

**MINUTES  
CITY OF ST. CHARLES  
GOVERNMENT OPERATIONS COMMITTEE  
MONDAY, AUGUST 19, 2019**

**1. Call to Order**

The meeting was called to order by Chair Lewis at 7:18 pm.

**2. Roll Call**

**Present:** Ald. Stellato, Silkaitis, Payleitner, Lemke, Turner, Bancroft, Vitek, Pietryla, and Bessner

**Absent:** None

**3. Administrative**

a. Video Gaming Statistics – Information Only

b. Fuel Tax Receipts, July 2019 – Information Only

**4. Omnibus Vote**

Items with an asterisk (\*) are considered to be routine matters and will be enacted by one motion. There will be no separate discussion on these items unless a council member/citizen so requests, in which event the item will be removed from the consent agenda and considered in normal sequence on the agenda.

**5. Fire Department**

- \*a. Recommendation to approve the Closing of Parking Lot J and the 100 Block of Riverside Drive on October 19, 2019 from 7 a.m. to 4 p.m. for Fire Department Open House Events.**

Motion by Ald. Bancroft, second by Ald. Turner to approve the omnibus vote.

**Voice Vote:** Ayes: Unanimous; Nays: None; Chairman Lewis did not vote as chair.

**Motion Carried**

**6. Finance Department**

- \*a. Budget Revisions – July 2019**

Motion by Ald. Bancroft, second by Ald. Turner to approve the omnibus vote.

**Voice Vote:** Ayes: Unanimous; Nays: None; Chairman Lewis did not vote as chair.

**Motion Carried**

- b. Recommendation to approve an Ordinance Amending Title 3 “Revenue and Finance”, Chapter 3.42 “Alcohol Tax” of the St. Charles Municipal Code.**

Chris Minick discussed the revisions of the Alcohol Tax Code, and explained that the changes are necessary to reflect current practices and to align the due process hearing procedures with provisions of the Liquor Code.

Motion by Ald. Turner, second by Ald. Bancroft to recommend the approval of an Ordinance Amending Title 3 “Revenue and Finance”, Chapter 3.42 “Alcohol Tax” of the St. Charles Municipal Code.

**Voice Vote:** Ayes: Unanimous; Nays: None; Chairman Lewis did not vote as chair.

**Motion Carried**

- c. **Recommendation to approve the award of a 5 year contract for procurement software to Negometrix.**

*This item was removed from the agenda to be presented at a later date.*

## 7. **Police Department**

- a. **Recommendation to approve a proposal for a new class D8 liquor license for Ilic Enterprises, LLC dba Board and Brush St. Charles located at 303 N 4<sup>th</sup> Street.**

Ilic Enterprises, LLC dba Board and Brush St. Charles is requesting a D8 liquor license. Board and Brush is an art studio specializing in creating decorative boards/signs. They currently operate a location in Oswego. The St. Charles studio will be Ilic Enterprises, LLC second location. The application was presented at the Liquor Control Commission and received a 4 – 0 favorable recommendation.

Motion by Ald. Stellato, second by Ald. Vitek to recommend the approval of a new class D8 liquor license for Ilic Enterprises, LLC dba Board and Brush St. Charles, located at 303 N 4<sup>th</sup> Street.

**Voice Vote:** Ayes: Unanimous; Nays: None; Chairman Lewis did not vote as chair.

**Motion Carried**

- b. **Recommendation to approve a proposal for a new class B liquor license including a 1:00 am permit for Da Hood & Co., located at 11 N 3<sup>rd</sup> Street.**

*This item was removed from the agenda. It will be resubmitted at the Government Operations Committee Meeting on September 3, 2019. This appeared at the Liquor Control Commission meeting. No action was taken. There are some outstanding issues that need clarification.*

- c. **Recommendation to approve a proposal for an new class E1 temporary liquor license for the St. Charles Chamber of Commerce for the Cruise Night final event being held at Classic Car and Auto on September 13 & 14, 2019.**

The Chamber of Commerce is planning to host the final two Cruise Night events at the Classic Car Auto Mall on September 13 & 14. Pollyanna Brewery will partner with the Chamber for this event. They are seeking a class E1 temporary liquor license for the two days. The application was presented at the Liquor Control Commission and received a 4 – 0 recommendation.

Motion by Ald. Stellato, second by Ald. Payleitner to recommend the approval of a proposal for a new class E1 temporary liquor license for the St. Charles Chamber of Commerce for the Cruise Night final event being held at Classic Car and Auto on September 13 & 14, 2019.

**Voice Vote:** Ayes: Unanimous; Nays: None; Chairman Lewis did not vote as chair.

**Motion Carried**

**8. City Administration**

**a. Recreational Cannabis –continued discussion from August 5, 2019.**

Chair Lewis indicated that Mayor Rogina would serve as Parliamentarian. The Committee Members agreed to hear public comment prior to having a discussion.

*Rick Spears, St. Charles, IL* – Worked with an attorney in Colorado and shared some of the positive and the negative aspects pertaining to the adoption of recreational cannabis in that State.

*John DeSon, St. Charles, IL* – Expressed concern about the people not getting to vote on the cannabis issue.

*Franco Demonte, Carol Stream, IL* – Spoke about his experience as a 3-year medical cannabis patient and the benefit it’s had on his life. He discussed the tracking system and restrictions in place at the medical dispensaries and noted that recreational cannabis facilities would use the same system.

Chair Lewis asked if medical patients will be allowed to purchase recreational cannabis and invited the representative from Zen Leaf to the podium to address the question.

*Anthony Marsico, Executive Vice President of Retail, Zen Leaf Dispensaries* – Indicated medical patients will be able to purchase recreational cannabis, however there are stringent guidelines in place and patients will not be allowed to purchase over the allotted amount.

Ald. Turner asked if the City is allowed to limit the amount and individual can purchase. Mr. Marsico said that the municipalities are not allowed to alter the State guidelines regarding the limits or use of cannabis. Atty. McGuirk added that the City can enact ordinances but the ordinances can’t conflict with the State law.

Ald. Bessner asked Mr. Marsico if Zen Leaf will be allowed to open a retail establishment for adult use/medical use if the City does nothing. Mr. Marsico answered that Zen Leaf would be allowed to sell medical cannabis, but would only be able to sell recreational cannabis if the City opts in. One of the provisions of the state application is that a special use agreement be obtained from the municipality.

Ald. Bancroft asked if Zen Leaf’s business plan allows for Illinois locations to sell both medical and recreational cannabis. Mr. Marsico said that it does and depending on the decision of the Council, per state law they could sell medical and recreational out of their current medical dispensary. Zen Leaf would be allowed 1 additional dispensary (what the State is calling a “plus one”). The “plus one” will be recreational use cannabis only. Ald. Bancroft asked if their business plan would allow for keeping a medical facility open if they were not able to sell recreational cannabis. Mr. Marsico answered that if the City opted out they would explore other options.

Ald. Payleitner reiterated (for the benefit of Zen Leaf Patients) that if the City was to opt out and Zen Leaf possibly was to move the medical dispensary from St. Charles, it would be the decision of Zen Leaf and not the decision of the City Council. Mr. Marsico agreed and said from a business standpoint they would explore options to move to a municipality where they would have the opportunity to sell both medical and recreational.

Ald. Stellato asked how long after retail customers would have to wait after they have purchased their allotted amount to purchase again. Mr. Marsico answered that the current standard limit for medical patients is a rolling limit of 2.5 ounces or equivalent over a two week period. Recreational is possession of 3 ounces and purchase of 1 ounce per day.

Ald. Bancroft asked how many people are served on a daily basis at the facility in St. Charles. Mr. Marsico said they treat approximately 120 – 250 per day. If you compare that to adult use, national numbers estimate that 1% - 2% of the population will be adult use customers.

Mr. Marsico gave a presentation to the Committee regarding medical and recreational cannabis.



ZenLeaf Presentation  
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Ald. Silkaitis said that Zen Leaf is asking the Committee Members to approve an ordinance that is contrary to federal law. He also brought up that banks won't do business with the dispensary companies. He said he's not comfortable with violating a federal law so Zen Leaf can make more money, and until the issues he mentioned are resolved he will not approve.

Mr. Marsico answered that there is a disconnect with State and Federal law and said that the banking issue is not correct. He explained that Zen Leaf does business with a bank in the State of Illinois that is fully aware of their business plan. Mr. Marsico confirmed that it's federally illegal; however they have tax guidelines in place for this business and are making sure they are being paid on the revenue being produced.

Ald. Payleitner asked Mark if we were to do nothing what would happen. Mark said that we would have to say yes or would have to ban. Mark introduced Mr. Tyler Manick to discuss the issue of timing.

*Tyler Manick, Schain Banks Law Firm on behalf of Zen Leaf* – Indicated that it's not required that municipalities opt in, but they would have to opt out. The statute says that local municipalities can prohibit or regulate the locations where cannabis is used. If you do nothing, the way the zoning ordinance is written for the municipality there is no place to operate.

Rita Tungare agreed and explained that the zoning ordinance currently only references medical dispensaries and does not deal specifically with recreational dispensaries. The ordinance does not differentiate retail sales based on the type of merchandise sold and it could be interpreted that within commercial zoning districts, where retail sale of merchandise is allowed, recreational cannabis could (technically) be sold.

Ald. Bancroft asked if they would consider making an investment in a community that has not opted in. Mr. Marsico said they would not plan a significant buildout or move to a location based on a community opting in at a later time.

Chair Lewis asked if the State requires employees to be trained. Mr. Marsico answered that the State requires 10 hours of mandatory training per year. He noted that they do 1 hour of training each month. The State also requires that all new hires for recreational cannabis go through responsible vendor training.

Chair Lewis asked if the states that have opted in have seen a drop in the medical cannabis once recreational is legal. Mr. Marsico said yes, however Illinois did a great job keeping the medical program relevant by lowering taxes on medical cannabis, allowing home grow to only medical patients, and larger access to product.

*Karen Masis, St. Charles* – She would not like fliers in mailboxes and advertising materials that inundate the community.

Mr. Marsico answered that they would be open to restrictions regarding advertising, and that they don't do any type of mass advertisement, mailers or fliers. Currently all advertisement is regarding patient and physician outreach. The State of IL puts restrictions on advertising as well.

*Tracy Carriger, St. Charles* – She has a home in St. Charles and Breckenridge, CO. She explained that in CO the black market went down. Because of the legalization they were able to control cannabis use in high schools. She said the responsible use of medical marijuana increases and is carefully controlled by dispensaries. She encourages St. Charles to opt in.

*Rafi Tuki, St. Charles* – Spoke about his experience and how being a medical cannabis patient has helped to improve his medical condition.

*Rick Carlino, St. Charles* – He is a medical cannabis patient and supports recreational use cannabis because it will reduce the stigma. He said not all people with medical conditions can afford to go through the process to obtain a medical use card. This is a good option for them and would keep it in our community.

Ald. Payleitner said that she sees the value of medicinal cannabis and would like to see it stay. She thanked Zen Leaf for the good and reputable business they have. Her worry is the State of Illinois. She indicated that she'd like to take a pause and for the Council to be a bit more thoughtful in the decision making process.

Ald. Stellato said that the most relevant point is that it's here whether we like it or not. It can be controlled with zoning regulations. It's going to be readily available in neighboring communities. The items Zen Leaf sells cannot be purchased over the internet like you can with alcohol. There are no limits on alcohol purchases but there are limits on cannabis purchases. Right now this is being controlled by people that are not trustworthy and they are putting things in it that are killing kids. If this helps to gain control and keep it safe he's in favor.

Ald. Bancroft said he'd like St. Charles to be known as the community that made the commitment to make sure medical cannabis is continued and available in the community. If the way to do that is to follow the State law and allow for recreational sale to make, and to ensure that a responsible vendor stays in the community and serves the community. We should make that commitment.

Motion by Ald. Vitek, second by Ald. Turner to direct staff to initiate the process of amending the City code as necessary to allow the retail sales of recreational cannabis based on, but not limited to the following criteria. First, limit the location of the dispensaries to the BC Community and BR Regional Business Zoning Districts in St. Charles. Allow a recreational cannabis dispensary as a special use in the BC and BR District subject to no more than 2 dispensaries, one on the east side and one on the west side of the Fox River. Businesses must have operated a licensed medical cannabis dispensary for a minimum of 2 years. Second, Prohibit on premise consumption lounges and production and distribution facilities.

Ald. Turner said that this is a good starting point. It will go to the Plan Commission and a Public Hearing. The Plan Commission will get into the zoning and give us their recommendation. Then it will be open to amendment by City Council.

Chair Lewis asked if there is a vote in favor if it moves to staff if it would come back to Committee or go directly to the Plan Commission.

Rita Tungare said that based on the direction received staff would file a general amendment application and that would go to Plan Commission. It would then advance to the Planning & Development Committee, then to City Council for final approval.

Ald. Payleitner said she's concerned about starting with 2 locations. Ald. Turner said that could be discussed at a later time, things can be amended if they choose.

There was discussion about the type and number of facilities that would be allowed to operate in the City of St. Charles should this be approved. The medical dispensary would be allowed to include recreational sales at their current facility and open one additional recreational cannabis facility ("plus one"), for a total of 2 dispensaries.

Ald. Vitek read the motion again for the record. Ald. Bancroft verified medical experience is required, and could be any dispensary, its first come, first serve.

**Roll Call:** Ayes: Stellato, Turner, Bancroft, Vitek, Pietryla, Bessner; Nays: Silkaitis, Payleitner, Lemke; Absent: None air. **Motion Carried.**

Motion by Ald. Lemke, second by Bessner to enter into executive session to discuss property acquisition as permitted by 5 ILCS 120/2(c)(5).

**Roll Call:** Ayes: Stellato, Turner, Bancroft, Vitek, Pietryla, Bessner; Nays: Silkaitis, Payleitner, Lemke; Absent: None air. **Motion Carried.**

## 9. Executive Session

- Personnel – 5 ILCS 120/2(c)(1)
- Pending Litigation – 5 ILCS 120/2(c)(11)
- Probable or Imminent Litigation – 5 ILCS 120/2(c)(11)
- Property Acquisition – 5 ILCS 120/2(c)(5)
- Collective Bargaining – 5 ILCS 120/2(c)(2)
- Review of Executive Session Minutes – 5 ILCS 120/2(c)(21)

Motion by Ald. Stellato, second by Payleitner to exit executive session at 9:00 pm.

## 10. Additional Items from Mayor, Council, Staff, or Citizens.

## 11. Adjournment

Motion by Ald. Payleitner, second by Ald. Pietryla to adjourn the meeting at 9:01 pm.

**Voice Vote:** Ayes: Unanimous; Nays: None; Chairman Lewis did not vote as chair.  
**Motion Carried**

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