy.[8]

Industry Characteristics

Cash-based businesses. Regardless of lenient state and local policy, the illegal status of cannabis at the federal level renders it effectively an all-cash industry, as the federally insured banking system is extremely limited on how, if at all, it can service these businesses. It can also be challenging for businesses to access auxiliary financial (e.g., accounting) or legal services that other types of businesses take for granted. For local governments, this means being prepared to accept massive cash payments for taxes and fees, which could include purchasing cash-counting machines and/or increasing security to protect staff and facilities. And for local economies, all-cash offers on land can place pressures on availability and have pricing consequences for other industries as well.

Who are operators? The high cost of licenses, permits, land, security, other startup requirements, as well as a lack of access to financing present significant barriers impacting who can enter the industry. But the industry is attracting a wide range of operators, from those with a history in agriculture to tech-savvy entrepreneurs. Google employees own one of the few cannabis retail stores in Kirkland, Washington, while a large start-up in Grover Beach, California is connected to a well-known Los Angeles rapper and TV personality. In Santa Rosa, California, city staff discovered through

their licensing processes that many cannabis businesses were operated by female heads-of-households.

Industry employment. The Washington State Institute for Public Policy, charged with evaluating the state's implementation of its legalization measure, estimated the average of its 700 active cannabis businesses employed approximately nine full-time equivalent (FTE) employees at an average hourly wage of $16.45 (median of $13.44) in the final quarter of 2016. The majority of retailers, processors, and producers were classified as small, employing less than nine FTE. Producers and processers tended to be even smaller, employing four or fewer FTE.[9]

Revenue Generation

State leaders in favor of a regulated legal cannabis industry often tout the associated economic opportunities from license fees and sales and excise taxes. States have earmarked this revenue for specific needs such as schools (including construction, early education, and anti-bullying measures), public health (substance abuse prevention/treatment, mental health), and public safety.

Slices of revenue are also passed through to local governments where cannabis activities are permitted. Revenue distribution formulas may account for population, number of licensed businesses, and other factors, and are regularly subject to challenge or change; cultivation hotspot Jackson County, Oregon is urging its state to weigh total canopy size more heavily in its revenue-sharing calculations. Some states, such as Oregon, also prescribe how locally shared revenue should be spent (on public safety, in the Oregon example). For multiple reasons, the local share tends to be significantly smaller and thus less impactful.

In light of this, and to offset local administration, regulation, and enforcement costs, many communities have elected to impose their own license fees and/or additional local taxes on the cannabis industry. State legislation may set restrictions on the rate and process for doing so, and state municipal leagues are often useful resources in parsing those regulations. Specific guidelines for setting such rates are beyond the scope of this report, but general observations from our research include the following.

- Explore this option as early as possible. Durango, Colorado waited until the industry had been operating locally for multiple years before introducing a dedicated tax proposal, which they were forced to drop in the face of overwhelming opposition.
- It can be tempting to overreach with projections. Early analyses on the potential economic impacts of the cannabis industry are fraught with assumptions that can multiply into gross exaggerations and unrealized expectations (true for any industry, but particularly so for one just emerging from underground).
- Avoid taxing the industry back underground. The city of Grover Beach, California actually adjusted its tax rates downward as the industry came online to maintain a competitive overall effective tax rate.
- Consider your costs, which likely spread far across your organization. The City of Santa Rosa, California provides a detailed breakdown of the estimated steps and costs associated with just the review of business applications, which are substantial.[10] Fort Collins, Colorado is carefully trying to monitor and cover its costs, which also include staff support from a licensing coordinator and dedicated police officer. In contrast, the small city of Hines, Oregon believed it was seizing an economic opportunity as the only city in its county to allow commercial cannabis businesses, but the administrative burden on its limited staff has left them questioning the net benefit.

Of the communities we interviewed for this report, those enlisting the help of external consultants with cannabis industry expertise were typically pleased with the support provided.

Tourism

Tourism is a significant economic sector in virtually all of the early states to legalize recreational cannabis, so it warrants special attention. While individual opinions vary as to whether cannabis is a deterrent to tourism, research suggests a more neutral-to-favorable impact. In 2016, the Colorado Tourism Office included a new series of marijuana-related questions in its annual research on visitor behavior. A contracted research firm queried individuals as to whether legalization of marijuana influenced their perceptions on living/working, visiting, or purchasing good/services from those states. According to their findings, a majority of visitors' opinions of states where marijuana was legalized did not change. Approximately 30 percent of respondents viewed those states more positively, and approximately 1 in 10 had a more negative view based on legalization of marijuana. Results were also stratified by whether

the respondent resided in Colorado and/or had taken a leisure trip in Colorado over the past year. Among nonresidents visiting Colorado in the year of this study, 47 percent said that legalization of marijuana positively influenced their consideration of states to visit. Another study commissioned by the Colorado Tourism Office estimates that 15 percent of Colorado tourists engaged in a marijuana-related activity during their visit, with a third of those citing that activity as a motivation for their trip.[11] It is worth noting that state and local tourism offices generally do not promote cannabis-related activities due to explicit or ambiguous regulations based on federal legal status and/or limiting advertising to minors.[12]

Laws restricting smoking or consumption can present a complication for local cannabis-related tourism, while at the same time alleviating some concerns of residents. State and local laws vary, but restrictions similar to those targeting the use of tobacco or alcohol use often apply, as do new regulations prohibiting on-premises cannabis consumption. Private property owners and operators can also impose their own restrictions on cannabis consumption. Tourists may be surprised to discover they are prohibited from consuming cannabis products in public spaces, in rental cars (even as passengers), in hotels, and at the point of sale, not to mention that they cannot bring cannabis products in or out of the state. It would be reasonable to anticipate a learning curve while tourists and residents adjust to any changes in local and state laws. Cities and states have developed public education campaigns and materials addressing frequent questions and assumptions.[13]

Local government leaders in communities electing to allow commercial cannabis activities observed entrepreneurial operators tapping into tourism interests. Many of the states out front early on legalized recreational cannabis are home to craft-oriented beer and/or wine production, which some view as complementary to high-quality, locally produced cannabis. Cities and regions have also seen a rise in "green tourism" services such as taxis/limousines and travel/tour agencies.

Public Safety

Property and Personal Crime

Local governments can anticipate concern that cannabis businesses may attract criminal activity such as burglary, theft, or more serious offenses. The persistence of a cannabis black market—the only market in some states—and the cash-based nature of the industry do present conditions that could encourage such activity. These risks have not been lost on state and local regulators, who have built a range of precautions into cannabis licensing and land use regulations, such as requirements for security systems, lighting, and employee background checks to protect the businesses themselves as well as local communities.

As the sector generally most accessible to the public, retail businesses (or medical cannabis provisioning centers or dispensaries) are often a primary concern to municipalities. Communities implementing these protective operating and siting requirements reported overall satisfaction with their local legal operators and noted that providing standards for compliance shifts more of the responsibility from law to code enforcement. The City of Fort Collins dedicated a police officer to the industry whose work is characterized mainly as relationship building rather than punitive; police in the City and Borough of Juneau, Alaska also assist businesses with implementing best practices. The police chief in Pacifica, California, notes that previously illegal businesses avoided reporting burglaries and other crimes against their property for fear of exposing themselves. Now, they meet local safety standards and enjoy added protection from the police department—which hasn't seen any significant increase in the calls for service.

Complementing these anecdotal reports from city administrators, the Washington State Institute for Public Policy provides statistics on several types of crime in the state since the legalization of recreational cannabis.[14] Arrests for drug or narcotic violations decreased by approximately 15 percent since 2012. "Incidents" (or investigations, whether resulting in an arrest or not) identified as marijuana-related decreased by 63 percent from 2012-2015. Drug-only Driving Under the Influence (DUI) arrests, which do not differentiate marijuana from other drugs, decreased by about a third to approximately 1,200 for 2015. Among drivers involved in a traffic fatality who are tested for drugs or alcohol, there have been no significant growth or decline in those testing positive for marijuana alone or in combination with other drugs or alcohol. During that time, incidents identified as amphetamine/methamphetamine- or heroin-related increased by 72 percent and 41 percent, respectively. A follow up report released in 2017 found no evidence linking

Washington counties' retail cannabis sales with drug-related convictions.[15]

Safety Hazards

Cannabis product manufacturing/processing often involves chemical extractions, through which solvents are used to remove resin from plants and convert it into hash oil. The high-concentrate oil can then be infused into edibles, tinctures, and other products, or consumed by smoking or vaporizing. Because of the volatile solvents used, the extraction process should only take place in regulated environments using proper equipment and safety precautions—otherwise, risk of explosion is high. This is enough to dissuade some local governments from wanting to allow such activities in their communities.

Increased opportunities for legal cultivation of cannabis, including at the personal scale, may tempt amateur processors to attempt these extractions in unregulated settings such as residential neighborhoods. Beyond the threats to individuals involved and to first responders, the extraction process poses the additional risk of a fire spreading to other nearby structures. The City and County of Denver experienced nine hash oil explosions between January and September 15, 2014, and the state's primary burn center has seen a spike in extraction burn patients since 2012.[16]

An Important Distinction

To be sure, commercial cannabis-related crimes or safety hazards make the local news, and local government administrators acknowledged examples ranging from mundane to violent. A common theme, however, is their tendency to involve unauthorized cannabis activities, such as illegal grow operations in homes or on other private land.[17] A black market exists, though its presence varies across communities, so even communities electing to ban cannabis to the fullest extent possible are vulnerable to these crimes.

Traffic

A more practical matter, predicting circulation impacts of commercial cannabis activities, is an emergent focus for transportation engineers. The County of Santa Barbara, California, provides an example of a detailed analysis estimating the potential impacts of seven different types of activities along the supply chain.[18] Jackson County, Oregon observed increased traffic in rural neighborhoods since cultivation (both authorized and unauthorized) began to proliferate. The Seattle suburbs of Kirkland and Issaquah also noted slightly more intense circulation and parking demand than anticipated for their early retail businesses. Interim Issaquah City Administrator Emily Moon noted, "In terms of trip generation, retail marijuana is similar to fast food in some ways. It's fairly constant traffic."

Public Health

Most states that have legalized adult use of recreational cannabis are dedicating a portion of their tax and fee revenues to public health initiatives, often with a particular youth focus.

Debate on legalization tends to be charged with conflicting claims about the relationship between cannabis and public health indicators. The Colorado Retail Marijuana Public Health Advisory Committee, a body of experts appointed by the Colorado Department of Public Health and Environment to provide unbiased and transparent evaluation of scientific literature and data on marijuana use and health outcomes, notes the complexity of evaluating these associations for strength (or lack thereof) and causality. Its reports break down the validity of common claims made about youth and adult use of cannabis and may be helpful to local governments in talking through community concerns.[19]

Youth Impacts

Public health experts, including the Colorado committee, do tend to agree that youth abuse of cannabis can be associated with lower graduation rates and increased susceptibility for addiction and mental health issues. Likewise, opponents and proponents of legalization are often united in concerns about potential increases in use/abuse among young people. But evidence that legalization of cannabis significantly changes patterns of youth use/abuse is lacking.

According to the biennial Washington State Healthy Youth Survey, rates of current marijuana use stayed relatively consistent for sixth, eighth, tenth, and twelfth graders from 2012 to 2016 (recreational legislation passed in 2012). Rates do increase across the age groups, from about 1 percent of sixth graders up to about a quarter of twelfth graders. Ease of access also increases by grade, but perception of access remained relatively consistent over time. Four percent of all Washington state students were suspended or expelled during the 2015-2016 school year. Of those, 9 percent (less than half a percent of all students) were suspended or expelled due to marijuana possession.[20]

Colorado's youth surveys yielded similar results.[21] Multiple analyses of the biennial Healthy Kids Colorado Survey agreed that marijuana use among statewide youth remained essentially unchanged from 2013 to 2015, though recreational adult use became legal in 2014. These same types of surveys are conducted across the country, regardless of cannabis' current legal status. Results of each state's youth surveys are used to inform and target education and prevention strategies that can be funded through legal cannabis revenues.

State requirements will also mandate buffering of sensitive uses, such as schools, child care facilities, parks, and other youth-serving centers. Typically, local governments will have the right to modify some of these provisions according to local preferences and conditions, though legal opinions vary about the flexibility to do so. Washington State allows local governments to reduce this buffer for everything except elementary and secondary schools and public playgrounds; the City of Kirkland exercised this option to accommodate businesses around 600-plus feet of licensed child care centers, given the layout of its zoning map. Communities may elect to impose additional restrictions, as was done in Grover Beach, California, which extended its buffers along designated school walking routes.

From 2015 through April 2018, the state of Washington logged approximately 200 violations for marijuana sale/service to a minor. Approximately one-third of those were issued in unincorporated areas; the rest were scattered across approximately 50 municipalities over the 3-plus year period. Reflecting on the strict requirements of Colorado's state inventory tracking system, Durango city staff noted that minors' access to cannabis was easier to regulate than alcohol.

Adult Use

Perspectives on adult use of cannabis and its health implications are much more divergent. With a majority of states now permitting some degree of medical cannabis use, clearly there is strong support for its therapeutic properties in certain situations. But discussions about cannabis as a recreational substance—informed by a blend of evidence and personal values—often conflate it with alcohol, tobacco, or opioids. Some argue that cannabis is less harmful or habit-forming than these other substances; others believe it to be a gateway to more serious substance abuse. The National Institute on Drug Abuse (NIDA) acknowledges that habitual cannabis use can lead to "marijuana use disorder" or addiction in its most severe form, but these types of problems afflict a minority of reported cannabis users.[22] NIDA also notes some evidence suggesting links between marijuana and other drug use for a minority of cannabis users, but that there are many complicating factors and further research is needed.[23]

There is less dispute that the mind-altering chemicals in cannabis impair judgement, coordination, and reaction time. Depending on the form of consumption, the effects can be delayed and prolonged for hours; traces of the chemicals—though unfelt—can remain detectable in the bloodstream for weeks.[24] Even in states where recreational adult use or medical use is legal, it is important to remember that all laws and regulations concerning what one cannot do under the influence of cannabis—e.g., operate a vehicle, show up to work—still apply. The police department in Kirkland, Washington, was given explicit instructions not to "de-police" these sorts of behaviors that fall under its purview. Local law enforcement may benefit from additional training in how to identify and confirm potential violations, since assessing the influence of cannabis will typically require a blood test and may not be possible in the field.[25]

Recent studies of states post-legalization have seen some upticks in public health statistics related to cannabis use. For example, annual average calls to the Poison Control Center in Washington increased by 73 percent in the years following legalization.[26] Colorado also saw increases in marijuana exposure calls, as well as in marijuana-related hospitalizations and emergency department visits.[27] These may be indications of legitimate concerns, such as a need to regulate concentration and packaging of edible cannabis products (which was done in Colorado), and they may be influenced by changes in patient honesty or medical billing practices. And as with all statistics on the industry, it is too soon to tell whether trends will continue, level off, or reverse. Fortunately, researchers will have access to more time-series data from more states as the legal landscape expands.

Environment

Odor

It can be a tough call as to which is more pervasive—cannabis odor or the concerns about it. Odor concerns, whether tied to the plants themselves or the smoke from consumption, are legitimate. For some, odor may

trigger allergies or asthma, for others it may simply trigger a reaction based on one's personal views about an historically taboo substance. It is possible for local regulations permitting cannabis uses to be a recourse for those most opposed to its odor, though there are some complicating factors.

In addition to siting activities in appropriate locations relative to other uses, land use regulations permitting activities along the cannabis supply chain will almost certainly include stipulations about odor control, aiming to reduce the likelihood of a nuisance issue. Regulations provide a means for enforcement; a neighbor can complain if aggrieved. Formal litigation of odor nuisance cases has had mixed outcomes, as it can be difficult to determine the nuisance threshold or to pinpoint the precise source. However, local governments recently authorizing commercial cannabis activities conceded that while odor issues may be more common at the onset, they tended to dissipate as businesses became "more professional" and are given a chance to improve their odor mitigation systems.

From a consumption perspective and as mentioned in the earlier discussion on tourism impacts, many local governments already have bans in place regarding smoking indoors and/or in public places. Land use regulations for commercial cannabis retail can and typically do prohibit onsite consumption.

Resource Impacts

Cannabis cultivation (and to some extent processing) also raises concerns about water, soil, and light/energy use, the specifics of which will vary depending on the local capacity (climate, infrastructure, etc.) for commercial cultivation. Some regulations, whether specific to cannabis or generally applicable to agriculture, will be set at the state level, and state departments of agriculture and natural resources have developed answers to frequently asked questions about regulations governing cannabis as an agricultural activity and water use.[28] Local governments may wish to direct prospective local growers to pertinent recommendations and regulations and clarify where additional local requirements (related to permitting siting, fencing, etc.) may apply, as Jackson County, Oregon has done.[29]

The Department of Environmental Health for the City and County of Denver, Colorado developed a comprehensive guide to best practices on energy, water, and waste management for indoor growing facilities.[30] Though specifically developed in context of Denver's sustainability goals, climate, and infrastructure, it provides useful overviews and metrics for the resource systems involved in cultivation.

Local governments will likely apply building and fire safety codes to regulate potential environmental nuisances and safety concerns related to lighting and compliance. Light pollution from outdoor cultivation, volatile extraction processes in manufacturing facilities, and the extent of personal cultivation allowed in multifamily facilities are all issues that local governments have dealt with using local codes.

Aesthetics

Finally, local governments will want to consider cannabis' implications on aesthetics of the natural and built environment. Jackson County, home to a significant share of Oregon's cannabis production, provides an aerial view of the use's significant impact on its landscape.[31] Illegal, and to a lesser extent legal, grow operations there pose challenges to maintaining government survey corners, riparian buffers, and drainage. Municipalities may be more concerned about signage, fencing, and generally ensuring that the cannabis industry not overtake the character of an urban or suburban environment. Fort Collins, Colorado prohibited the use of cannabis-affiliated phrases and images in signs for cannabis businesses. Many municipalities prevent the creation of a cannabis district through clustering by including some method of business-to-business setbacks in their regulations. Alternatively, others intend to cluster all cannabis businesses in one or few districts, in order to prevent siting in the majority of the municipality while ceding only part.

Summary and Recommendations

Based on our research, ICMA offers the following recommendations to local governments considering whether and/or how to allow commercial cannabis activities.

1. **Assess the federal, state, regional, and local contexts for your decision(s).** While the letter of federal cannabis law has not changed for some time, interpretation and enforcement priorities continue to shift. But more urgent are conditions at the state level and below. Some sample questions to consider:
    a. Does current or pending state law prescribe any decision points? *Must you opt in or out of default situations?*
    b. How did your community vote on past cannabis ballot measures? *Do those results entitle*

you to different powers (such as the ability to tax or the ability to impose a complete ban)? Does your community lean one way or the other in its opinion on cannabis?

c. What's happening in surrounding communities that may impact you? *Are the county and its municipalities talking with each other about this issue? Are your priorities complementary or in conflict?*

d. To what extent can you lean on state regulations and enforcement? *Are regulations specific enough? Do you believe resources are adequate to perform state-level responsibilities?*

2. **Assemble a diverse, coordinated leadership team.** Local administrations successfully navigating the early legal cannabis landscape credited clear, steady direction from their elected officials—including rationale or objectives for local regulation—as extremely helpful.[32] In addition to elected officials and chief administrative officers, planning, police, legal, and finance staff tended to serve in critical leadership roles. But cast a wide net across your organization, as the industry has potential to impact many additional systems and functions.

3. **Plan for deliberate, transparent community engagement.** Even communities voting strongly in favor of cannabis legalization can still struggle with implementation.[33] Provide multiple ways outside of formal meetings and public hearings for community members to review and comment on potential regulations, such as community surveys or other online platforms and in neighborhood/community-wide events.[34] Expect questions, expect fears, and be willing to demonstrate how proposed regulations have accounted for community concerns. Maps showing eligible locations for cannabis businesses as well as sensitive uses are very helpful tools, as are summaries of key steps taken and reference documents posted on your website. While time-consuming, local governments following this model were comfortable reflecting on their processes and were later able to make decisions without significant debate.

4. **Regularly monitor indicators and review your regulations.** This is a new industry that will continue to experience growing pains, especially as the state and federal context continue to shift. While states and local governments adopting early legislation are beginning to generate data, figures should still be considered preliminary. Even in states where legalization passed several years earlier, businesses are just starting to open, following long processes to develop regulations and process applications, and local leaders are standing by to watch for indications that the industry needs more (or less) regulation. "Start early and walk a slow path," suggested one California city manager—a sentiment echoed by many of his peers' actions. Be wary of doors that are difficult to close once opened; consider sunset provisions or temporary caps as ways to test your local market and assure residents that you will continue to revisit regulations and make adjustments as necessary.

Endnotes

1 National Conference of State Legislatures, "Marijuana Laws." http://www.ncsl.org/bookstore/state-legislatures-magazine/marijuana-deep-dive.aspx

2 Drug Enforcement Administration, "Drug Scheduling." https://www.dea.gov/druginfo/ds.shtml

3 Office of the Attorney General, "Memorandum for All United States Attorneys, Subject: Marijuana Enforcement," January 4, 2018. https://www.justice.gov/opa/press-release/file/1022196/download

4 Abigail Geiger, "About six-in-ten Americans support marijuana legalization," Pew Research Center. http://www.pewresearch.org/fact-tank/2018/01/05/americans-support-marijuana-legalization/

5 Daniel Shortt, "Marijuana, Marihuana and Mariguana: What's in a Name?," University of Washington Cannabis Law and Policy Blog, January 21, 2016. https://blogs.uw.edu/clpp/2016/01/21/marijuana-marihuana-and-mariguana-whats-in-a-name/

6 Julie Martens Forney, "Will Marijuana Cultivation Affect Floral Industry?," Society of American Florists, July 26, 2017. https://safnow.org/will-marijuana-cultivation-affect-floral-industry/

7 Katy Ward, "Truro farmers want to cultivate cannabis," Wicked Local - Provincetown, February 24, 2018. http://provincetown.wickedlocal.com/news/20180224/truro-farmers-want-to-cultivate-cannabis

8 Richard Fausset, "A Dying Southern Town Needed a Miracle. Marijuana Came Calling.," The New York Times, March 24, 2018. https://www.nytimes.com/2018/03/24/us/arkansas-marijuana-cotton-plant.html

9 Washington State Institute for Public Policy, "Employment and Wage Earnings in Licensed Marijuana Businesses," June 2017. http://www.wsipp.wa.gov/ReportFile/1669/Wsipp_Employment-and-Wage-Earnings-in-Licensed-Marijuana-Businesses_Report.pdf

10 City of Santa Rosa Planning and Economic Development, "Cannabis Program FAQs" March 15, 2018. https://srcity.org/DocumentCenter/View/18729/Cannabis-FAQs_2018-03-15?bidId=

11 Colorado Tourism Office, "Colorado Tourism Sets All-Time Records for Sixth Consecutive Year," June 28, 2017. https://www.

colorado.com/news/colorado-tourism-sets-all-time-records-sixth-consecutive-year

12 Christian M. Wade, "Tourism Officials wrestle with marijuana marketing," The Daily News of Newburyport, January 8, 2018. http://www.newburyportnews.com/news/tourism-officials-wrestle-with-marijuana-marketing/article_cc0100b4-eab5-5efd-b114-b27852107e3c.html

13 Colorado Department of Public Health and Environment, "Responsibility Starts with Knowing the Laws." http://responsibilitygrowshere.com/laws

14 Washington State Office of Financial Management, "Monitoring Impacts of Recreational Marijuana Legalization," March 2017. https://www.ofm.wa.gov/sites/default/files/public/legacy/reports/marijuana_impacts_update_2016.pdf

15 Washington State Institute for Public Policy, "I-502 Evaluation and Benefit-Cost Analysis," September 2017. http://www.wsipp.wa.gov/ReportFile/1670/Wsipp_I-502-Evaluation-and-Benefit-Cost-Analysis-Second-Required-Report_Report.pdf

16 Police Foundation and the Colorado Association of Chiefs of Police, "Colorado's Legalizatoin of Marijuana and the Impact on Public Safety," 2015. https://www.nccpsafety.org/assets/files/library/Legalized_Marijuana_Practical_Guide_for_Law_Enforcement.pdf

17 There have been multiple instances of people committing violent marijuana-related crime in west coast rural unincorporated areas where marijuana is grown, incentivized by the high street value of marijuana on the east coast. Jackson County, Oregon, and Sonoma County, California, have experienced this phenomenon in recent months, where multiple groups have driven from east coast states in order to rob rural marijuana growers.

18 County of Santa Barbara, "Cannabis Land Use Ordinance and Licensing Program Final Environmental Impact Report," December 2017. http://longrange.sbcountyplanning.org/programs/cannabis/Environmental/FEIR/Individual%20Sections/3.12_Traffic_SBC_CannabisEIR_FEIR.pdf

19 Colorado Department of Public Health and Environment, "Marijuana use trends and health effects." https://www.colorado.gov/cdphe/marijuana-health-report

20 Washington State Office of Financial Management, "Monitoring Impacts of Recreational Marijuana Legalization," March 2017. https://www.ofm.wa.gov/sites/default/files/public/legacy/reports/marijuana_impacts_update_2016.pdf

21 Colorado Department of Public Health and Environment, "Marijuana Use Among Youth in Colorado, Healthy Kids Colorado Survey 2015." https://www.colorado.gov/pacific/sites/default/files/PF_Youth_HKCS_MJ-Infographic-Digital.pdf

22 National Institute of Drug Abuse, "Is Marijuana Addictive?," June 2018. https://www.drugabuse.gov/publications/research-reports/marijuana/marijuana-addictive

23 National Institute of Drug Abuse, "Is Marijuana a Gateway Drug?," June 2018. https://www.drugabuse.gov/publications/research-reports/marijuana/marijuana-gateway-drug

24 National Institute of Drug Abuse, "What are Marijuana Effects?," June 2018. https://www.drugabuse.gov/publications/research-reports/marijuana/what-are-marijuana-effects

25 Police Foundation and the Colorado Association of Chiefs of Police, "Colorado's Legalizatoin of Marijuana and the Impact on Public Safety," 2015. https://www.nccpsafety.org/assets/files/library/Legalized_Marijuana_Practical_Guide_for_Law_Enforcement.pdf

26 Washington State Office of Financial Management, "Monitoring Impacts of Recreational Marijuana Legalization," March 2017. https://www.ofm.wa.gov/sites/default/files/public/legacy/reports/marijuana_impacts_update_2016.pdf

27 Colorado Department of Public Health and Environment, "Marijuana use trends and health effects." https://www.colorado.gov/cdphe/marijuana-health-report

28 Oregon Department of Environmental Quality, "Permitting of marijuana businesses." https://www.oregon.gov/deq/Regulations/Pages/Marijuana-Regulation.aspx

29 Jackson County Development Services, "Marijuana Production in Jackson County FAQ," July 27, 2018. http://jacksoncountyor.org/ds/General/Marijuana

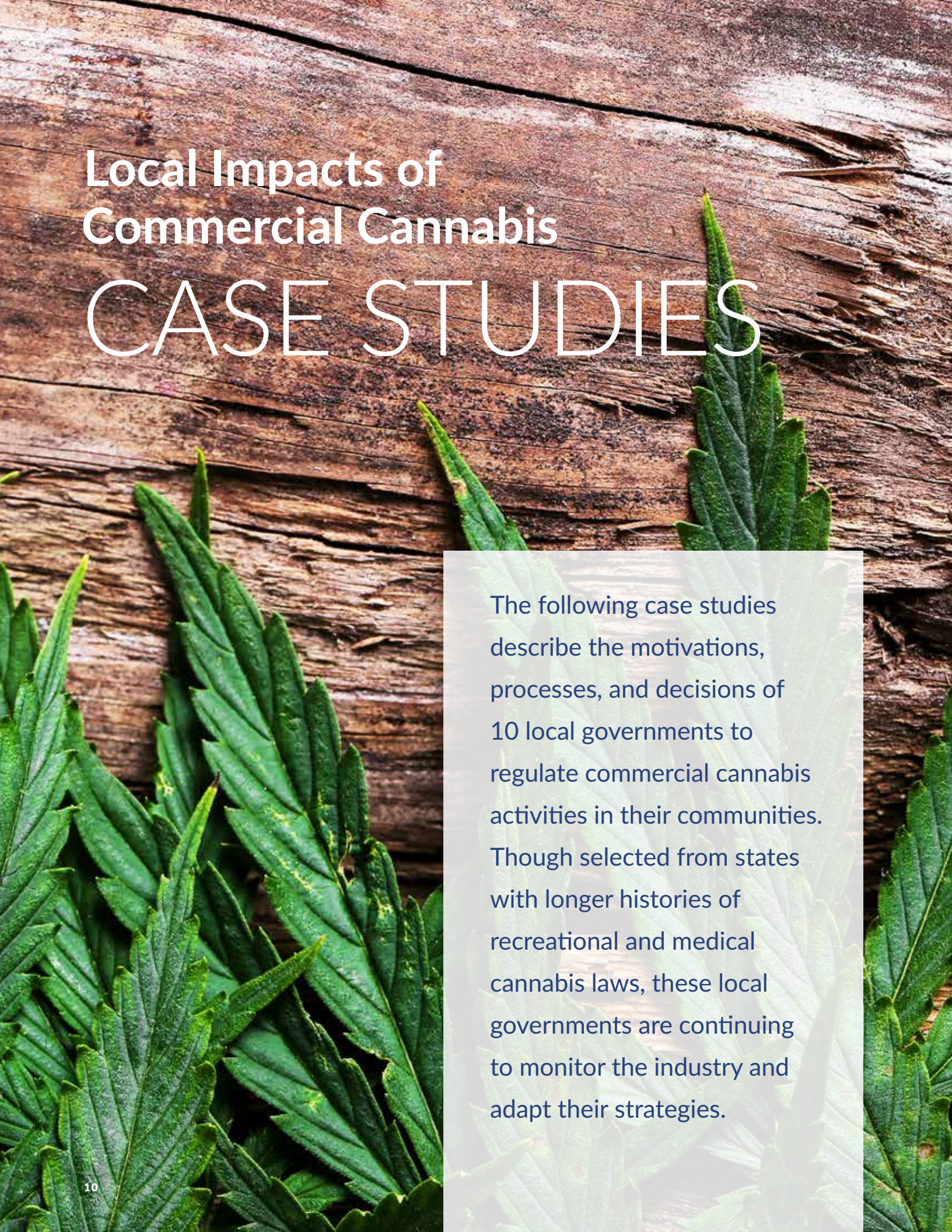
30 City and County of Denver Department of Environmental Health, "Cannabis Environmental Best Management Practices Guide." https://www.denvergov.org/content/dam/denvergov/Portals/771/documents/EQ/MJ%20Sustainability/Best%20Practices%20Management%20Guide%20web%20-%20final.pdf

31 Jackson County, "JC Potpourri: Marijuana in Southern Oregon - Growing Pains," May 10, 2017. http://jacksoncountyor.org/County/Video-TV/County-Close-Up/ArtMID/11580/ArticleID/249662/JC-Potpourri-Marijuana-in-Southern-Oregon-Growing-Pains

32 See, for example, Santa Rosa, California case study

33 See, for example, Kirkland, Washington case study

34 See, for example, Battle Creek, Michigan (https://battlecreekmi.gov/637/Medical-Marihuana) or Carpinteria, California case study



Local Impacts of Commercial Cannabis
CASE STUDIES

The following case studies describe the motivations, processes, and decisions of 10 local governments to regulate commercial cannabis activities in their communities. Though selected from states with longer histories of recreational and medical cannabis laws, these local governments are continuing to monitor the industry and adapt their strategies.

CASE STUDY:

Carpintera, California

Carpinteria is bordered by the Pacific Ocean to the southwest and rural oceanside hills to the southeast, while the areas north and northwest of the city are agricultural zones dotted with greenhouses primarily for the cut flower industry. That industry was once a thriving sector in California's economy, but many years of competition have decimated it. Greenhouses that once grew flowers are now prime real estate for recreational cannabis cultivation.

The marijuana industry has been moving into Carpinteria Valley greenhouses for years, but the pace of turnover increased once flower growers began to look for more profitable ventures. Some greenhouse tenants and owners turned to growing vegetables or even stayed with flowers, but many others have converted to growing cannabis or sold their stake to someone who does.

City and County

The City of Carpinteria has instituted a moratorium on legal marijuana businesses through May 2019 while it continues a deliberate process of determining regulations for the city. In contrast, Santa Barbara County

COMMUNITY PROFILE

Population (2017): 13,622

Land area (in sq. miles): 2.59

Median Household Income: $72,901

Source: United States Census Bureau

moved quickly to establish regulations for allowing cultivation and other cannabis businesses as soon as California licensing became available. Santa Barbara County is the home of the most cannabis cultivation licenses in California, outpacing the counties of Humboldt, Mendocino, and Trinity, counties known for their marijuana cultivation.[1] All of those licenses in the vicinity of Carpinteria, many of which were originally granted for growing medical marijuana, lie on Santa Barbara County unincorporated land. Carpinteria's incorporated area does not include the agricultural portion of the Carpinteria Valley, and the city does not regulate it.

After the passage of Proposition 64 in November 2016, Santa Barbara County first began the process of deciding how to approach locally regulating the cannabis industry. At that point, Carpinteria city officials were poised to work alongside Santa Barbara County officials and attended multiple meetings with county officials on the subject. However, it soon became clear that the city and the county were guided by different philosophies. Carpinteria's interest in potentially allowing and regulating cannabis businesses stemmed from public support within the community, but city officials and residents were, and still are, in favor of a cautious and deliberate approach to developing regulations. Santa Barbara County was under pressure to quickly establish its regulations in order to limit the impact from a large and growing number of unregulated or black-market cannabis operations, generate revenues, and create a commercially viable cannabis market as an alternative to lost jobs in the cut flower industry.[2]

These differences in approach forced Carpinteria into a reactionary position. As Santa Barbara County proceeded with its big-picture approach through the summer of 2017, tension was high in Carpinteria from a frustrating process of legal proceedings. The city was able to extract some of what it wanted from the county, such as a cap on greenhouse canopy size and a prohibition on outdoor cultivation.

Currently, the area's cannabis cultivation industry is operating in the California Coastal Zone, which includes the Carpinteria Valley, through county-issued interim permits until the formal permitting, regulation, and revenue-collection process passed by Santa Barbara County undergoes a legal review by the California Coastal Commission. Cannabis operations in Santa Barbara County outside the Coastal Zone are operating under the county's land use code and Cannabis Business License Ordinance as of June 2018.[3]

Preserving the Character of Carpinteria

Cut Flower Industry

The Carpinteria Valley cut flower industry had been struggling for years due to international competition. Low-wage workforces in South and Central America left California flower growers unable to compete on price, leaving many as the owners and lessees of empty greenhouses. A number of those greenhouse owners and lessees turned to cannabis cultivation due to the high value of the crop. The first to convert were medical cannabis cultivators under the previous regime of California medical cannabis law. Local governments had little to no regulatory or administrative authority over these operations, leaving unfixed problems that were generally foreign to flower growers, such as noxious odors and security issues. As Santa Barbara County registers and regulates these operations under the new commercial cannabis regulatory regime, those issues should subside.

Cannabis greenhouse

Economic Equilibrium

The City of Carpinteria's interest in strengthening the county's cap on cannabis cultivation is twofold. One concern is ensuring that agriculture in the Carpinteria Valley is not dedicated to a single use. The flower industry decline was especially painful as most greenhouses were entirely dependent on it.

Community character and aesthetics comprise the second motivating factor for a cap. In 2002, Santa Barbara County enacted an ordinance to preserve open field agriculture and limit unsightly piecemeal greenhouse construction, but Carpinteria was concerned that a lack of a regulatory cap on cannabis cultivation could undermine that ordinance. A boom-

ing cannabis cultivation industry could potentially take over the Carpinteria Valley's available greenhouses and increase the demand for the construction of even more greenhouses.

At this point in its lifecycle, the cannabis cultivation industry has different effects on local economic activity than the cut flower industry. Observations from Carpinteria show that cannabis cultivation generates less intensive industrial traffic than cut flowers. However, that may be offset by increased traffic from laborers. Greenhouse cannabis cultivation uses approximately 595 square feet per worker (FTE), compared to (conservatively) 38,314 square feet per worker for cut flower growing.[4] This discrepancy is confirmed anecdotally in Carpinteria, with far more cars parked outside the greenhouses that have moved to cannabis cultivation as opposed to those growing flowers or vegetables.

Odor

Medical cannabis has been growing and generating odor just outside Carpinteria city limits for the past few years, but the problem worsened when recreational cannabis was authorized. Agriculture is typically not subject to odor complaints under Right to Farm protections, and Santa Barbara County regulated medical cannabis cultivation in this manner as well.[5] This led to an underenforcement of nuisances like odor and the lack of a regulatory infrastructure at the onset of recreational cannabis, with many residents voicing their complaints. Carpinteria High School, across the street from several greenhouses that cultivate cannabis, was forced to air out classrooms and send home students who were negatively impacted by the odor.[6]

The odor situation has improved in Carpinteria over the past year as some of the greenhouse cannabis cultivators have started to take steps to prevent odors, investing significantly in odor mitigation technology. Santa Barbara County cited evidence from San Diego and established Carpinteria cultivators showing this technology, called a Vapor-Phase System, to be effective in mitigating odors from greenhouse cannabis cultivation facilities.[7] There are limited number of greenhouses continuing to emit strong odors and operate without the preventative measures. Those greenhouses will either be required to mitigate odors in order to become compliant or will be shut down once Santa Barbara County begins to regulate cultivators within the Coastal Zone following the review by the California Coastal Commission.

Key Observations

The City of Carpinteria prohibited all commercial activity in the previous medical cannabis regulatory regime, but the city will potentially allow some commercial cannabis operations once their new regulations are developed and adopted. Those operations will likely be limited to manufacturing and testing to complement the already existing cultivation in the Carpinteria Valley. The Carpinteria City Council is not currently inclined to allow recreational cannabis retail stores and believes they would cause neighborhood problems, an assumption based on observing the previous iteration of medical cannabis stores that existed under the earlier state regulations. The council's preferred approach is to watch the results of recreational cannabis storefronts in other cities before deciding whether to allow them in Carpinteria.

Although Carpinteria's long-term priorities are clear, City Manager David Durflinger notes that it is challenging for a small local government to develop the expertise necessary to both interact in a regulatory process with an adjoining county and to develop its own regulations.

Interviewee:

David Durflinger, City Manager

Endnotes

1 Brooke Staggs, "So far, California has 6,000 licensed cannabis businesses. Here's what that looks like," The Orange County Register. April 27, 2018. https://www.ocregister.com/2018/04/27/so-far-california-has-6000-licensed-cannabis-businesses-heres-what-that-looks-like/

2 Bozanich, Dennis, email to Will Fricke, July 9, 2018.

3 County of Santa Barbara, "Cannabis Amendments to County Ordinance Now in Effect," June 7, 2018. http://cannabis.countyofsb.org/news-events.sbc

4 William A. Matthews, Daniel A. Sumner, Josué Medellín-Azuara, and Tristan Hanon, "Economics of the California Cut Flower Industry and Potential Impacts of Legal Cannabis," University of California Agricultural Issues Center, August 30, 2017.

5 County of Santa Barbara, "Final Environmental Impact Report (EIR) for the Cannabis Land Use Ordinance and Licensing Program," Page 8-13, December 2017

6 David Durflinger, interviewed by Laura Goddeeris and Will Fricke, June 26, 2018

7 County of Santa Barbara, "Final Environmental Impact Report (EIR) for the Cannabis Land Use Ordinance and Licensing Program," Page 8-7, December 2017

CASE STUDY:

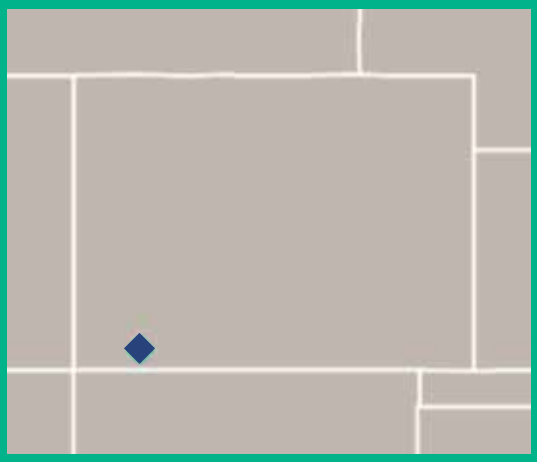
Durango, Colorado

The City of Durango is located along a historic railway and the Animas River at the foot of the San Juan Mountains in southwest Colorado. Home to 18,000 residents and a key destination in the Four Corners region, tourists and commuters nearly double its population daily.

An Industry Emerges

In 2000, La Plata County and the City of Durango voters strongly supported an amendment to Colorado's state constitution legalizing medical cannabis. However, nearly a decade would pass before any legal commercial activity materialized due to uncertainty surrounding federal preemption. The Obama administration's initial issuance of guidelines for states with legal medical cannabis, which indicated that the Department of Justice would not prioritize prosecutions, provided a long-awaited green light to would-be operators.

Durango's staff was caught off-guard when the first business approached the clerk's office for a cannabis license in 2009. Quick consultations with the city attorney and administration confirmed a lack of any local restrictions at the outset, resulting in the issuance



COMMUNITY PROFILE

Population (2017 Census Estimate): 18,465

Land Area (square miles): 9.92

Median Household Income: $60,334

Source: United States Census Bureau

of four early commercial medical licenses at just $50 apiece (the general business license fee)—including to one cultivation operation.

This triggered an exhaustive process to determine the appropriate zoning, fees, and other local restrictions on such businesses. Multiple moratoria were implemented while the city engaged in research and discussion. While initial discussions were limited to medical marijuana, the legalization of recreational marijuana in 2012 extended the conversation such that the city was actively working on some aspect of local marijuana issues all the way through the end of 2017.

Though Durango residents voted in support of legalization in both 2000 and 2012, the process to develop regulations was contentious. Identifying appropriate setbacks from sensitive uses such as schools, daycare centers, and parks proved especially challenging, as the default state standards did not align well with the city's long and linear orientation and needed to be reduced (either by right or with a variance) in order to provide enough options for businesses. Other major concerns included the location and number of businesses within the Central Business District, potential issues with lights used by cultivators, and security and fire code compliance. Recognizing that land use decisions can be hard to revert once a door is opened, city staff feel this discussion was worthwhile.

The most significant progress was made in 2014, when a series of ordinances were passed establishing comprehensive land use standards and a local licensing process for commercial medical/nonmedical retail and testing businesses. License fees increased to as much as $10,000 for a new business and $8,000 for a renewal every year.[1] Commercial cultivation and manufacturing of infused products were prohibited based on a shared understanding with La Plata County about the types of uses best suited to county and city land.

Since then, the city has received annexation requests that would extend water and sewer services to marijuana cultivators located on fringe land. Following discussions with staff, the planning commission, and the city council, the city decided to extend water and sewer services in exchange for long-term control of land use planning. Reasoning that users—including marijuana cultivators—could come and go, city officials believed it would be advantageous to apply the city's more rigorous requirements for elements such as sidewalks, street trees, and signage.

Cannabis dispensary

A Regulated Industry: Initial Impressions

Though the city did not place explicit caps on the number of licenses allowed and did loosen some of the setback requirements, prospective businesses still had trouble finding locations because property owners were reluctant to lease for such uses. As a result, businesses were forced to turn to purchasing their own property at premium prices.

For those businesses that were able to secure locations, the initial licensing and enforcement process was challenging as the state provided little guidance and the rules continued to evolve. Durango's liquor licensing authority expanded its oversight to include marijuana licensing and devoted time to screening and rejecting applications from businesses whose employees had histories of criminal activity. Eventually, the city concluded that decision could be left to the operators who could be expected to act in the best interest of their legal businesses.

Code enforcement was also intense at first to ensure businesses were operating in line with the newly established regulations. While he can recall scattered specific incidents of crimes tied to marijuana activities in the early days of statewide legalization, City Manager Ron LeBlanc is not persuaded of a significant negative impact on public safety. From an enforcement perspective, staff feel the industry has actually been easier to regulate than liquor licenses.

Though Durango did not pursue a dedicated local tax on marijuana as a part of its 2014 regulations, the standard 3-percent local sales tax still applied to the industry. Revenues from marijuana businesses exceeded local expectations, suggesting the black mar-

ket had been much larger than the city had anticipated. Total sales and use taxes collected by the city jumped by approximately $1 million from 2014 to 2015.[2]

The cash-based nature of those taxpayers presented an additional complication for Durango City Hall, which was not a fully secure facility when marijuana businesses first started to pay local taxes. Though security has since changed, finance staff were unnerved when the first businesses showed up to pay monthly tax bills with stacks of cash, and parking staff needed to accompany them when making transfers to the bank.

The Industry Matures

With no new business applications submitted in the last two years, the industry appears to have reached market saturation in Durango. Prices are coming down, businesses are consolidating, and protests from the vocal minority opposed to the industry have faded.

Durango's administration believes the impact on tourism has been a net positive, noting a steady stream of creative business proposals for transportation and green tourism experiences over the last few years. At the same time, ample restrictions on consumption, including in private social clubs, help to keep use out of public view.

In 2017, with marijuana sales responsible for about $825,000 in sales tax revenue—just over 3 percent of the city's total sales tax collected—Durango floated the possibility of a dedicated marijuana excise tax.[3] Already burdened with a significant increase in the State of Colorado's tax rate (with no additional pass-through to local governments), the industry responded in force against the proposal and city leaders were forced to abandon those plans.

Key Observations

Durango's 2017 attempt to further raise revenues from its successful marijuana businesses with a specific excise tax was met with strong industry opposition. Local governments should consider these issues early, before new taxes would burden the industry.

The marijuana black market in and around Durango was much larger and more active than the city realized, evident from the higher-than-predicted sales tax revenue. At the same time, other local governments have seen tax revenues fall short of expectations. Rather than predicting a specific number, a wide range of possible tax revenues should be analyzed.

Interviewees:

Ron LeBlanc, City Manager
Amber Blake, Assistant City Manager
Dirk Nelson, City Attorney
Amy Phillips, City Clerk
Chris Harlow, Deputy City Clerk
Ben Florine, Deputy City Clerk
Suzanne Sitter, Legal Coordinator

Endnotes

1 City of Durango, "Licensing of Marijuana Businesses." http://www.durangogov.org/index.aspx?NID=181

2 City of Durango, "Sales & Use Tax Combined," June 14, 2018. http://www.durangogov.org/ArchiveCenter/ViewFile/Item/112

3 City of Durango, "Sales Tax Collections For Twelve Months Ending December 2017." http://www.durangogov.org/ArchiveCenter/ViewFile/Item/315

CASE STUDY:

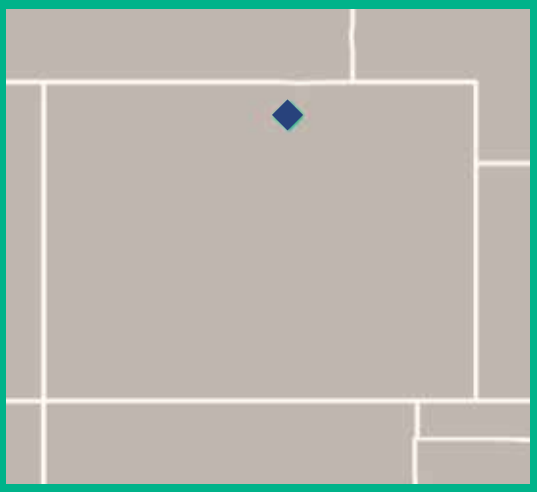
Fort Collins, Colorado

Fort Collins is a city in northern Colorado known for its picturesque landscape, craft breweries, and bicycle culture. Home of Colorado State University and campuses for the technology companies Hewlett-Packard, Intel, and Agilent, the city of 164,000 has made strides in smart city utilities innovations.

In 2000, Colorado voters passed Amendment 20, legalizing small amounts of medical marijuana in the state. A July 2009 language change by the Colorado Board of Health in the state medical marijuana law removed patient limits on medical marijuana caregivers, allowing them to become de facto dispensaries.[1] The change caused a rush in requests for the types of licenses that would allow people to be medical marijuana caregivers, such as home occupation licenses.

In December of 2010, Fort Collins enacted an emergency moratorium in order to end the rush of medical marijuana dispensaries, which had quickly outpaced the city's desire to evaluate and regulate this new business type.

In March of 2011, the Fort Collins City Council took action to proceed with licensing dispensaries, cultivation, and the entire medical marijuana process. By Octo-



COMMUNITY PROFILE

Population (2017): 165,080

Land Area (square miles): 54.28

Median Household Income: $57,831

Source: United States Census Bureau

ber that year, Fort Collins was home to approximately twenty medical marijuana dispensaries.

The dispensaries were short-lived. In the odd-year election, Fort Collins voters passed a citizen-initiated ballot measure to ban all medical marijuana activities in the city. Enforcement was completed by February 2012.

The ban on medical marijuana lasted just one month longer than the first iteration of allowing dispensaries. In the 2012 election, another citizen-initiated ballot measure brought back the medical marijuana dispensaries. This city-wide ballot measure was separate from and concurrent with Colorado's Amendment 64, which legalized adult recreational use and retail sales throughout the state. However, since Amendment 64 included a local government opt-in provision, Fort Collins staff was able to focus on medical marijuana before taking on retail sales. Following the conclusion of the medical marijuana reinstatement, the City Council adopted regulations for a limited recreational marijuana business license process.

Regulations

The second citizen-initiated ballot measure for medical marijuana built in a cap for dispensaries tied to the number of cardholders: one medical marijuana dispensary would be allowed for every 500 medical marijuana cardholders in Larimer County. This cap was proposed by marijuana proponents as a way to make the second iteration of medical marijuana more palatable for the electorate. Currently, there are enough medical marijuana cardholders to allow for nine medical dispensaries in Fort Collins. However, due to a provision that grandfathered in any dispensary that had been shut down in February 2012, eleven licenses have been granted to medical marijuana dispensaries, ten of which also have a retail-recreational marijuana license.

Since Fort Collins requires a medical marijuana dispensary license before granting a retail dispensary license, the cap also acts as a limit on recreational marijuana licenses.

Fort Collins also grants cultivation licenses, but only to holders of another marijuana business license, such as retail or manufacturing. Personal cultivation in homes with shared walls, sheds, or detached garages and in mixed-use buildings is also banned in Fort Collins, due to safety and odor concerns. Greenhouses, while not banned, must follow the requirement that cultivation only be done in a "locked and enclosed" space. They are de facto banned for non-commercial cultivation, due to the requirement that personal use cultivation not take place in outbuildings.

Despite these regulations, Fort Collins still has to combat illegal and unlicensed cultivation. Fort Collins' marijuana enforcement officer investigated approximately fifty complaints in 2017 and is on track to meet that number in 2018.

Fort Collins took additional steps to manage the divided community by restricting the locations of business through zoning, implementing setback requirements, and regulating the type and level of advertising that dispensaries can utilize.

Far exceeding the state's restrictions, Fort Collins broadly bans signage and advertising that would clearly associate the location with marijuana, as well as prohibiting portable advertising such as leaflets, flyers, and handheld signs.[2]

While the regulations are stringent and specific, they are not always easy to enforce, especially when it comes to odor complaints. Lots of industrial warehouse space in Fort Collins has been bought or rented for marijuana-related activity, creating clusters of marijuana businesses. Due to the way in which the spaces are divided and located, it can be difficult to pinpoint the source of odor issues.

Staffing

Fort Collins convenes an interdepartmental taskforce with representation from the fire department, planning department, clerks, police, and other departments as appropriate. This task force monitors the marijuana environment in Fort Collins and Colorado as a whole and makes recommendations to the council on any changes needed to the marijuana code, stemming from everything from upcoming state legislation to nuisance indicators.

Fort Collins hired an outside attorney through an open bid to serve as the retail marijuana licensing authority. The attorney performs duties such as receiving applications, making decisions on whether to grant licenses, and leading hearings. The cost of the attorney is covered through licensing fees. Fort Collins hired an outside attorney to perform these tasks because the municipal judge, who is also the liquor licensing authority, declined the authority to do so based on her workload.

The city has a single police officer dedicated to marijuana enforcement who performs pre-inspections and spot inspections. Originally, inspections were conducted by police officers who were not able to go out on patrol due to injuries, causing the task to be seen as undesirable. The dedicated marijuana enforcement officer, a well-respected and long-time Fort Collins police officer, emphasizes relationship building with license holders as well as the state marijuana enforcement division.

The Colorado General Assembly creates new types of marijuana licenses annually. Fort Collins has lobbied at the state level to ensure that these new licenses have opt-in provisions at the local level. With local government opt-ins, the Fort Collins task force has the ability to review new license options and weigh community impacts when determining whether to allow them.

Recent examples include the addition of a research license, which was desired by a local start-up company. The task force decided that the impact from the research license was manageable, as this license does not allow for the selling of marijuana and involves only a small number of plants. Alternatively, Fort Collins decided against approving a license for off-premises storage based on a task force recommendation. Additional storage of large quantities of marijuana was seen as undesirable by the task force, and the Fort Collins marijuana businesses did not express the need for this type of license.

A Community Divided and the Industry Today

Fort Collins residents are often split on issues, and marijuana has been no different. In the heavily values-based debate during the back-and-forth bans of 2011 and 2012, opponents of legal marijuana painted a doom-and-gloom picture while proponents focused on health aspects of medical marijuana and argued that prohibition is ineffective at reducing illegal activity. Years later, with new regulations in place, marijuana remains a lightning rod and a complex issue in Fort Collins. To avoid controversy and regulation fatigue, staff and the task force package issues together for council action, even for issues as simple as ordinance clean-up.

While opposition still exists in the community, the industry has been able to mature. City staff describe businesses as increasingly professional and better able to control for issues like odor and underage purchasing. Development pressure on industrial land is palpable, but restrictions on licenses keep growth in check.

Key Observations

Fort Collins goes a long way to ensure that residents opposed to marijuana businesses are not burdened or bothered by them. These efforts are evident in the city's advertising restrictions, cultivation requirements, and method of bringing issues to the Council. Overall, the thinking in Fort Collins is to keep marijuana compliant with an "out of sight, out of mind" philosophy. By tying the number of dispensaries allowed to the number of medical cardholders in the county, Fort Collins was able to balance allowing marijuana businesses, in compliance with the results of the initiative, with managing the number of businesses. When considering additional types of licenses, Fort Collins checks with the existing businesses on what licenses they need and only approves what is needed. Instituting a needs-based cap on businesses and only allowing the licenses that existing businesses need, the city is better able to manage industry growth.

Through appropriate preparation, task-specific staffing, collaboration, and bringing in outside help, Fort Collins was able to properly manage its in-demand marijuana industry without being overwhelmed, as well as cover a significant portion of the costs of regulating the industry.

Interviewee:

Ginny Sawyer, Policy & Project Manager

Endnotes

1 "Auraria crowd stands up for access to medical marijuana," Denver Post, May 6, 2016. https://www.denverpost.com/2009/07/20/auraria-crowd-stands-up-for-access-to-medical-marijuana/

2 See the Article XIV of the Fort Collins Municipal Code, which implements provisions of the Colorado Medical Marijuana Code (https://library.municode.com/co/fort_collins/codes/municipal_code?nodeId=CH15LIBURE_ARTXVIMEMA) and Article XVII, which implements provisions of the Colorado Retail Marijuana Code (https://library.municode.com/co/fort_collins/codes/municipal_code?nodeId=CH15LIBURE_ARTXVIIREMA_DIV3LIFEREPR_S15-617SIAD).

CASE STUDY:

Grover Beach, California

Grover Beach is a small bedroom community on California's Central Coast, located along the iconic Pacific Coast Highway 1 and U.S. Highway 101, halfway between San Francisco and Los Angeles. The seaside city, along with the neighboring cities of Pismo Beach and Arroyo Grande and the wineries of San Luis Obispo County, is a popular tourist destination.

The City of Grover Beach's initial efforts to regulate commercial cannabis activities trace back to late 2015, after the state passed a package of bills outlining new medical cannabis regulations. California local governments were under the direction from the state to pass land use regulations that regulated or prohibited commercial medical cannabis activities; if local governments did not do so, the state would become the sole licensing authority in that municipality. The ultimatum caused many local governments, including Grover Beach, to pass indefinite or permanent moratoriums on commercial medical cannabis activities by the state's March 1, 2016 deadline.

While the moratorium was in effect, the Grover Beach City Council directed City Manager Matthew

COMMUNITY PROFILE

Population (2017 Census Estimate): 13,628

Land Area (square miles): 2.3

Median Household Income: $58,895

Source: United States Census Bureau

Bronson and his staff to draft regulations and a proposed tax structure for the purpose of allowing commercial medical cannabis activities in the future. Such activities were seen by the City Council as an economic opportunity for the city in attracting private investment and providing additional jobs. The tax structure, which covered both medical and recreational cannabis businesses if also allowed by state and local laws, was approved by 70 percent of voters in November 2016—the same election in which the statewide proposition to legalize recreational use passed.

Regulation Development

Between November 2016 and May 2017, Grover Beach crafted broad regulations that would allow a wide range of commercial medical cannabis businesses in the city. Cannabis was on the agenda of multiple public workshops and approximately ten to fifteen planning commission and council meetings, drawing the largest turnout ever for a council meeting in January 2017. Public engagement has decreased substantially over time, even though the regulations established in May 2017 continue to be modified to reflect changes made at the state level and the needs of Grover Beach. While initial regulations were limited to commercial medical cannabis activities only, in May 2018 they were expanded to the recreational or adult-use market through a series of amendments ultimately approved on the council's consent agenda.

The city allows every type of commercial cannabis license including cultivation, processing/manufacturing, testing, distribution, and retail. All cultivation must be conducted in an enclosed indoor space; both outdoor and greenhouse cultivation are explicitly prohibited in Grover Beach given concerns about security and ensuring architectural compatibility with buildings in an industrial zone. (Other cities ban greenhouse cultivation due to operating hours enforcement and the potential for a dispute over the definition of a greenhouse.)

Like some other built-out or compact cities, Grover Beach chose to reduce certain sensitive-use setbacks—in this case, setbacks related to youth centers. This is because the state's default setbacks would have resulted in a de facto ban on commercial cannabis businesses, given the proximity of Grover Beach youth centers to industrial zones where cannabis businesses would otherwise be allowed. With local regulations still restricting cannabis businesses to industrial areas, the city felt comfortable in determining reasonable setback requirements to address community needs.

In addition to stringent cannabis-specific safety and security measures that exceed the state's requirements, Grover Beach mandates that commercial cannabis businesses make public improvement to their properties to meet code requirements, such as fixing curbs, sidewalks, and landscaping. This mandate is due to commercial cannabis businesses needing a discretionary use permit to operate in contrast to "allowed" uses that do not trigger the same level of code requirements. City Manager Bronson described these required improvements as an opportunity to "raise the bar" on the development standards and aesthetics of the city's industrial areas. Due to the strength of the retail applicants and stringent regulations, Grover Beach increased its original cap of two retail businesses set in May 2017 to a cap of four in December later that year. As of May 2018, the city has issued four retail permits and four manufacturing permits with several other manufacturing permits expected to be issued by mid-2018.

An Economic Development Opportunity

Grover Beach expects to be a production, distribution, testing, and retail hub for boutique cannabis products due to the city's available industrial land, proximity to major highways, and array of products already being produced in the area. With the opening of its first cannabis retail facility in May 2018, Grover Beach has the lone commercial cannabis location for well over one hundred miles.[1] It is anticipated to cause a significant increase in business from locals as well as tourists heading to the adjacent Pismo State Beach, many of whom are from the commercial cannabis-free California Central Valley.

"As a City Manager looking at economic development, I see the opportunity to create a cannabis ecosystem in our community given our unique niche in this field."

— Matthew Bronson

Grover Beach has made a market-based choice to embrace the commercial cannabis industry in a thoughtful and safe manner. Existing businesses in the city are generally supportive of the move to allow commercial cannabis development, but there have been impacts from this changing market condition. The intention to create a free and open market for commercial cannabis

Courtesy of Grover Beach

Opening day for Grover Beach's first retail cannabis establishment.

has caused land value in the industrial park area to rise, and the rent for existing business owners has risen with it. Some businesses have had to relocate to other parts of the city, and some have left Grover Beach entirely. Nevertheless, the city expects a significant overall net increase in the number of businesses, jobs, and tax revenues due to the influx of commercial cannabis.

The coastal California city will be looking to multiple metrics for judging the initial success of commercial cannabis, mainly tax revenue and the number of new businesses. Grover Beach's tax structure is a 5 percent-tax on gross retail receipts and 3 percent on gross receipts of manufacturers, distributors, and other commercial uses. It also includes a $5 per square foot tax on cultivation uses.

One of Grover Beach's objectives was to not tax cannabis businesses back into the underground economy. The 5 percent tax on gross retail receipts was originally 10 percent, as approved by the voters. The City Council lowered the rate in order to follow the general rule of thumb to not exceed a 30-percent effective tax rate on an industry. Total revenues from commercial cannabis businesses are forecast to climb from approximately $700,000 in the first fiscal year toward up to $1.5 million annually once the industry matures, which would equate to nearly 20 percent of the city's general fund. The city conservatively estimates the recent expansion to the adult-use market may yield a 25-percent increase in revenue.

Key Observations

Grover Beach moved forward with the intention of treating this industry as a major economic development opportunity. The relative equidistance between Los Angeles and San Francisco, lack of commercial cannabis activity in in the area, and available industrial land marked Grover Beach as an ideal location for commercial cannabis businesses to open distribution and manufacturing operations.

While motivated by economic development, the city's approach has been measured. Grover Beach has leveraged its industry assets to gain additional value from these businesses through required property improvements. At the same time, the city has continued to adapt its tax scheme to ensure the businesses aren't driven back underground.

It is also worth noting perhaps the biggest risk of making this industry part of an economic development strategy: it exists in the shadow of the federal government. Manager Bronson notes that any new or more aggressive enforcement has potential for a "chilling effect" on the industry both statewide and in Grover Beach. The inability of cannabis businesses to use the banking system, given federal restrictions, is also a continued challenge given the scale of the multi-billion-dollar cannabis industry.

Thus far, however, Grover Beach has instituted a thorough process to develop and tweak regulations that have helped the public and business community to buy in. The public has since complimented the city on how regulated the industry is, and as a result, has been supportive of its local growth. Evidence from this case and others suggests that starting with stringent regulations on commercial cannabis, and slowly relaxing them until the desired outcome is reached, is a more effective method than attempting to tighten already relaxed regulations.

Interviewee:

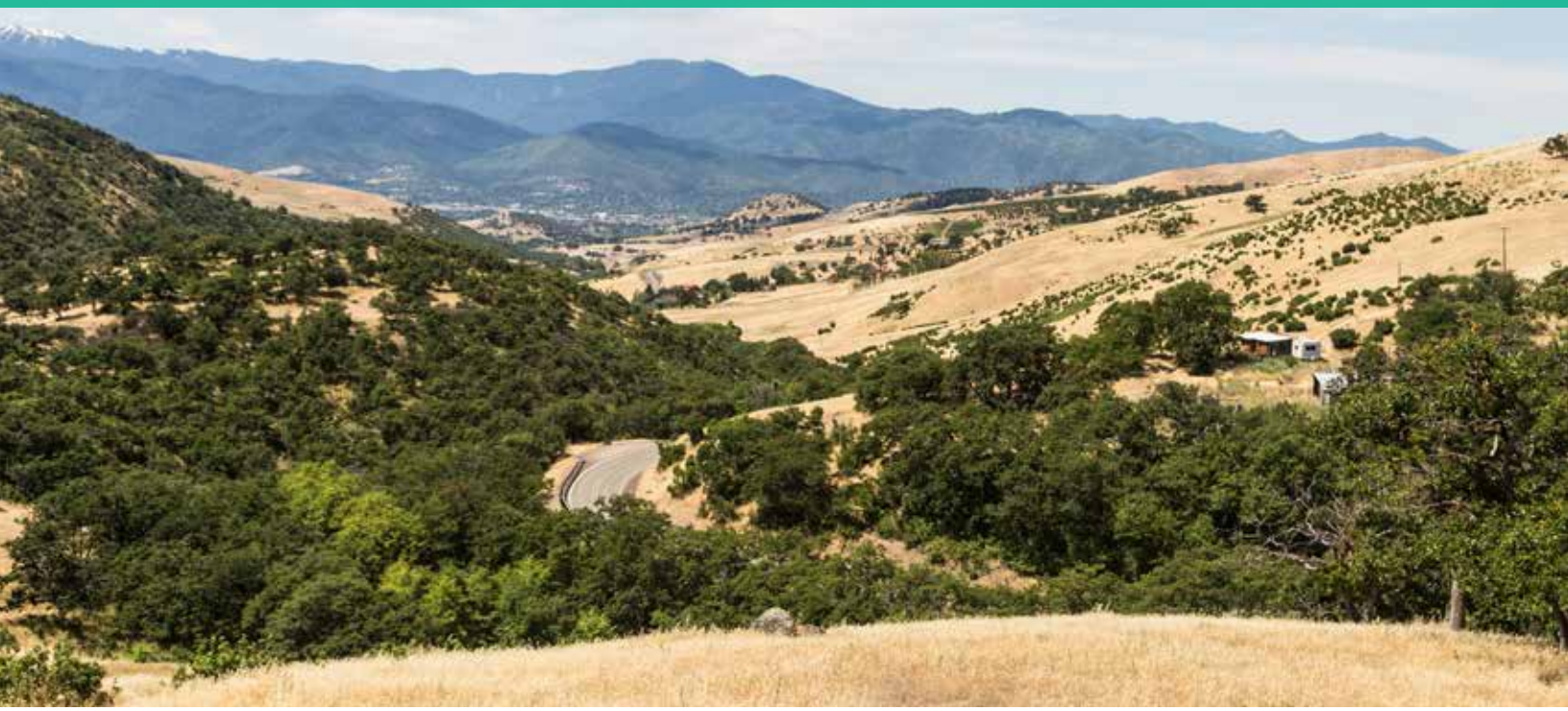
Matthew Bronson, City Manager

Endnotes

1 Monica Vaughan, Brad Branan, and Nathaniel Levine, "SLO county is a 'pot desert' now—but not for long. A dispensary will open soon," The Tribune, March 26, 2018. http://www.sanluisobispo.com/latest-news/article206482199.html

CASE STUDY:

Southern Oregon – Jackson County and City of Ashland



Oregon was the first state to decriminalize personal possession of marijuana in 1973, and its voters legalized medical marijuana cultivation and use in 1998 through the ballot with Measure 67. Multiple efforts to amend the state's medical and recreational marijuana policies were proposed—and generally defeated—in the subsequent two decades, but the dynamic changed in 2014. Citizen-initiated Measure 91, which passed with 56 percent of the vote, authorized the commercial production, sale, purchase, and possession of marijuana for adult recreational use. It delegated recreational marijuana oversight to the Oregon Liquor Control Commission (OLCC) but provided for local governments to establish reasonable restrictions on the time, place, and manner in which the industry could operate in their communities.

As illustrated by the following two cases, the implications for Oregon counties have been distinct from those of municipalities.

JACKSON COUNTY

Jackson County is a southwest Oregon county of 217,000 residents, home to numerous vineyards, campgrounds, and loggers. The county is part of the Southern Oregon American Viticultural Area and is an ideal environment for growing grapes.

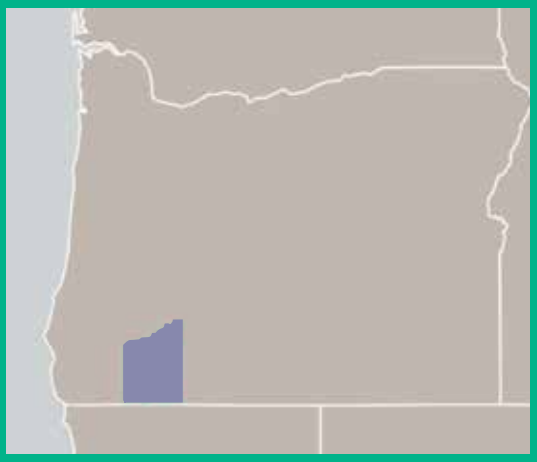
Oregon has a unique land use system designed to encourage development in incorporated cities and keep unincorporated county land for farm and forest uses. Since 1973, the state has maintained a progressive farmland protection program through which counties inventory, preserve, and appropriately zone their agricultural resource lands.[1] The state's Right to Farm Law affords further protections from nuisance charges or local restrictions to agricultural activity on land zoned for such use.[2] Measure 91 was amended by the state legislature in 2015 in an attempt to resolve uncertainty about whether cannabis cultivation is a protected agricultural activity and what types of regulations/restrictions local governments could implement. However, this created more questions than answers. Every local government now has its own regulations on production of marijuana; these can vary widely, which creates state-level enforcement hardships.

Jackson County's rural residential zoning already prohibited commercial agriculture, but Jackson County was progressive and quick in developing its own regulations for marijuana production, processing, and wholesale and retail sales.[3] The section added to its Land Development Ordinance in 2016 includes specifications on where marijuana activities can be sited, including buffering and fencing requirements; protections against nuisances such as odor or light pollution; and restrictions on hours of operation. Despite allowing most activities with appropriate regulations, the county has faced significant challenges in the face of legalization, largely tied to marijuana production.

Home to a number of vineyards and pear orchards in the area known as Rogue Valley, Jackson County has an ideal environment for agriculture.[4] Medford, the county seat, averages 195 sunny days and 52 days of precipitation per year.[5] The climate in Oregon, especially Jackson and Josephine counties, has attracted a large number of marijuana growers both before and after legalization. Jackson County alone produces over 100 tons of medical marijuana per year as tracked by the Oregon Health Authority; the OLCC does not yet have a complementary system to inventory recreational marijuana production.[6] Though legalization has driven up the value of private resource land, arable land, and current farmland that is usable for marijuana, growers are increasing in number, with over 1,000 licensed producers in the state, 203 of which are located in Jackson County. On the sales front, Jackson County has only 34 of Oregon's 550 licensed retailers and 15 of 124 its licensed wholesalers.[7]

Since marijuana cultivation was authorized in Jackson County, code and planning complaints have spiked dramatically. In the 2016 to 2017 period, the first full fiscal year since authorization, the county received 1,038 planning violation complaints and 425 code enforcement complaints—45 of which went all the way to a hearing, close to triple the normal level for the county. In the first 11 months of the 2017-2018 fiscal year, Jackson County received 649 planning violation complaints and 383 code enforcement complaints, according to Jackson County Development Services.

Three important caveats apply to these statistics on complaints: (1) enforcement is complaint-driven and all complaints are investigated; (2) complaints received related to marijuana cultivation in Jackson County are



COMMUNITY PROFILE

JACKSON COUNTY

Population (2017): 217,479

Land area (square miles): 2,783.5

Median Household Income: $46,343

Source: United States Census Bureau

Courtesy of Jackson County

Aerial footage of Jackson County cannabis farms.

largely attributed to unauthorized growing, not to cultivation that attempts to follow the established regulations; and (3) many residents are hesitant to send in complaints about illegal growing for fear of retribution, so it is believed issues may be under-reported.[8]

Common complaints deal with such issues as the following:

- Excessive use of water and light pollution
- Theft and safety concerns in/around grow sites
- Aesthetics, odor, and/or noise
- Traffic and speeding
- Unpermitted grading, structures, uses, and/or equipment.

The industry has left its mark on the landscape since legalization in other ways. Surveyors must reestablish government corners graded over by illegal growing; assessors have seen an uptick in applications for farming-related tax reductions; and the surveyor's and assessor's offices as well as the road department face new land access challenges now that unauthorized marijuana cultivation, previously hidden on public land, has migrated to private land. Time and resources required in following up on all of these issues and complaints are significant. Though the county receives a share of state revenue collected from the industry, that ratio is weighted toward the number of licenses rather than the canopy size.

Key Observations

Whether Jackson County could have avoided these challenges is impossible to say. Impacts are felt locally but largely require state-level solutions. Though increased foresight regarding the land use challenges specific to production would have been helpful, Oregonians ultimately advanced legalization, and Jackson County could not opt out of Measure 91 because less than 55 percent of voters opposed the measure. The county's local land use regulations address many of the problematic issues associated with illegal grow sites, providing a path to compliance, but the state's capacity for enforcement of licensed/unlicensed operations has been limited, constrained by the number of officers currently available to serve the region.

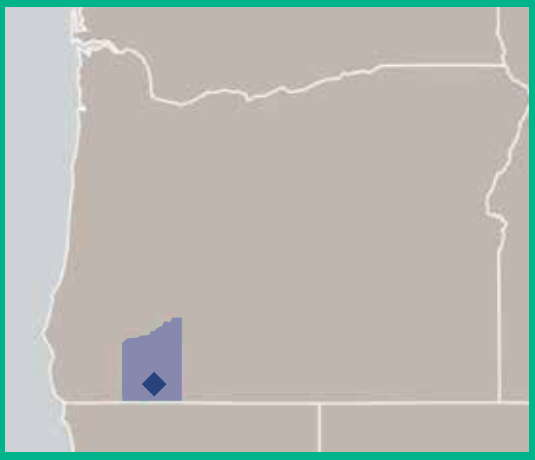
While the state's relatively young legal marijuana industry has yet to see a market correction, that may be about to change. Oregon producers and manufacturers may only sell legally in Oregon as federal law prohibits marijuana being transported or sold over state lines. The state reported that 550 tons of marijuana were produced in 2017, but just 170 tons were consumed.[9] The massive oversupply has led to a dramatic decrease in price, with a number of small-scale businesses folding and the OLCC temporarily halting new license applications while it catches up on those already in the pipeline.[10]

Each of Oregon's thirty-six counties faces a unique set of circumstances in regulating this issue, and Jackson County's experience is clearly influenced by its high desirability for marijuana cultivation. Because the marijuana supply chain is still restricted within legalized states' boundaries, it is useful to understand the challenges faced by supply centers.

ASHLAND, OREGON

Located sixteen miles north of the California border and at the southern end of the Rogue Valley, the City of Ashland is home to Southern Oregon University and just over 21,000 residents. Tourists regularly visit Ashland to enjoy its cultural and natural amenities, such as the Oregon Shakespeare Festival and Lithia Park.

Located within Jackson County, the City of Ashland also moved quickly in exercising its ability to enact local commercial marijuana regulations. Many of Ashland's regulations were proactively developed in anticipation of Measure 91's passage to ensure the city was poised to handle potential changes that might occur at the state level.



COMMUNITY PROFILE

CITY OF ASHLAND

Population (2017): 21,117

Land area (square miles): 6.59

Median Household Income: $47,314

Source: United States Census Bureau

Notably, Ashland addressed the ability to have a local tax on the marijuana industry. Measure 91 was expected to preempt local taxation of marijuana, limiting this ability to the state, but Ashland and other cities believed that local taxes would be grandfathered in if adopted prior to Measure 91's effective date.[11] The council approved a 10-percent tax on gross receipts from marijuana sales in August 2014.

Even earlier, in April 2014, the Ashland City Council approved a limited, temporary moratorium on the location and operation of medical marijuana dispensaries. State law already prohibited dispensaries from being located in residential zones, and Ashland's additional measure limited them from commercial/mixed use areas and bought the city time—approximately one year—to discuss potential longer-term regulations. In fact, the city lifted the moratorium just a few months later in August and passed permanent zoning requirements as well as time, place, and manner restrictions for dispensaries. Building on the state's buffering provisions, these zoning requirements further restricted dispensaries to strategic commercial/industrial locations in Ashland, required annual local permits, and addressed hours of operation and odor control.

Outdoor cannabis cultivation

Like many municipalities, determining the appropriate local regulations for marijuana dispensaries was a high priority. Ashland also accounted for concerns regarding cultivation, particularly in residential areas. Medical marijuana had been legally grown in Ashland for more than a decade, but recreational legalization was expected to increase interest and uncertainty around personal cultivation and provided an opportunity to review past and potential nuisance issues. After several months of meetings and gathering feedback from residents, the city established a set of regulations in January 2015 aimed at striking a balance between what the state had by then authorized and concerns raised by residents and staff. In the end, both indoor and outdoor cultivation were allowed in residential zones with limitations.

Commercial cultivation has been more of a wild card, as the city does not allow other forms of agriculture on commercial or industrial land. In its recommendations to the city council, the Ashland Planning Commission indicated concern about excessive use of electricity and water and about the long-term supply of commercial or industrial land versus job projections for this industry.[12] The city elected to test the waters on commercial indoor grow operations with a cap of 5,000 square feet, but thus far it has not approved any local permits.

Implementation

Voters in this progressive college town supported Measure 91 at a rate of 78 percent.[13]

Though Ashland was not alone in adopting a local tax scheme prior to Measure 91, the legality of these early regulations proved unclear. However, 2015 amendments to state law clearly authorized Oregon cities and counties to refer 3 percent of local taxes on recreational marijuana sales to their voters. Ashland's measure passed, and the council elected to dedicate those proceeds to an affordable housing trust fund. A guiding resolution directs marijuana tax revenue of up to $100,000 annually to the fund, though with the significantly reduced tax rate the actual contributions thus far have been modest. Ashland also receives a share of the state's marijuana revenue, which is earmarked for public safety expenses per state statute.

Ashland's regulations on residential cultivation limited the number and placement of plants grown outdoors. Recognizing that some would seek to supplement or substitute with indoor cultivation, the land use ordinance requires these activities to comply with building codes, to confine light and glare, and to not overtake residential structures as the primary use. As a further, more readily enforceable layer of protection, the city added a new residential tier to its municipal electric utility rates. The $0.125 rate applies to residential customer use of more than 5,000 kWh/month, effectively functioning as a penalty tier for extreme usage. (While not part of the original discussion, this measure also proved useful as Bitcoin mining grew in popularity throughout the region.)[14]

Tourism is a significant driver of the local and regional economy, and Interim City Manager Adam Hanks believes anecdotal indications of the marijuana industry's impact have been positive. A local ban on public smoking (tobacco-driven, but applicable to marijuana) in the downtown area curtails potential nuisance issues, and enforcement has been fairly routine. Hanks observed early signs of a niche market emphasizing a "craft" product, similar to the beer and wine industries, with tour operators designing regional experiences showcasing the local value-added food, wine, and marijuana producers.

Key Observations

Interim Manager Hanks feels Ashland was successful in its proactive approach to authorizing a legal marijuana industry within the city, and credits a collaborative effort by finance, administration, legal, and especially planning staff in navigating its approach.

Interviewees:

Danny Jordan, County Administrator, Jackson County
Adam Hanks, Interim City Manager, Ashland

Endnotes

1 Oregon Department of Land Conservation and Development, "DLCD Farmland Protection Program." https://www.oregon.gov/lcd/pages/farmprotprog.aspx

2 Oregon Department of Agriculture, "Land Use and Right to Farm." http://www.oregon.gov/ODA/PROGRAMS/NATURALRESOURCES/Pages/LandUse.aspx

3 Neighboring Josephine County did not disallow agriculture in rural residential zoning, creating a problem where marijuana farms started to open in rural neighborhoods. Josephine County attempted to disallow agriculture in rural residential zoning, and push the marijuana farms out, through an ordinance. This attempt was overturned by court, because the county failed to follow a procedure as the marijuana farms were grandfathered in. Josephine County is now attempting to eliminate marijuana farming within its jurisdiction through an injunction.

4 SouthernOregon.com, "Climate." http://www.southernoregon.com/southernoregonclimate/

5 Sperling's Best Places, "Medford, Oregon." https://www.bestplaces.net/climate/city/oregon/medford

6 Medical marijuana is regulated by the Oregon Health Authority, while recreational marijuana is regulated by the Oregon Liquor Control Commission. This causes the regulations and enforcement for both sectors to be inconsistent, regardless of the similarities of the products.

7 Oregon Liquor Control Commission, "Recreational Marijuana." http://www.oregon.gov/olcc/marijuana/Pages/default.aspx

8 Danny Jordan, Interviewed by Laura Goddeeris and Will Fricke, May 9, 2018

9 Marijuana Business Daily, "Oregon marijuana oversupply driving out small farmers, lowering prices," April 18, 2018. https://mjbizdaily.com/oregon-marijuana-oversupply-driving-out-small-farmers-lowering-prices/

10 Denton Record-Chronicle, "Glut of marijuana in Oregon is cautionary tale, experts say," May 31, 2018. https://www.dentonrc.com/ap/glut-of-marijuana-in-oregon-is-cautionary-tale-experts-say/article_3328b7ac-9e75-55ec-a645-e792fdb6d133.html

11 City of Ashland, "Marijuana in Ashland: What's next?" https://www.ashland.or.us/Page.asp?NavID=16515

12 City of Ashland, Council Communication, "Public Hearing on an Ordinance Amending Title 18 Land Use of the Ashland Municipal Code for Homegrown Marijuana and Marijuana-Related Businesses," December 1, 2015. https://www.ashland.or.us/SIB/files/120115_Homegrown_Marijuana_and_Marijuana_Businesses_CC.pdf

13 Jackson County Clerk, "Official Precinct Rpts 2-29 – Amended," November 24, 2014. http://jacksoncountyor.org/DesktopModules/EasyDNNNews/DocumentDownload.ashx?portalid=9&moduleid=5094&articleid=202397&documentid=197.

14 Shepherd, Katie, "Bitcoin Miners Are Flocking to Oregon for Cheap Electricity. Should We Give Them a Boost?" February 21, 2018. http://www.wweek.com/news/business/2018/02/21/bitcoin-miners-are-flocking-to-oregon-for-cheap-electricity-should-we-give-them-a-boost/

CASE STUDY:

Juneau, Alaska

Juneau is a rainy and temperate city, with its population largely located along the banks of the Gastineau Channel or in the Mendelhall Valley. Over one million tourists arrive in Juneau annually to visit the Mendenhall Glacier and surrounding landscape.

The Alaskan legal landscape and popular opinion regarding marijuana have fluctuated for over forty years. In 1975, the Alaska Supreme Court ruled that the personal use of a small amount of marijuana was constitutionally protected by the Alaskan Constitution's right to privacy clause.[1] In 1990, a passed ballot initiative recriminalized marijuana in the state, a law that was once again overturned by the courts, this time the Alaska Court of Appeals, in 2003. Just three years later, with Governor Frank Murkowski at the helm and emboldened by a political environment emphasizing "family values," the Alaska state legislature recriminalized marijuana, this time as a misdemeanor punishable by jail time.[2]

This law stood until the most recent marijuana ballot measure passed in November 2014, allowing possession of up to an ounce of marijuana and legalizing the commercial retail sale, manufacturing, testing, and

COMMUNITY PROFILE

Population (2017): 32,094

Land Area (square miles): 2701.93

Median Household Income: $87,436

Source: United States Census Bureau

cultivation of marijuana products.[3] This ballot initiative is seen as an attempt to regulate marijuana in a similar manner to alcohol. Juneau taxes retail marijuana at an 8-percent effective rate, with identical language and effective tax rate for alcohol sales. According to an analysis from Juneau's Marijuana Committee, an 8-percent tax rate would mean anywhere from $170,000 to $455,000 in revenue from the marijuana sales tax per year.[4]

Juneau's motivation for allowing commercial marijuana businesses in the city was twofold. The simplest reason is that voters wanted it. Officials also hold the belief that being overly restrictive would encourage black market sales.

After the 2014 ballot initiative was supported by 63 percent of Juneau voters, the City and Borough of Juneau immediately passed an eleven-month moratorium period on marijuana businesses; this was eventually extended to thirteen months to give time for a marijuana committee made up of assembly and planning commission members to work through the pending issues.[5] In this period, Juneau passed three ordinances: amending its indoor smoking ban to include marijuana, amending the "driving under the influence" definition to include marijuana, and amending the land use code to include regulations for marijuana businesses. Following the moratorium, Juneau passed additional regulations regulating marijuana oil extractions, allowing marijuana commercial business licenses, and requiring ventilation systems that prevent odor from being detected outside the premises.

One of the marijuana committee's key early decisions was to not cap the total number of licenses, effectively allowing the market to determine how many marijuana businesses Juneau could support. With this approach, it took about one year for the local market to approach equilibrium.

The next decision made was zoning for retail, manufacturing, and testing. Commercial property in Juneau is generally not in conflict with sensitive uses, leaving those categories of commercial marijuana businesses generally unrestrictive within commercial zoning. However, the governing body and community of Juneau struggled with zoning on cultivation. Commercial cultivation is permitted in large-lot rural residential zoning to supplement Juneau's limited industrial and commercial property. Local leaders cited strong citizen support of the state legalization measure in their decision.[6] Despite fears of unintentionally zoning cultivation out of the market by restricting it to only commercial and industrial zones, all current cultivation businesses are located in nonresidential zones by happenstance, without complaints from residents. Many residents feared an influx of crime surrounding new marijuana businesses, something that did not materialize. Nevertheless, Juneau may ultimately restrict cultivation in the residential zones in the future because of the evidence that it would not be a burden on the industry.

Cannabis product manufacturing

All cultivation in Juneau is indoors. The state of Alaska allows outdoor cultivation, though the climate and terrain are often less than ideal for it. Wide open spaces that are both suitable for large farms and far enough from residential areas are nearly nonexistent in Juneau. Outdoor or "sunlight" cultivators do exist in the Fairbanks area of the state, where the terrain and weather are far friendlier to outdoor crops.[7]

Alaska's state guidelines do not provide guidance on regulating onsite consumption of marijuana products. Juneau does not allow onsite consumption in an attempt to ensure its public smoking ban is not undermined. However, the city will be watching for state-level changes on the issue. In the future, there may be an opportunity to consider allowing sites with cultivation or manufacturing and onsite tasting, similar to many breweries and distilleries.

Early Issues

While Juneau does allow testing labs, none exist in Juneau due to the difficulties of traveling to and from the city. There are no roads that connect Juneau to the outside world; all travel takes place through air and sea, and all facets of marijuana in Juneau have some associated transportation issues. The retailers in Juneau all grow their own products, but the most convenient test-

ing facilities are in Anchorage, necessitating a ninety-minute flight.

That flight caused some minor problems. Alaska state troopers are under a directive to facilitate the intrastate transportation of marijuana and to make sure transporters follow the law. Early on and without direction from the state, Juneau local police were advising commercial pilots at the municipally-run airport about marijuana in their cargo as a professional courtesy, believing that it was appropriate to advise the pilots of the breach of federal transportation laws. The practice was ended after police determined that the notification was unnecessary and contradictory to the effort to regulate marijuana similar to alcohol.

Another early, unintended consequence of introducing a legal marijuana market was black-market sellers targeting tourists who passed by the marijuana retail storefronts after hours. Eventually, the problem was dealt with by the retail business owners who witnessed the problem on their security cameras, and the need for local police involvement was and remains minimal. With more urgent concerns related to opioids, methamphetamines, and heroin, enforcement of marijuana violations by the state and local police takes a back seat to the more serious drug use problems in Alaska.[8] Overall, the local police work well with the marijuana businesses and assist with maintaining successful best security practices, treating commercial marijuana like any other business.

Effects on Other Industries

One of Juneau's biggest economic drivers is tourism, with over one million cruise ship passengers visiting Juneau in 2017 to take in the glaciers and picturesque islands, as well as spend money at local businesses.[9] On any given day, tourists outnumber residents in Juneau's downtown area. An early concern was that some tourists would take the marijuana they buy to the parks, in violation of Juneau's public smoking ban. This concern did not end up materializing, either due to education about the public smoking ban or tourists being too busy with excursions.

Juneau has a medium-sized cadre of indoor vegetable growers, who do not appear to be affected by the marijuana growers. Marijuana growers tend to be more technology reliant and have more stringent security requirements, causing the overlap in desired properties and infrastructure to be minimal.

Key Observations

While Juneau proceeded with marijuana regulation primarily to implement the will of the people and reduce black market activity, several local economic development opportunities have emerged. Transportation challenges and the accompanying limited market potential have limited interest from nonresidents. As a result, the industry has provided a Juneau-centric business opportunity for local residents.

Juneau's unique situation has also resulted in locally anchored and vertically integrated supply chains. Local retailers and concentrate producers, who also double as cultivators, bring marijuana trim on their testing trips to Anchorage. The trim is then sold to Anchorage edibles manufacturers, of which there are none in Juneau, in return for credit that the visiting business owners put toward manufactured products to sell in Juneau.

Interviewee:

Rorie Watt, City Manager

Endnotes

1 Christopher Ingraham, "Alaska legalized weed 39 years ago. Wait, what?" The Washington Post, September 24, 2014. https://www.washingtonpost.com/news/wonk/wp/2014/09/24/alaska-legalized-weed-39-years-ago-wait-what/?noredirect=on&utm_term=.722b3ae4078c

2 Megan Edge and Laurel Andrews, "Timeline: notable moments in 40 years of Alaska's history with marijuana," Anchorage Daily News, April 13, 2014 (updated September 28, 2016). https://www.adn.com/cannabis-north/article/alaska-weed-history/2014/04/14/

3 "Ballot Measure No. 2-13PSUM, An Act to Tax and Regulate the Production, Sale, and Use of Marijuana." http://www.elections.alaska.gov/doc/bml/BM2-13PSUM-ballot-language.pdf

4 City and Borough of Juneau. "Potential 8% Sales Tax on Marijuana Retail Sales." https://packet.cbjak.org/AttachmentViewer.ashx?AttachmentID=5315&ItemID=2936

5 Office of the City Clerk, "CBJ Responds to Statewide Marijuana Initiative." https://www.juneau.org/beta_transfer/clerk/ASC/MARIJUANA/Marijuana_Committee.php

6 The City and Borough of Juneau Assembly, "Commercial Cultivation of Marijuana in Residential Zones," March 21, 2016. https://www.juneau.org/beta_transfer/clerk/ASC/MARIJUANA/documents/2016-03-22-Commercial_Cultivation_of_Marijuana_in_Residential_Zones.pdf

7 "Fairbanks famer prepares to grow cannabis," Anchorage Daily News, June 14, 2016. https://www.youtube.com/watch?v=mjUhWbN_a68

8 Rorie Watt, interviewed by Laura Goddeeris and Will Fricke, April 16, 2018

9 Cruise Lines International Association, "Cruise Visitor Outlook, Is Regional Planning Important?" February 14, 2018. https://www.dropbox.com/sh/kj55a7e6qdpa5gq/AABhD78QhmCp3ck-7gpTf6WCa/Feb%2014%202018/John%20Binkley?dl=0&preview=Southeast+Conference+Feb+2018+v+2-13-18.pptx#

CASE STUDY:

Kirkland, Washington

Kirkland is a large Seattle suburb on the shores of Lake Washington. It is the home of a Google campus, numerous beachfront activities, and nearly 90,000 residents. In 2010, Kirkland annexed unincorporated areas of King County, increasing its population by approximately 33,000.

In Washington, recreational marijuana was put on the ballot via initiative following an intense signature collection period. Initiative 502, which proposed to legalize adult recreational use of marijuana, was among a slate of hot-button issues and offices that drew 81 percent of the state's registered voters to the polls in November 2012, with 56 percent voting "yes."[1] In King County, where Seattle, Kirkland, and Issaquah are situated, 60 percent of voters supported the initiative.[2]

King County municipalities began to make decisions on whether to allow cannabis businesses within their borders during the thirteen-month statewide moratorium imposed by Initiative 502, which ended on December 1, 2013.[3] The state allowed for municipalities to "opt out" via an extended or permanent moratorium, and many took the opportunity to enact such a ban. This change forced the issue of cannabis sales and produc-

COMMUNITY PROFILE

Population (2017 Census Estimate): 88,630

Land Area (square miles): 17.82

Median Household Income: $95,939

Source: United States Census Bureau

tion in Kirkland, and the city council quickly decided against adopting a ban on commercial cannabis.

Community Concern

In Kirkland, support for the legalization of marijuana was even stronger than in the surrounding area, with Initiative 502 receiving a "yes" vote from 66 percent of voters. It also received bipartisan support from the city council, stemming mostly from a desire to eliminate unregulated black-market cannabis sales. The city council and administration interpreted the wide support from Kirkland voters for Initiative 502 as a sign to begin crafting new local regulations that would allow commercial cannabis in the city. However, they quickly learned that support for commercial cannabis in theory does not always translate to support in practice.

City staff initially proposed to treat commercial cannabis like any other commercial business. This philosophy was reflected in the first prospective zoning map and regulations developed, which proposed to allow cannabis production, processing, and retail businesses to locate anywhere the existing zoning standards would otherwise allow, save for the minimum buffers required by the Washington State Liquor and Cannabis Board and the state-imposed limit of four retail locations in the city. This map was met with strong opposition to prospective retail locations.

Chief among residents' concerns was the exposure children and teenagers would have to cannabis through legal storefronts. By treating cannabis retailers like other commercial businesses, initial draft regulations allowed for the prospect of having cannabis retailers located near or interspersed within residential areas. After listening to these concerns from residents, Kirkland opted to create retail cannabis buffers along designated school walk routes as well as near schools, limiting children and teenagers from passing by the businesses with regularity.[4]

The bans on commercial cannabis being imposed in surrounding municipalities created additional fears among some residents. They were afraid of becoming a "destination" for cannabis, with thousands from the surrounding municipalities coming to Kirkland solely to make purchases, a fear that thus far has not materialized. Similarly, many communities have concerns about a transient population arriving to set up shop in the commercial cannabis industry. In this case, those setting up commercial cannabis businesses were already residents of Kirkland and the surrounding area, including two Google employees who founded a cannabis retail shop as a side business.

"You cannot overestimate how much energy and concern there will be in the community over legalized marijuana….There is a lot more passion and concern in the community than we thought, so we spent a lot of time listening."

— Kurt Triplett

Like other municipalities, Kirkland residents showed the highest interest in attending city council hearings in recent memory during the debate period for legal commercial cannabis. However, most were prevented from speaking because of standard time limitations on public comment during Kirkland City Council hearings.[5] As a complement to the formal deliberation process, the city manager's office, city council, and the planning director made a dedicated effort to engage with community members and talk through their concerns. A series of incremental changes made to the local regulations confirmed that residents' input was being taken seriously and helped to dissipate fears following implementation.

Public Safety

Perhaps the biggest issue as Kirkland debated commercial cannabis was the fear of additional public safety concerns created by these businesses, including their cash-based nature. Kirkland's police department reached out to colleagues from similar-sized jurisdictions in Colorado, where commercial cannabis had been up and running for over a year, to ask them for advice and evidence regarding adverse public safety effects. Their colleagues found that with common sense safety regulations, the commercial cannabis businesses seemed to add no additional public safety issues to the area.

The general opinion of the Kirkland Police Department (KPD) on commercial cannabis could be characterized as "skeptical" at the beginning of the debate period. Many rank-and-file officers were not supportive of the move to legalize commercial cannabis in Kirkland, but the prospect of an effective mechanism to do away with the local black market was attractive. When commercial cannabis businesses became legal, the KPD was instructed by the Kirkland administration to avoid "de-policing" cannabis as whole and looking the other

Cannabis products for sale

way on all activity, rather than appropriately enforcing control of the legal and illegal markets.

Current Landscape

The Washington State Liquor and Cannabis Control Board's database includes eleven records of administrative violations issued in Kirkland since 2015, most of which are related to product traceability, packaging, or advertising; two instances of sales to minors were cited.[6]

While public safety statistics since legalization have not caused significant concern, the traffic and parking demands associated with retail cannabis businesses have been slightly higher than the city anticipated.

Key Observations

Kirkland's work to legalize commercial cannabis locally illustrates the challenges of translating theory into practice.

Kirkland's residents, while supportive of legalizing commercial cannabis at the ballot box, were hesitant to embrace actual implementation of this new policy. Other communities would be wise to anticipate time for honest and open conversation with residents about their expectations and what changes they are comfortable with. Kirkland feels that the effort from the planning director, manager's office, and council to engage with and listen to community members outside regular meetings went a long way to unpacking the cognitive dissonance surrounding legal cannabis.

As the process continued, Kirkland continued to modify regulations based on local feedback and conditions. As a strategy to keep commercial retail cannabis businesses "out of sight and out of mind" with respect to children and teenagers, Kirkland opted to expand the sensitive use buffers required by Washington to include walk routes leading to its schools.

City Manager Kurt Triplett feels that his community benefited from the state-imposed, year-long moratorium. This process allowed Kirkland to have a lengthy research and review process for developing its new ordinances. Other app-era services, like Airbnb, have caused disruption and confusion in some communities without ample time to prepare for them. Washington avoided this problem with commercial cannabis due to the required moratorium following the November 2012 initiative. Industry proponents may argue otherwise, but evidence from Kirkland and other communities suggests there are benefits in taking time to phase in change, either through a self-imposed moratorium, trial periods with sunset provisions, and/or other measures ensuring regular monitoring and revisiting of how this emergent industry functions in a community.

Interviewee:

Kurt Triplett, City Manager

Endnotes

1 Office of the Secretary of State, "Gregoire and Reed certify 2012 election, including marriage and marijuana laws," December 5, 2012. https://www.sos.wa.gov/office/news-releases.aspx#/news/1065

2 Office of the Secretary of State, "November 06, 2012 General Election Results." November 27, 2012. https://results.vote.wa.gov/results/20121106/Initiative-Measure-No-502-Concerns-marijuana_ByCounty.html

3 State of Washington, "Initiative Measure No. 502," filed July 8, 2011. https://sos.wa.gov/_assets/elections/initiatives/i502.pdf

4 Raechel Dawson, "Kirkland imposes new temporary marijuana zoning regulations," Kirkland Reporter, March 19, 2014. http://www.kirklandreporter.com/news/kirkland-imposes-new-temporary-marijuana-zoning-regulations/

5 Only three speakers are permitted on each side of an issue; that is, three may speak on the pro side of an issue and three may speak on the anti side. To show their support in another way, proponents of legal commercial cannabis distributed supportive t-shirts to their supporters, causing the hearings to be the most colorful in recent memory as well as the most popular.

6 Washington State Liquor and Cannabis Board, "Violations Dataset," June 21, 2018. https://data.lcb.wa.gov/dataset/Violations-Dataset/dx3i-tzh2

CASE STUDY:

Pacifica, California

Pacifica is a seaside San Francisco suburb of nearly 40,000 residents. Lying on the Pacific Ocean side of San Mateo County, Pacifica is a popular surfing and hiking destination.

Cannabis legalization had overwhelming support from Pacifica residents as well as from the city council. The council acted swiftly in March 2017 to begin the process of allowing cannabis businesses in the city, holding a joint study session with the Pacifica Planning Commission. This study session was followed by planning commission and council meetings, which provided direction regarding the authoring of the ordinances that would allow commercial cannabis operations in Pacifica.

The ordinances, which were adopted in July 2017, would be triggered by the passing of a local excise tax on the gross receipts of cannabis sales. Seventy-nine percent of voters voted in favor of the tax, enacting the ordinances to allow legal cannabis operations.[1]

Pacifica decided to allow retail, manufacturing, and testing businesses, but decided against allowing commercial cultivation in the city. Unlike its neighbor to the south, Half Moon Bay, Pacifica does not have greenhouses or agricultural business infrastructure. Outdoor cultivation of any significant scale would have been inconsistent with the suburban character of the city.

COMMUNITY PROFILE

Population (2017): 39,087

Land Area (square miles): 12.66

Median Household Income: $103,545

Source: United States Census Bureau

The Ordinances

Pacifica has two ordinances regulating cannabis operations. The first is a public safety ordinance, administered by the Pacifica Police Department, which governs the operation and licensing of cannabis businesses, requires background checks of owners and employees, and includes other safety requirements such as technological and physical security systems. It also includes provisions to curb nuisances such as loitering.

Pacifica's ordinances are stringent with respect to nuisance effects, with applicants required to prove that their business will not be a nuisance.

The second ordinance governs the cannabis zoning regulations in Pacifica. The city created five overlay districts for retail cannabis businesses: Fairmont, Linda Mar, Park Pacifica, Rockaway Beach, and Sharp Park. Each overlay district is limited to two retail businesses, and in total no more than six retail businesses are permitted in the city.[2] Pacifica set these limitations due to concerns about overconcentration, particularly in economically depressed areas. Cannabis testing and manufacturing businesses are not restricted to the overlay districts; those businesses are allowed within certain existing commercial zones. Pacifica also reduced one of the state's default sensitive use setbacks, from 600 feet to 200 feet for day care centers, because that setback was perceived as overly restrictive. Finally, the ordinance clarified local regulations for personal cultivation, including a prohibition on the use of artificial light for plants grown outdoors.

Together, these ordinances created a four-phase process for establishing cannabis businesses in Pacifica, involving a license and land use entitlement:

1. Public safety license applications are submitted to the police department for review.
2. Security plans are submitted to the police department for review.
3. Use permit applications are submitted to the planning department for review and public hearing with the planning commission.
4. The police chief issues licenses after confirming compliance with preceding steps.

Pacifica launched this process directly after the enactment of the ordinances following the November 2017 election, when the local excise tax was passed. The local tax, initially set at 6 percent of gross receipts for the first two years, was projected by city staff to generate $420,000 in the industry's first full year of operation. Council retained the option to decrease or increase the rate up to 10 percent after two years.[3]

Upon launch of the licensing process, the city received over thirty applications for cannabis businesses.

Public Safety

While Pacifica has had illegal medical cannabis dispensaries operating since 2010, calls for service regarding illegal cannabis were few. The illegal establishments likewise were not a burden on law enforcement. However, those establishments did not report burglaries and other crime on their property due to the risk of facing charges themselves. With legalization, the now-legal businesses follow common sense safety regulations while falling under the protection umbrella of the Pacifica Police Department.

"Changes in culture statewide have caused a paradigm shift in the way cities and law enforcement are approaching decisions regarding cannabis businesses. Our community and council have expressed their desire for this program to exist in Pacifica. It is our job to administer the program in a way that promotes safety and fosters a positive and collaborative relationship with cannabis business owners."

— Dan Steidle

Key Observations

The city reached out for assistance and examples of how to regulate its cannabis industry. It looked to large cities in the area such as San Francisco, Berkeley, and Oakland, but the beach town nature and lack of a large commercial sector in Pacifica made comparisons difficult. A more beneficial route was working with experienced consultants on the business aspects of regulations.

Interviewees:

Lorenzo Hines, Assistant City Manager, Tina Wehrmeister, Planning Director, Dan Steidle, Chief of Police

Endnotes

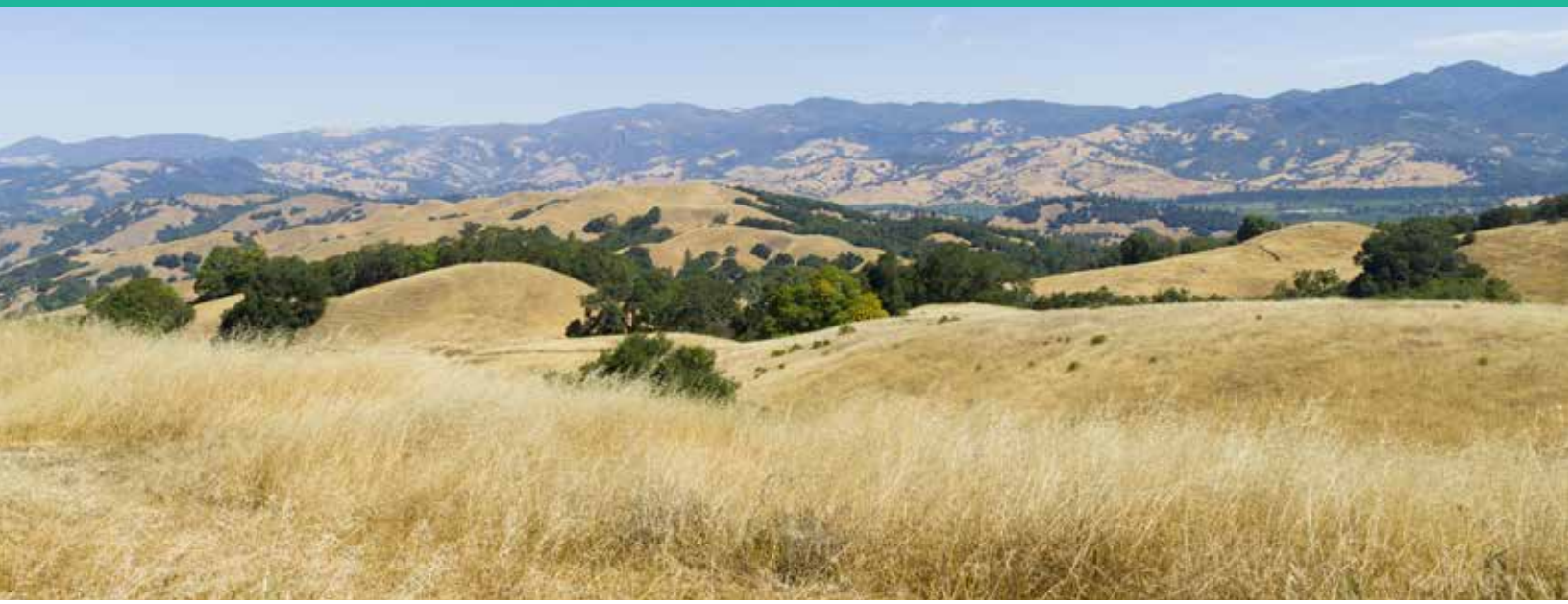
1 County of San Mateo, Assessor-County Clerk-Recorder & Elections, "November 7, 2017 Consolidated Municipal, School, and Special District Election." https://www.smcacre.org/post/november-7-2017-0

2 Municipal Code, Article 17.5 "MO Marijuana Operation Overlay District." https://library.municode.com/ca/pacifica/codes/code_of_ordinances?nodeId=TIT9PLZO_CH4ZO_ART17.5MOMAOPOVDI_S9-4.1753OVDICR

3 Municipal Code, Article 17.5, Sec. 9-4.1753, "Overlay districts created." http://www.cityofpacifica.org/civicax/filebank/blobdload.aspx?BlobID=12901

CASE STUDY:

Santa Rosa, California



Santa Rosa is the largest city in Sonoma County and California's Wine Country. The city is known for its diversity, with a large Mexican-American and LGBT community. In October 2017, severe wildfires destroyed thousands of homes in Santa Rosa.

History/Background

Medical cannabis dispensaries have been allowed in Santa Rosa since 2005, but other aspects of the cannabis industry were only authorized in early 2016. Prior to the passage of Proposition 64 in California, the Santa Rosa City Council authorized the licensing of medical cannabis cultivation, manufacturing, testing, and distribution.

Santa Rosa was ahead of the curve with respect to California municipalities, making it clear after the passage of Proposition 64 that it wanted to broadly allow commercial cannabis businesses. City officials recognized the cannabis industry was already operating in Santa Rosa, both through black market activity and the "gray market" state-sanctioned medical dispensaries that operated without local input. In legitimizing the industry, the Santa Rosa City Council and administration saw an opportunity to ensure compliance with

COMMUNITY PROFILE

Population (2017): 175,269

Land Area (square miles): 51.29

Median Household Income: $62,705

Source: United States Census Bureau

"It was important to have a clear direction from the council on what the approach was going to be."

— Sean McGlynn

permitting, planning, and public safety standards and to create a revenue stream for the city. The city also reasoned that any part of the industry not officially permitted would continue to operate in Santa Rosa without regard for negative externalities, hence their decision to allow all elements of the supply chain from cultivation through retail sales.

Process and Regulations

"Bring certainty to a very uncertain landscape" was a driving philosophy in Santa Rosa's efforts to carefully and thoughtfully regulate the commercial cannabis industry. The city council—leaning on its background in public safety—prioritized developing a path to compliance and building trust between the community and the industry.

"The motivation was to get more people to be compliant so that they could be legitimate. We could tax it, and actually make it part of our community."

— Clare Hartman

City staff and the City Council's Cannabis Policy Subcommittee members were tasked with learning all they could about the cannabis industry and its potential effects on infrastructure, health, services, and more. Setting up an interdepartmental work team, staff reached out to their counterparts in other communities in Colorado, Oregon, and Washington with experience in regulating cannabis. But as an early community to opt-in on legal cannabis, Clare Hartman, Santa Rosa's deputy director – planning, acknowledged that "we were building the program as it was happening to us."

Over the course of two years, Santa Rosa administrative and planning staff took time to attend community and neighborhood meetings in order to address concerns over specific land use permitting for cannabis businesses. The presence of former Santa Rosa Police Chief Tom Schwedhelm and Cannabis Policy Subcommittee member Ernesto Olivares, a former Santa Rosa police lieutenant, likely helped some residents feel more comfortable that the public safety aspect of cannabis businesses was being considered. Council took

Cannabis oil

up the issue at more than twenty full or subcommittee meetings and implemented a series of interim regulations before finally passing a comprehensive ordinance in early 2018. When it finally came up for public hearing, the pressing issues had been thoroughly discussed between residents and administrators, leading to an undramatic and anti-climactic vote.

Santa Rosa favored a transparent approach and decided against administratively approved permits for most cannabis businesses. Instead, it opted to issue use permits through a process requiring public notices and, in many cases, public hearings and action by the planning commission. It allows cannabis businesses to be located in the same areas as their non-cannabis counterparts. Recognizing additional concerns associated with cannabis, including those gathered from public outreach, the city was proactive in layering additional regulations related to security protections, standards to prevent odor, and sensitive use setbacks. While public interest has been piqued by businesses proposed in close proximity to residential areas, these regulations have generally provided sufficient assurances to neighborhoods' nuisance concerns.

Growing a Compliant Industry

Thus far, Santa Rosa has approved over forty land use permits for cannabis cultivation (indoor only, including greenhouses), manufacturing, testing, distribution, and medical retail businesses. Commercial retail applications were accepted in April 2018 and will proceed through the evaluation and conditional use permit process through the rest of the year. There is no explicit limit on the number of cannabis business licenses, though 600-foot setback requirements for cannabis

retail businesses to prevent over-concentration and buffer sensitive uses implicitly cap that sector.[1]

Many manufacturers of cannabis products were already operating in Santa Rosa when the city began creating its cannabis land use regulations and licensing the industry. The pre-existing businesses were often not operating in appropriate areas, such as in residences or in residential zones. Many have since found legitimate and licensed locations, and some existing businesses partnered to share the cost of moving and licensing. Providing a path to compliance has also enabled the city to learn more about the industry's operators, which notably include a share of single, female head-of-households.

Absent an explicit cap, the market for appropriate commercial and industrial land has proved to be a challenge for cannabis businesses in Santa Rosa, which compete against each other as well as with complementary boutique tourism industries such as breweries and wineries. Industrial land vacancy rates have dropped from 12.2 percent in 2014 to 4.6 percent in 2017.[2] But Santa Rosa is wary of letting cannabis businesses dominate its economy, as the region is in the process of rebuilding from the recent wildfires, and the city wants to ensure space for contractors and specialty trades, among many other industries. The city convenes an interdepartmental follow-through program to monitor the cannabis industry's growth and consider potential interventions in response to local effects or modifications to the state law.

Though Santa Rosa regulations intentionally direct commercial cannabis businesses away from residential land, the abundance of cannabis cultivation in the region is causing problems for law enforcement. Between February and May 2018, multiple home invasions took place in Sonoma County, including two in Santa Rosa. These crimes target private residences that legally grow cannabis for personal use, which are not required to follow the strict security regulations that licensed cannabis businesses abide by. Law enforcement believes the illegality of cannabis on the east coast and the resulting high street value is at the root of the problem.[3]

Key Observations

Santa Rosa believes that its permissive early approach was the correct one. Observations of other jurisdictions showed that a piecemeal approach, prohibiting certain sectors of the cannabis industry while allowing others, was ineffective in quelling the problem of black market businesses. Preferring to allow the industry to operate and regulate it led the city to permit indoor/greenhouse cultivation despite limited presence of any other agricultural activity within city limits.

Staff credit the council for its clear direction regarding a path to compliance, which provided the motivation and resources necessary to coordinate across diverse stakeholders, including an industry not accustomed to working with government. This process opened up opportunities to build trust and navigate ambiguity around public safety and code enforcement.

Other communities in the region have followed suit. Cloverdale, Cotati, and Sebastopol, incorporated cities with populations of 8,618, 7,265, and 7,379, respectively, decided to allow commercial cannabis activities such as cultivation and manufacturing after observing Santa Rosa and having conversations with Santa Rosa planning staff; like Santa Rosa, these communities have the intention of benefiting through regulatory control of commercial cannabis and associated tax revenue.

Interviewees:

Sean McGlynn, City Manager
Clare Hartman, Deputy Director - Planning

Endnotes

1 City of Santa Rosa, "Cannabis FAQ's: Distance to School." https://srcity.org/DocumentCenter/View/18731/Distance-to-school

2 City of Santa Rosa Planning & Economic Development, "Cannabis Permitting Update," January 12, 2018. https://srcity.org/DocumentCenter/View/18714/2018-01-12-Cannabis-Permit-Activity-Update

3 "Sonoma sees spate of marijuana-related home invasions," The Mercury News, May 4, 2018. https://www.mercurynews.com/2018/05/04/sonoma-county-sees-spate-of-marijuana-related-home-invasions/

About the Authors

Laura Goddeeris, AICP, oversees ICMA's applied research on local government practices, programs, partnerships, and policies as Director of Survey Research. Prior to joining ICMA, she gained over a decade of experience in research, outreach, and program administration around issues of community and economic development, local and regional food systems, and transportation science. While based in Michigan, she also worked closely with municipal staff for years as chair of her local planning commission and community development advisory committee. Laura holds a Master's in Urban Planning and Policy from the University of Illinois at Chicago.

Will Fricke is member of ICMA's Research and Policy Team, carrying out research projects and survey research. His work covers a wide array of topics such as service delivery, land use, and form of government. Will is a graduate of the University of Connecticut.

INTERNATIONAL CITY/COUNTY MANAGEMENT ASSOCIATION
777 N. Capitol St. NE, Ste. 500, Washington, DC 20002
202.962.3680 | 202.962.3500 (f) | icma.org

MUNICIPALITY	BODY	MOST RECENT ACTION	DATE OF ACTION	POSITION	TAX
Willow Springs	**Board of Trustees**	**Prohibited**	**8/15/2019**	**Prohibit**	**N/A**
La Grange Park	Board of Trustees	First Steps Consideration	8/27/2019	Prohibit	N/A
Oak Brook	**Plan Commission**	**Prohibited**	**9/16/2019**	**Prohibit**	**N/A**
Hinsdale	**Board of Trustees**	**Prohibited**	**9/17/2019**	**Prohibit**	**N/A**
Willowbrook	**Board of Trustees**	**Permitted as Special Use**	**9/23/2019**	**Permit**	**3.0**
Clarendon Hills	**Board of Trustees**	**Prohibited**	**10/7/2019**	**Prohibit**	**N/A**
Darien	Plan Commission	First Steps Consideration	10/7/2019	Permit	
Westmont	Plan Commission	First Steps Consideration	10/9/2019	Permit	
La Grange	Board of Trustees	Prepare Ordinance	10/14/2019	Prohibit	N/A

MUNICIPALITY	BODY	MOST RECENT ACTION	DATE OF ACTION	POSITION	TAX
Villa Park	**Board of Trustees**	**Permitted as Special Use**	**2/11/2019**	**Permit**	**3.0**
Lake Forest	**Board of Trustees**	**Prohibited**	**7/1/2019**	**Prohibit**	**N/A**
South Elgin	Board of Trustees	First Steps Consideration	7/16/2019	Permit	
Carol Stream	Board of Trustees	First Steps Consideration	8/5/2019	None	
Grayslake	**Board of Trustees**	**Prohibit Until 1/1/2021**	**8/6/2019**	**Prohibit**	**N/A**
Highland Park	**City Council**	**Taking No Action**	**8/12/2019**	**Permit**	
Park Ridge	City Council	Prepare Ordinance	8/12/2019	Prohibit	
Arlington Heights	Board of Trustees	First Steps Consideration	8/13/2019	Permit	
Wauconda	Board of Trustees	First Steps Consideration	8/13/2019	Permit	3.0
Bolingbrook	**Board of Trustees**	**Prohibited**	**8/13/2019**	**Prohibit**	**N/A**
Addison	Plan Commission	Prepare Ordinance	8/14/2019	Permit	
Frankfort	**Board of Trustees**	**Prohibited**	**8/19/2019**	**Prohibit**	**N/A**
Rolling Meadows	City Council	Petition by Private Party	8/20/2019	Permit	
Des Plaines	City Council	Direct to Plan Commission	9/3/2019	None	
Oswego	Board of Trustees	First Steps Consideration	9/3/2019	Permit	3.0
Lincolnwood	**Board of Trustees**	**Permitted as Special Use**	**9/3/2019**	**Permit**	**3.0**
Naperville	**City Council**	**Prohibited**	**9/3/2019**	**Prohibit**	**N/A**
Riverside	**Board of Trustees**	**Permitted**	**9/5/2019**	**Permit**	**3.0**
Bloomingdale	**Board of Trustees**	**Prohibited**	**9/6/2019**	**Prohibit**	**N/A**
DeKalb	City Council	First Steps Consideration	9/9/2019	Permit	
DuPage County	County Board	First Steps Consideration	9/10/2019	None	
Glen Ellyn	Board of Trustees	First Steps Consideration	9/10/2019	None	
Oak Brook Terrace	**City Council**	**Permitted**	**9/10/2019**	**Permit**	**3.0**
Homer Glen	**Board of Trustees**	**Taking No Action**	**9/11/2019**	**None**	**N/A**
Oak Park	**Board of Trustees**	**Permitted as Special Use**	**9/16/2019**	**Permit**	**3.0**
Lake Zurich	**Board of Trustees**	**Prohibited**	**9/16/2019**	**Prohibit**	**N/A**
Winthrop Harbor	**Board of Trustees**	**Permitted**	**9/17/2019**	**Permit**	
Downers Grove	**Board of Trustees**	**Prohibited**	**9/17/2019**	**Prohibit**	**N/A**
Lombard	**Board of Trustees**	**Permitted as Perm/Sp Use**	**9/19/2019**	**Permit**	**3.0**
Libertyville	Plan Commission	First Steps Consideration	9/23/2019	None	
Westchester	**Board of Trustees**	**Prohibited**	**9/24/2019**	**Prohibit**	**N/A**
Highwood	**Board of Trustees**	**Permitted as Special Use**	**10/1/2019**	**Permit**	**3.0**
Buffalo Grove	Board of Trustees	First Steps Consideration	10/2/2019	None	
Woodridge	Board of Trustees	First Steps Consideration	10/3/2019	None	
Deerfield	Plan Commission	First Steps Consideration	10/7/2019	Permit	3.0
Glencoe	Plan Commission	First Steps Consideration	10/7/2019	Permit	
Wheaton	**City Council**	**Prohibited**	**10/7/2019**	**Prohibit**	**N/A**
Orland Park	**Board of Trustees**	**Prohibited**	**10/7/2019**	**Prohibit**	**N/A**
Plainfield	**Board of Trustees**	**Prohibited**	**10/7/2019**	**Prohibit**	**N/A**
Lisle	**Board of Trustees**	**Prohibited**	**10/7/2019**	**Prohibit**	**N/A**
St. Charles	City Council	First Steps Consideration	10/8/2019	Permit	3.0
Niles	Board of Trustees	Prepare Ordinance	10/8/2019	Permit	3.0
Evanston	City Council	First Steps Consideration	10/14/2019	Permit	
Lake in the Hills	Plan Commission	First Steps Consideration	10/14/2019	Permit	2.0
Lake Bluff	**Board of Trustees**	**Prohibited**	**10/14/2019**	**Prohibit**	**N/A**
Northbrook	Plan Commission	Petition by Private Party	10/15/2019	Permit	
Bartlett	Board of Trustees	Prepare Ordinance	10/15/2019	Permit	
Winnetka	**Board of Trustees**	**Prohibited**	**10/15/2019**	**Prohibit**	**N/A**
Hoffman Estates	Board of Trustees	Prepare Ordinance	10/15/2019	Permit	
Bannockburn	Board of Trustees	Prepare Ordinance	10/15/2019	Prohibit	
Winfield	Board of Trustees	Direct to Plan Commission	10/16/2019	None	
Aurora	City Council	Prepare Ordinance	10/22/2019	None	
Warrenville	City Council	First Steps Consideration	10/24/2019	None	
Brookfield	Plan Commission	First Steps Consideration	10/24/2019	Permit	3.0

Permit - 29 Prohibit - 23 None - 11

From: Janet Kowal
To: Janet Kowal
Subject: Special Town Hall Board Meeting - Cannabis Discussion
Date: Wednesday, October 16, 2019 11:31:01 AM
Attachments: Town Hall Cannabis.pdf

Good morning!

The Village of Burr Ridge has called a Special Town Hall Board Meeting regarding the topic of recreational sales of Cannabis in the Village. This meeting will be held on Monday, October 21 at the Police Station, beginning at 7:00 p.m.

In an effort to reach as many Burr Ridge residents as possible, I'm asking that you please pass on the attached informational flyer to your Homeowner Association Members through your distribution channels.

This is a very important meeting, as the Board may vote that evening to either allow or deny the sales of recreational cannabis in the Village. We would like as much input on this decision as possible.

Thank you for your assistance with this matter.

Janet Kowal

Janet K. Kowal
Communications and Events Coordinator
Village Of Burr Ridge
7660 County Line Road
Burr Ridge, IL 60527
Email: jkowal@burr-ridge.gov
Phone: 630-654-8181, ext. 2120
www.burr-ridge.gov

From:	Kristy Tramontana
To:	Douglas Pollock
Cc:	Evan Walter; Janet Kowal
Subject:	RE: Please forward
Date:	Wednesday, October 16, 2019 9:24:52 AM

Hi Doug:

I have forwarded it to the property managers for each association.

Thanks,

Kristy Tramontana, CCIM, RPA
Senior Asset Manager
Edwards Realty Company
701 Village Center Drive
Burr Ridge, IL 60527
P-(630) 654-2782
kristy@edwardsrealtyco.com

From: Douglas Pollock <DPOLLOCK@BURR-RIDGE.GOV>
Sent: Wednesday, October 16, 2019 9:11 AM
To: Kristy Tramontana <kristy@edwardsrealtyco.com>
Cc: Evan Walter <EWalter@burr-ridge.gov>; Janet Kowal <jkowal@burr-ridge.gov>
Subject: Please forward

Kristy,

As per our discussion, please forward the attached to the Homeowners Association representatives in the Burr Ridge Village Center.

Thanks for your assistance,

Doug Pollock, AICP
Village Administrator
Village of Burr Ridge
(630) 654-8181, Ext. 2000

From: Monika Krupa
To: Janet Kowal
Subject: RE: Special Town Hall Board Meeting - Cannabis Discussion
Date: Wednesday, October 16, 2019 1:45:54 PM
Attachments: image001.png

Janet, thank you for forwarding.
I posted on the website and triggered an announcement to all registered homeowners and will forward to Board.

Oct 21, 2019 07:00 pm
Village of Burr Ridge - Special Town Hall Board Meeting

The Village of Burr Ridge has called a Special Town Hall Board Meeting regarding the topic of recreational sales of Cannabis in the Village. **This meeting will be held on Monday, October 21 at the Police Station, beginning at 7:00 p.m.**

In an effort to reach as many Burr Ridge residents as possible, I'm asking that you please pass on the attached informational flyer.

This is a very important meeting, as the Board may vote that evening to either allow or deny the sales of recreational cannabis in the Village. We would like as much input on this decision as possible.

Thank you for your assistance with this matter.

Distribution requested by Communications and Events Coordinator, Village Of Burr Ridge

Monika Krupa

Town Hall Cannabis.pdf
94.21 kB

Monika Krupa, CMCA, AMS
Community Association Manager
Associa Chicagoland
24012 West Renwick Road #220
Plainfield, Illinois 60544
847-490-3833 Main Office Phone
847-882-8207 Customer Care
847-490-9807 Fax
Associa® – *Delivering unsurpassed management and lifestyle services to communities worldwide.*

From: Janet Kowal <jkowal@burr-ridge.gov>
Sent: Wednesday, October 16, 2019 11:31 AM
To: Janet Kowal <jkowal@burr-ridge.gov>
Subject: Special Town Hall Board Meeting - Cannabis Discussion

[EXTERNAL EMAIL] This email originated from outside of Associa.

Good morning!

The Village of Burr Ridge has called a Special Town Hall Board Meeting regarding the topic of recreational sales of Cannabis in the Village. This meeting will be held on Monday, October 21 at the Police Station, beginning at 7:00 p.m.

In an effort to reach as many Burr Ridge residents as possible, I'm asking that you please pass on the attached informational flyer to your Homeowner Association Members through your distribution channels.

This is a very important meeting, as the Board may vote that evening to either allow or deny the sales of recreational cannabis in the Village. We would like as much input on this decision as possible.

Thank you for your assistance with this matter.

Janet Kowal

Janet K. Kowal
Communications and Events Coordinator
Village Of Burr Ridge
7660 County Line Road
Burr Ridge, IL 60527
Email: jkowal@burr-ridge.gov
Phone: 630-654-8181, ext. 2120
www.burr-ridge.gov

From:	gina cardinalpmi.net
To:	Janet Kowal
Subject:	RE: Special Town Hall Board Meeting - Cannabis Discussion
Date:	Wednesday, October 16, 2019 1:57:57 PM
Attachments:	image002.png

Janet,
I have sent the information to 801vcd & 1000vcd concerning the meeting.

Thanks,

Wishing You a Wonderful Autumn!

Gina Kleinmaier, Property Manager
Cardinal Property Management, Inc.
PO Box 757
8051 – 186th St, Suite B
Tinley Park, IL 60477

Office Phone: 708-532-4444
Office Fax: 708-444-4441
Emergency After Hours: 708-528-4444
Email: Gina@cardinalpmi.net
Website: www.cardinalpmi.net

From: Janet Kowal [mailto:jkowal@burr-ridge.gov]
Sent: Wednesday, October 16, 2019 11:31 AM
To: Janet Kowal <jkowal@burr-ridge.gov>
Subject: Special Town Hall Board Meeting - Cannabis Discussion

Good morning!

The Village of Burr Ridge has called a Special Town Hall Board Meeting regarding the topic of recreational sales of Cannabis in the Village. This meeting will be held on Monday, October 21 at the Police Station, beginning at 7:00 p.m.

In an effort to reach as many Burr Ridge residents as possible, I'm asking that you please pass on the attached informational flyer to your Homeowner Association Members through your distribution channels.

This is a very important meeting, as the Board may vote that evening to either allow or deny the sales of recreational cannabis in the Village. We would like as much input on this decision as

possible.

Thank you for your assistance with this matter.

Janet Kowal

Janet K. Kowal
Communications and Events Coordinator
Village Of Burr Ridge
7660 County Line Road
Burr Ridge, IL 60527
Email: jkowal@burr-ridge.gov
Phone: 630-654-8181, ext. 2120
www.burr-ridge.gov

From: Gary Grasso
To: Evan Walter
Subject: Fwd: Recreational Dispensary
Date: Wednesday, October 16, 2019 9:27:43 AM

Pls save below

Sent from my iPhone
Gary Grasso, Mayor
Burr Ridge, IL 60527
630.654.8181 (o)
312.498.3202 (c)

Begin forwarded message:

> **From:** att.net Email <claudia.paton@att.net>
> **Date:** October 16, 2019 at 9:21:54 AM CDT
> **To:** Undisclosed recipients:;
> **Subject: Recreational Dispensary**
> **Reply-To:** <prrivates12@gmail.com>
>
> I am in favor of having a recreational dispensary in Burr Ridge. Unlike a movie theater which would be located in town, a dispensary on or near route 83 would not bring people into the Burr Ridge downtown area. The much needed income would help our town pay off debts now and in the future.
>
> Claudia Paton
> 187 Foxborough Place
> Burr Ridge, IL

From: Gary Grasso
To: Lee Dujlovich
Cc: Evan Walter
Subject: RE: OPT-IN for a Recreational Cannabis Dispensary
Date: Wednesday, October 16, 2019 2:34:10 PM

Lee: thanks for your input. We are saving emails on this topic. There is a Town Hall meeting this Monday Oct 21 at 7 pm at the Police Department./ GARY

GARY GRASSO, MAYOR
BURR RIDGE, IL 60527
630.654.8181 o
312.498.3202 c

From: Lee Dujlovich <shoppinlee@yahoo.com>
Sent: Wednesday, October 16, 2019 2:19 PM
To: Gary Grasso <ggrasso@burr-ridge.gov>; Anita Mital <amital@burr-ridge.gov>; guyfranzese@aol.com; paveza11617@comcast.net; Zachary Mottl <zmottl@burr-ridge.gov>; Tony Schiappa <tschiappa@burr-ridge.gov>; Joseph Snyder <jtsnyder@burr-ridge.gov>
Subject: OPT-IN for a Recreational Cannabis Dispensary

Village Board Members,

As a long time village resident and local business owner I wanted to express my wishes for Burr Ridge to OPT-IN for a Recreational Cannabis Dispensary.

I'm expecting the board to make the right decision and bring in the benefits associated with this, both financial and educational, to our community.

Thank you,

Lee Dujlovich

8200 Lake Ridge Dr

Burr Ridge, IL

From: Gary Grasso
To: Barry Dujlovich
Cc: Evan Walter
Subject: Re: OPT-IN for a Recreational Cannabis Dispensary
Date: Wednesday, October 16, 2019 5:14:43 PM

Thank you Barry for your input on this issue. We are collecting all emails on the issue. There is a Town Hall meeting on opting in or out next Monday Oct 21 at 7pm at the Police Department

Sent from my iPhone
Gary Grasso, Mayor
Burr Ridge, IL 60527
630.654.8181 (o)
312.498.3202 (c)

On Oct 16, 2019, at 4:18 PM, Barry Dujlovich <bdujlovich@yahoo.com> wrote:

> Village Board Members,
>
> As a long time village resident and local business owner I wanted to express my wishes for Burr Ridge to OPT-IN for a Recreational Cannabis Dispensary.
>
> I'm expecting the board to make the right decision and bring in the benefits associated with this, both financial and educational, to our community.
>
> Thank you,
>
> Barry Dujlovich
>
> 8200 Lake Ridge Dr
>
> Burr Ridge, IL

From: Gary Grasso
To: Evan Walter
Subject: Fwd: I want Burr Ridge to Opt-IN for a Recreational Cannabis Dispensary
Date: Tuesday, October 15, 2019 5:06:25 PM

Pls save

Sent from my iPhone
Gary Grasso, Mayor
Burr Ridge, IL 60527
630.654.8181 (o)
312.498.3202 (c)

Begin forwarded message:

From: <rmol27@comcast.net>
Date: October 15, 2019 at 4:27:24 PM CDT
To: <ggrasso@burr-ridge.gov>, <Amital@burr-ridge.gov>, <guyfranzese@aol.com>, <paveza11617@comcast.net>, <zmottl@burr-ridge.gov>, <tonyschiappa@burr-ridge.gov>, <jtsnyder@burr-ridge.gov>
Subject: I want Burr Ridge to Opt-IN for a Recreational Cannabis Dispensary
Reply-To: <rmol27@comcast.net>

Village of Burr Ridge Board Members,

I am emailing you all to express my desire to see Burr Ridge Opt-IN, allowing there to be a Recreational Cannabis Dispensary.

Not only will there be a significant Tax Revenue for Burr Ridge, but I am sure this Business will also need to build-out their location. As a result, this will also bring even more business to those in our Community who can benefit.

As a former Police Commissioner of Burr Ridge, and a Resident for over 33 years, I believe this is an opportunity for Burr Ridge to benefit and should NOT be passed over.

Please vote to OPT-IN.

Ron Molfese
8437 Canterberry Dr.
Burr Ridge

From: Gary Grasso
To: Evan Walter
Subject: FW: Cannabis in B-R
Date: Sunday, October 13, 2019 3:41:08 PM

Pls save w other cannabis emails./ GARY

GARY GRASSO, MAYOR
Burr Ridge, IL 60527
630.654.8181 (o)
312.498.3202 (c)

-----Original Message-----
From: Bill Cernugel [mailto:w.cernugel@comcast.net]
Sent: Sunday, October 13, 2019 2:06 PM
To: Gary Grasso <ggrasso@burr-ridge.gov>
Subject: RE: Cannabis in B-R

Thanks Gary for your prompt response. I'm a retired CFO of a NYSE company and I understand the magnitude of the pension problem on our village, state and on other governmental entities and businesses in the US. Unfortunately, we have inherited the problems created by our prior leaders by their agreeing to excessive pension plans rather than taking appropriate action during their tenure. Overall, I agree with the comments you made in your last response. On a side note, you made me catch up on Greek mythology when I hade to look up what was "Sisyphus".

Your doing a good job Gary. We're fortunate to have you leading us.

My best,
Bill Cernugel

-----Original Message-----
From: Gary Grasso <ggrasso@burr-ridge.gov>
Sent: Saturday, October 12, 2019 8:27 AM
To: Bill Cernugel <w.cernugel@comcast.net>
Subject: RE: Cannabis in B-R

Thanks Bill - I may call upon you to be part of a solution committee someday. The real problem to me is that our state has the most generous pensions, has not provided the municipalities with the funds and our village revenue options are very limited and already maxed out - and the pension obligation only widens even though we have contributed the amount our actuaries advise each year. That is the definition of unsustainable - when you contribute more and fall behind nonetheless. Read today's first Voice of the People for an example. The state imposed pension obligation is so large that we are approaching an era where the Village (many others have already reached it) will have to choose more and more to cut services to pay for obligations. It is the duty of the Board, and me, to prevent

that era from coming to BR - but it is on the horizon. I do not think it the best strategy to hope to come up w a solution that has been realistically elusive and improbable to achieve. Sisyphus never made it.../ GARY

GARY GRASSO, MAYOR
Burr Ridge, IL 60527
630.654.8181 (o)
312.498.3202 (c)

-----Original Message-----
From: Bill Cernugel [mailto:w.cernugel@comcast.net]
Sent: Friday, October 11, 2019 7:27 PM
To: Gary Grasso <ggrasso@burr-ridge.gov>
Subject: Re: Cannabis in B-R

Thx Mayor Grasso for your prompt reply. In response to your email, no it would not. Those problems would've faced us without the legalization of cannabis and I'm confident we would had come up with a acceptable solution to the challenge, even though it seems impossible today. We should not let short term revenue problems cloud our vision for the future or our values. Do we want to become a village depending on drugs? I know I don't.
Thx, Bill

Sent from my iPhone

> On Oct 11, 2019, at 6:27 PM, Gary Grasso <ggrasso@burr-ridge.gov> wrote:
>
> Thanks Bill. I'm passing all comments to staff for saving and sharing w the Board. If the dispensary solved our considerable police pension funding (that all IL has to face, is not in residential or Downtown and avoids a possible referendum to tax residents to meet pension payments BR may not be able otherwise to pay in the next decade, would those factors temper your position?
>
> Sent from my iPhone
> Gary Grasso, Mayor
> Burr Ridge, IL 60527
> 630.654.8181 (o)
> 312.498.3202 (c)
>
> This message, including attachments, is covered by the Electronic Communication Privacy Act, 18 U.S.C., sections 2510-2521<tel:2510-2521>, is CONFIDENTIAL and also may be protected by ATTORNEY/CLIENT PRIVILEGE. If you believe you received this e-mail in error, do not read it. If you are not the intended recipient, you are hereby notified that any retention, dissemination, distribution, or copying of this communication is strictly prohibited. If the reader of this message is not the intended recipient, I did not intend to waive and do not waive any privileges or confidentiality of this message or the attachments. Please reply to the sender that you have received the message in error, then delete it. Thank you for considering the environmental impact of printing emails.
>
> On Oct 11, 2019, at 5:36 PM, Bill Cernugel <w.cernugel@comcast.net<mailto:w.cernugel@comcast.net>> wrote:
>
> Dear Mayor Grasso,
>
> I have been a resident of Burr Ridge for 34 years and take much pride in what has been done over the years to

make us one of the best, if not the best, communities in DuPage County and the Midwest.
>
> I am writing to you now to express my opposition to Burr Ridge selling recreational cannabis, including related accessories, in our village since I do not believe it represents the type of community we are, and want to be, and the values we try to live up to. I am also concerned about the type of customer it will draw into our community along with the possible increased risk of crime. I am not opposed to the sale of cannabis for medical purposes. I realize the substantial tax revenues that can be realized from the sale of recreational cannabis, but I believe my aforementioned comments overshadow any perceived revenue benefits.
>
> I would appreciate you considering my opinion and sharing it with the village board.
>
> Thanks to you and the board for all you do to make our village "the best".
>
> Sincerely,
> Bill Cernugel
> 8111 Lake Ridge Drive
> Burr Ridge, IL
> (630) 408-8111

From: Lisa Moze
To: Gary Grasso
Cc: Evan Walter
Subject: Re: Cannabis Dispensary
Date: Tuesday, October 8, 2019 4:21:24 PM

Thank you for your response. I am opposed to any cannabis dispensaries in Burr Ridge.

Lisa Moze

> On Oct 8, 2019, at 1:30 PM, Gary Grasso <ggrasso@burr-ridge.gov> wrote:
>
> Lisa. Thanks. The Board will not be considering grow facilities. It will be considering whether to allow dispensaries and if so, where. If it was one-two dispensaries in the Light Industrial area (not Downtown BR) would you be opposed? The security required by law is significant. I'm asking our Chief to inform the Board about theft or burglaries or crimes related to medical dispensaries in the state - which I understand to be insignificant, but I'm verifying. If the stats are no significant crime related to medical dispensaries, would that affect your position? Finally, if the sales tax revenue was substantially ear-marked for police pension payments, would that affect your position? Thanks again for your input.
>
> Sent from my iPhone
> Gary Grasso, Mayor
> Burr Ridge, IL 60527
> 630.654.8181 (o)
> 312.498.3202 (c)
>
> This message, including attachments, is covered by the Electronic Communication Privacy Act, 18 U.S.C., sections 2510-2521<tel:2510-2521>, is CONFIDENTIAL and also may be protected by ATTORNEY/CLIENT PRIVILEGE. If you believe you received this e-mail in error, do not read it. If you are not the intended recipient, you are hereby notified that any retention, dissemination, distribution, or copying of this communication is strictly prohibited. If the reader of this message is not the intended recipient, I did not intend to waive and do not waive any privileges or confidentiality of this message or the attachments. Please reply to the sender that you have received the message in error, then delete it. Thank you for considering the environmental impact of printing emails.
>
> On Oct 8, 2019, at 1:11 PM, Lisa Moze <lisammoze94@gmail.com<mailto:lisammoze94@gmail.com>> wrote:
>
> Dear Mayor Grasso and Trustees,
> I am a long time resident of Burr Ridge with an opinion regarding the possibility of allowing dispensaries to open and operate in our beautiful village of Burr Ridge.
> My husband and I have a second home located near Palm Springs CA and are witness to the legalization and dispensing of cannabis and it's products. Dispensaries have opened in numerous shopping malls, alongside businesses on busy streets and one recently opened on El Paseo which is a very high end shopping area. Depending on the regulations they vary in appearance. Most look a little sketchy from the exterior, however the one on El Paseo looks like a jewelry store.
> There are several big concerns for the communities that allow the dispensing and growing of cannabis. Cannabis doesn't need to burn in order to have a very strong pungent odor. The residents who live in proximity to a field complain about the foul odor and when the wind blows the smell carries. It's a real ongoing problem because the growers were allowed in without consideration of the by products. The other concerns regarding the dispensaries are the need for safety and the attraction for theft not to mention the possible undesirable characters it may bring to the area. How may this effect our law enforcement?
> My personal opinion is that Burr Ridge should not allow this element into our community. We don't need this

type of business nor should we want to expose our residents to the negative possibilities that it could bring to us. It's not worth whatever tax money it may yield. Lets keep our community a safe and wholesome place to live, work and raise our families.

> Thank you for your time.
>
>
> Lisa Moze
> 6160 S Elm Street
> (630)712-4706
>
>
>

2

Richard G. Morton 27 Lake Ridge Club Drive • Burr Ridge • Illinois • 60527

October 9, 2019

Mayor Gary Grasso
Village of Burr Ridge

Mayor Grasso,

I am aware that the village is exploring allowing the retail sales of cannabis in Burr Ridge. I recognize there is an argument to support sales, and that is a new revenue source for the village. While I am of age to have grown up when cannabis use was prevalent in high school and community and notwithstanding those times, I do not favor allowing the sale of cannabis in Burr Ridge. I have substantial concerns with state or city governments establishing sales and taxing those sales, and since the law, as enacted, will do little to stop the crime associated with illegal drug sales, I'm not a fan.

I have these additional concerns:

- I am uncomfortable with intoxicated (by any substance) persons in public places.
- Methods to determine cannabis intoxication are poor.
- I am uncomfortable with intoxicated (by any substance) persons operating vehicles.
- I am uncomfortable with reports that vaping cannabis may have serious and irreversible lung health implications.
- I am uncomfortable with a law that is abeyance with federal constitutional law.
- I am uncomfortable with the messaging this may impart onto young people, being intoxicated is neither desirable nor sexy nor cool.

Now, I don't have any love for our current drug laws and how we treat those that use any drugs to the extent it affects their health and lives, their family's lives, or splashes over on to the public at large. I think we do those people a great disservice to criminalize them and expose them to an unjust and non-beneficial criminal justice system, but this law and the sales of cannabis does very little address to these issues beyond just grabbing some revenue.

Sincerely,

Richard G. Morton

Telephone (630) 325-2022 • rick@rgmorton.com • www.rgmorton.com

From:	Gary Grasso
To:	Janet Kowal; Douglas Pollock
Cc:	Evan Walter
Subject:	RE: 10/21 Town Hall Meeting
Date:	Thursday, October 17, 2019 11:50:22 AM

Evan will save. Since the Trustees were not copied pls have copies for them Monday./ G

GARY GRASSO, MAYOR
BURR RIDGE, IL 60527
630.654.8181 O
312.498.3202 C

From: Janet Kowal <jkowal@burr-ridge.gov>
Sent: Thursday, October 17, 2019 11:44 AM
To: Douglas Pollock <DPOLLOCK@BURR-RIDGE.GOV>; Gary Grasso <ggrasso@burr-ridge.gov>
Subject: FW: 10/21 Town Hall Meeting

Just FYI – below.

Janet K. Kowal
Communications and Events Coordinator
Village Of Burr Ridge
7660 County Line Road
Burr Ridge, IL 60527
Email: jkowal@burr-ridge.gov
Phone: 630-654-8181, ext. 2120
www.burr-ridge.gov

From: tdolosic@comcast.net [mailto:tdolosic@comcast.net]
Sent: Thursday, October 17, 2019 11:40 AM
To: Janet Kowal <jkowal@burr-ridge.gov>
Subject: 10/21 Town Hall Meeting

Ms. Kowal, I received a notification from Chasemoor's management company that there will be a town hall meeting on 10/21 regarding the allowance or denial of the sale of recreational cannabis in our Village. My husband and I will be out of town next week so will not be able to attend, but want to let you know that we are very strongly

against approval of this. Thank you.

Larry & Therese Dolosic

131 Northgate Place

From:	Gregory E. Scott
To:	Douglas Pollock; Evan Walter; Gary Grasso
Subject:	[banned_word] Marijuana sales in Burr Ridge
Date:	Friday, September 27, 2019 4:08:56 PM

Gary, Doug and Evan,

I hope you are all doing well. I many times think of the evenings spent at the Village Hall with Planning Commission. I have to say though, I am enjoying being more of a low profile!

I have been talking with several of our neighbors and wanted to let you know my thoughts on the subject of possible marijuana sales in Burr Ridge. I am deeply opposed to this. I know the immediate reaction is TAX INCOME! Well, there are always consequences to actions. I think you might want to consider some of the following:

1. You need look no further than to some of the cities that have allowed marijuana sales to see the issues. Denver (especially along 16th Street, used to be a great area. Now most of the doorways are filled with people sitting on the butts smoking pot. The smell is all over. There need to be separate ordinances about the smoking of pot as well.
2. We disallowed a movie theatre a few years ago because we were worried about the people that would be coming form other areas into Burr Ridge. Now we want marijuana sales?? We will be getting people from the south suburbs, west suburbs and all over. Why?
3. Why is because other suburbs are going the route of disallowing the sales. Hinsdale (until a referendum), Clarendon Hills, LaGrange, Indian Head Park and others are strongly considering no sales. Naperville and others are already hearing major blowback from residents on record as being against the sales. That means that users will be going to the points that DO allow it.
4. I have heard the argument that if we say "no", Willowbrook will probably say yes and get the tax dollars. My comment to that is that this is not car sales or gun sales, and I would not make that assumption. Even if it happens, we need to do what is right for Burr Ridge. Traffic from sales locations in Willowbrook will have small to no impact on us, since we are on east and south of Willowbrook for the most part.
5. We have an incredible slogan for Burr Ridge of being "a special place". I hope Burr Ridge is ALWAYS a special place, but not because we have marijuana sales. I hope it is because of the people and our beautiful town.

I strongly urge you to vote NO on the sales of marijuana in the Village, but if on the thought that something does pass, that sales are limited to areas such as we did in Planning Commission to being a certain number of feet from residential, from schools and from other sensitive areas. At the end of the day, that so limited growers at the time as to make the town virtually impossible to distribute in. Please let me know if you have any questions regarding my thoughts. Thank you.

Greg Scott
8650 Dolfor Cove
(630) 240-7382 C

From: Gary Grasso
To: Evan Walter
Subject: Fwd: [banned_word] Recreational marijuana in BR
Date: Thursday, September 26, 2019 9:06:49 AM

Pls save

Sent from my iPhone
Gary Grasso, Mayor
Burr Ridge, IL 60527
630.654.8181 (o)
312.498.3202 (c)

Begin forwarded message:

> **From:** Kevin Hennessy <jkhbch@sbcglobal.net>
> **Date:** September 25, 2019 at 8:16:34 PM CDT
> **To:** <ggrasso@burr-ridge.gov>
> **Cc:** Kevin Hennessy <jkhbch@sbcglobal.net>, Michelle Hennessy <mishyd1@comcast.net>
> **Subject: [banned_word] Recreational marijuana in BR**
>
> Mayor Grasso, we have not had the pleasure of meeting you yet, but my wife and I are residents of Burr Ridge and feel strongly that the Village should not support a recreational marijuana facility in Burr Ridge. Although we recognize the tax revenue benefits of such a facility, we believe a line needs to be drawn on what we are willing to accept to gain that additional revenue. We are noticing an uptick in crime off I-55 in the Burr Ridge Village Center and surrounding area and we can't help but believe that selling marijuana to anyone passing by I-55 and County Line Rd will result in the consumption of that marijuana nearby.
>
> We moved to Burr Ridge 7 years ago because of its well-deserved reputation as a nicely managed, small residential community with a low crime rate. We believe that selling recreational marijuana (or legalized gambling for that matter) in BR will inevitably change the character of the Village and make it a less desirable place to life and raise a family. Whatever incremental increase in tax revenue that may come from a recreational marijuana facility is simply not worth it. Burr Ridge residents are not without the resources to make up the difference.

Respectfully,

Kevin Hennessy
39 Red Oak Ct
Cell: 312.560.7978

From:	Luisa Hoch
To:	Evan Walter; Douglas Pollock
Cc:	Gary Grasso
Subject:	Recreational Cannabis Sales in BR
Date:	Monday, September 9, 2019 10:04:31 AM

Hi,

I wanted to share my thoughts on Cannabis Sales in BR as I will be out of town for the October 6 Public Hearing.

I am for it, but I would not like to see it near schools or parks-probably a given? I am not sure about any of the legalities concerning the recreational usage, but I am not in favor of smoking it in any public spaces or vehicles.

I agree with the comment from Trustee Paveza that nearby towns will be selling it, why shouldn't we?

I have visited stores in Aspen & Steamboat and I do not think they negatively effected the area. Quite sterile and professionally run. Walked by it several times before realizing it was a Cannabis store.

Best regards,
Luisa