

Village of Carol Stream

Special Meeting of the Village Board Medical Marijuana Budget Workshop #1 – General Fund

Gregory J. Bielawski Municipal Center
500 N. Gary Avenue, Carol Stream, IL 60188

January 6, 2014

6:00 p.m. – 7:27 p.m.

Meeting Notes

ATTENDANCE: Trustee Matt McCarthy
Trustee Greg Schwarze
Trustee Don Weiss (Absent)
Trustee Mary Frusolone
Trustee Rick Gieser
Trustee John LaRocca
Mayor Frank Saverino, Sr. (Absent)
Clerk Beth Melody
Commissioner Angelo Christopher
Commissioner James Joseph
Commissioner Frank Petella (Absent)
Commissioner Dee Spink
Commissioner David Creighton
Commissioner David Hennessey
Commissioner John Meneghini

Joseph E. Breinig, Village Manager
Robert Mellor, Asst. Village Manager
Chris Oakley, Asst. to the Village Manager
Phil Modaff, Dir. of Public Works
James Knudsen, Dir. Engineering Services
Robert Glees, Dir. of Community Dev.
Jon Batek, Finance Director
Kevin Orr, Police Chief
Caryl Rebholz, Employee Relations Dir.
Don Bastian, Asst. Dir. of Community Dev.
Jim Rhodes, Village Attorney

The meeting was called to order by Mayor Pro Tem McCarthy and the roll call read by Village Clerk Melody. The result of the roll call vote was as follows:

Present: Mayor Pro Tem McCarthy and Trustees Schwarze, Frusolone, Gieser & LaRocca
Absent: Mayor Saverino and Trustee Weiss

Medical Marijuana

Assistant Community Development Director Bastian reviewed the Compassionate Use of Medical Cannabis Pilot Program Act which went into effect on January 1, 2014. The Act is intended to provide access to medical cannabis to qualifying patients having debilitating medical conditions via licensed dispensing facilities. The State of Illinois has 120 days from the effective date of the act to draft rules and procedures regarding administration of the pilot program.

This update will cover the following topics:

- I. Overview of the Compassionate Use of Medical Cannabis Pilot Program Act
- II. Status of the Compassionate Use of Medical Cannabis Pilot Program
- III. DuPage Mayors and Managers Conference Report
- IV. Regulation through Zoning

- V. Recommended Zoning Changes for Carol Stream
- VI. Village Board/PCZBA Feedback and Questions

I. **Overview – Compassionate Use of Medical Cannabis Pilot Program Act**

Act was signed by Governor Quinn on August 1, 2013.

- Act became effective January 1, 2014.
- Illinois is the 20th state to legalize medical cannabis.
- Act allows 22 medical cannabis **cultivation centers** to be established within the state, with not more than one cultivation center in each State Police District.
- Per the Act, medical cannabis **cultivation centers** may not be located within **2,500 feet** of the property line of a pre-existing public or private preschool or elementary or secondary school or day care center, day care home, group day care home, part day child care facility, or an area zoned for residential use.
- Per the Act, medical cannabis **dispensing organizations** may not be located within **1,000 feet** of the property line of a pre-existing public or private preschool or elementary or secondary school or day care center, day care home, group day care home or part day child care facility, and may not be located in any area zoned for residential use.
- Only cannabis grown in an Illinois licensed and regulated cultivation center will be allowed to be dispensed in Illinois. Cannabis may not be brought in from out of state.
- Only Illinois residents meeting program requirements can participate in the program. There is no reciprocity with programs in other states.
- As a Pilot Program, the Act was created with a sunset provision, meaning that if the legislature does not renew the program or create a new law, the Program will cease to exist four years after it went into effect (January 1, 2018).
- Act allows up to 60 medical cannabis **dispensing organizations** to be established in the state, not geographically limited by State Police District.
- Various State agencies have roles in implementing the Act and administering the Pilot Program:
- Illinois Department of Agriculture (IDOA) – Licensing and regulating cultivation centers as allowed within the Act
- Illinois Department of Financial & Professional Regulation (IDPFR) – Licensing and regulating the dispensing organizations as allowed within the Act
- Illinois Department of Public Health (IDPH) – Creating a system for issuing registry identification cards to qualifying patients, and a system for physicians to recommend patients for inclusion into the registry
- To become a Qualifying Patient, a person must be diagnosed by a physician with a current Controlled Substances License as having a debilitating medical condition as defined in the Act.
- The Act lists approximately 40 illnesses as debilitating medical conditions, and a process exists for petitioning the IDPH to add new debilitating conditions.
- Qualifying Patients may obtain up to 2.5 ounces of medical cannabis every 14 days from a licensed dispensing organization.

II. **Status of the Compassionate Use of Medical Cannabis Pilot Program**

- Beginning January 1, 2014, the Illinois Department of Agriculture, Illinois Department of Financial & Professional Regulation and Illinois Department of Public Health have **120 days** to file the draft administrative rules and procedures relative to their role in implementing the Act with the **Joint Committee on Administrative Rules (JCAR)**.
- Once draft rules are filed, there will be a minimum 45-day First Notice period for public review and comment, after which there will be a 45-day Second Notice period, with the possibility of a 45-day extension.

- Upon adoption of the administrative rules, each state agency will process applications relative to their role in the Act.
- As noted on their website (www.agr.state.il.us/mcapp), the IDOA does not anticipate that it will begin accepting applications for cultivation center licenses until fall 2014.
- It is not known how long it will take to license an Illinois cultivation center; however, with only Illinois-cultivated cannabis allowed to be dispensed in Illinois, it may very well be 2015 before medical cannabis is available for dispensing in Illinois.

III. DuPage Mayors and Managers Conference Report

- This fall, the DMMC Managers Committee directed that a Medical Marijuana Working Group be established to study the implications of the Act on DuPage County municipalities.
- The Working Group, led by Village Manager Breinig, included municipal staff with legal, administrative, employee relations and land use/zoning backgrounds.
- The Working Group's draft report, "*Medical Marijuana – What You Need to Know*" was transmitted to you in advance of this workshop.
- The report includes sections on land use and zoning regulation, police enforcement activities, and human resources related procedures and actions.

IV. Regulation through Zoning

- The Medical Marijuana Working Group surveyed municipalities to find out whether they were considering zoning code amendments related to cultivation centers or dispensing organizations.
- 11 out of the 20 responding municipalities reported that they had approved, or were contemplating, zoning code amendments aimed at addressing medical cannabis facilities.
- Other DuPage municipalities that did not respond to the survey (Bartlett, Downers Grove and Lombard) have approved zoning code changes to further regulate medical cannabis facilities.
- **IDFPR will require applicants for dispensing organization licenses to submit proof of compliance with local zoning laws.**
- Land Use and Municipal Attorneys offer (at least) two perspectives on the need to impose further regulation of medical cannabis cultivation centers and dispensing organizations through zoning.
- **Perspective #1:** Municipalities may enact reasonable zoning regulations that do not conflict with the Act or its regulations; however their home rule authority is pre-empted. An outright ban on cultivation centers or dispensing organizations would not likely survive a legal challenge.
- **Perspective #2:** Dispensing marijuana is a federal crime under the Federal Controlled Substances Act. A good argument can be made that the Federal Controlled Substances Act preempts state law. If the zoning code prohibits uses that violate federal law, then the municipality can deny the use.
- A map of Areas where dispensaries and cultivation centers would be prohibited was presented. By applying the separation buffers set forth in the Act, it is possible to identify the areas of the Village where a cultivation center or dispensing organization could conceivably locate, absent any further regulation through local zoning.
- Several DuPage County municipalities have recently amended their Zoning Codes to specifically list medical cannabis cultivation center and medical cannabis dispensing organization as allowable permitted or special uses in various business or industrial zoning districts.
- In review of the permitted and special use lists of Carol Stream's Zoning Code, there are presently no listed uses that are synonymous or nearly synonymous with cannabis cultivation center or cannabis dispensing organization.
- Several DuPage County municipalities have recently amended their Zoning Codes to specifically list medical cannabis cultivation center and medical cannabis dispensing organization as allowable permitted or special uses in various business or industrial zoning districts.
- In review of the permitted and special use lists of Carol Stream's Zoning Code, there are presently no listed uses that are synonymous or nearly synonymous with cannabis cultivation center or cannabis dispensing organization.

V. **Recommended Zoning Changes for Carol Stream**

- Based on available information, staff believes it would best to add *medical cannabis cultivation center* and *medical cannabis dispensing organization* as allowable uses in the Zoning Code, since an outright ban of these facilities is viewed as not being likely to survive a legal challenge.
- Staff believes the characteristics of each use, and the potential impacts associated with each use, should be considered in recommending the zoning district or districts in which the uses should be listed.
- The characteristics and potential impacts of each use should also be considered in deciding whether the use should be a permitted or special use.

Cultivation Centers:

- A *medical cannabis cultivation center* would primarily involve the use of raw materials to produce a product that would be packaged and distributed to the market.
- Based on these use characteristics, staff believes a *medical cannabis cultivation center* would most appropriately be located in the I Industrial District.
- After applying the separation buffers provided in the Act, only a few properties in the Industrial District would remain eligible for a cultivation center. However, this could change if a neighboring community rezoned property adjacent to Carol Stream, or if the State of Illinois modified the buffer distance set forth in the Act.
- Per the Act, only one cultivation center is allowed in each State Police District. Carol Stream is in State Police District 2, which includes DuPage, Kane, Lake, McHenry and DeKalb Counties. As such, it is unlikely a cultivation center will locate in Carol Stream.
- Security issues are a unique concern related to the *medical cannabis cultivation center* use.
- Based on nature of the use and the security concerns, staff recommends a zoning code text amendment to list *medical cannabis cultivation center* as a **Special Use** in the **I Industrial District**.
- A definition for the use would also be added to the code.

Dispensing Organizations:

- A *medical cannabis dispensing organization* would primarily consist of an office operation serving as the distribution point for a medical product.
- The Village's B-4 Office, Research and Institutional Building District lists *medical offices, including clinics* as a permitted use. As such, staff believes that the B-4 District is the most appropriate zoning district to add *medical cannabis dispensing organization* as an allowable use.
- After applying the separation buffers provided in the Act, some B-4 District properties would be eligible for a *medical cannabis dispensing organization*.
- As currently provided for in the Act, 60 dispensing organizations will be allowed statewide, with no State Police District geographic limitations as is the case for cultivation centers.
- Security issues are a unique concern related to the *medical cannabis dispensing organization* use.
- Based on nature of the use and the security concerns, staff recommends a zoning code text amendment to list *medical cannabis dispensing organization* as a **Special Use** in the **B-4 Office, Research and Institutional Building District**.
- A definition for the use would also be added to the code.

VI. **Village Board/PCZBA Feedback and Questions...**

- Questions...comments...?
- <http://www.idph.state.il.us/HealthWellness/MedicalCannabis/faq.htm>
- http://www.idfpr.com/FAQ/DPR/IDFPR_MC_PilotProgram.asp
- <http://www.agr.state.il.us/mcpp/>
- Staff will monitor progress of the development of the administrative rules and procedures.

- With your concurrence, staff will prepare draft zoning code text amendments along the lines of what we have discussed this evening for formal review and action in the coming months.
- Other changes to Village Codes and/or policies will also be necessary in the areas of law enforcement and employee relations...stay tuned.

Trustee McCarthy stated he preferred a Special Use zoning classification for medical marijuana growing and distribution centers.

Recap - The *Compassionate Use of Medical Cannabis Pilot Program Act*, which Governor Quinn signed on August 1, 2013, went into effect on January 1, 2014. Beginning January 1st, the Illinois Department of Agriculture, Illinois Department of Public Health and Illinois Department of Financial and Professional Regulation have 120 days to develop the draft rules applicable to their role in administering the program. Once the draft rules are developed, there will be multiple periods for public review and comment regarding the rules. The Village will review the rules once they have been developed. After review of the rules, the Village expects that Zoning Code text amendments may be considered later this year that would define the medical cannabis cultivation center and medical cannabis dispensing organization uses, and identify the zoning district or districts in which they may be allowed to operate.

Budget Workshop #1 – General Fund

Finance Director Batek provided a year end projection of the Fiscal Year 2014 Budget and the outlook for the upcoming Fiscal Year 2015 Budget. The agenda includes the following review items:

- I. FY13/14 Budget - Year End Projection
 - Bottom Line (Compare to FY12/13)
 - Revenue Summary and Review
 - Expenditure Projection
- II. FY14/15 Budget “Primer”
 - Revenue Outlook
 - Significant Program/Service Areas
- III. Next Steps

FY13/14 Budget Status Update - General Fund Projected FY13/14 Revenues & Expenditures

	FY12 <u>Actual</u>	FY13 <u>Actual</u>	FY14 <u>Budget</u>	FY14 <u>Estimate</u>	Over/ (Under) FY13	Over/ (Under) Budget
Total Revenues	21,535,381	22,969,585	22,475,000	24,101,000	1,131,415 4.9%	1,626,000 7.2%
Total Expenditures	<u>(19,532,590)</u>	<u>(20,907,102)</u>	<u>(22,345,000)</u>	<u>(21,684,300)</u>	777,198 3.7%	(660,700) -3.0%
Net Increase / (Decrease)	<u>\$ 2,002,791</u>	<u>\$ 2,062,483</u>	<u>\$ 130,000</u>	<u>\$ 2,416,700</u>	<u>\$ 354,217</u>	<u>\$ 2,286,700</u>
Other - Transfer to Capital	\$ 5,000,000	\$ 2,100,000				

The FY14 net budget increase is now projected to be \$2,416,700 due to better than anticipated revenues and lower than expected expenditures.

Bottom Line

- Adopted FY13/14 Budget included a small surplus of \$130,000.
- Current estimates project a surplus of approximately \$2.4 million by 4/30/14 (we are +\$1.1M as of Nov. 30th).
- Largely attributable to excellent performance in our largest revenue source (sales tax) as well as continued recovery in many other revenue sources due to the improved economic climate.
- Projected surplus is generated from better than anticipated revenues (70%) and expenditures lower than budgeted (30%).

Revenue Review

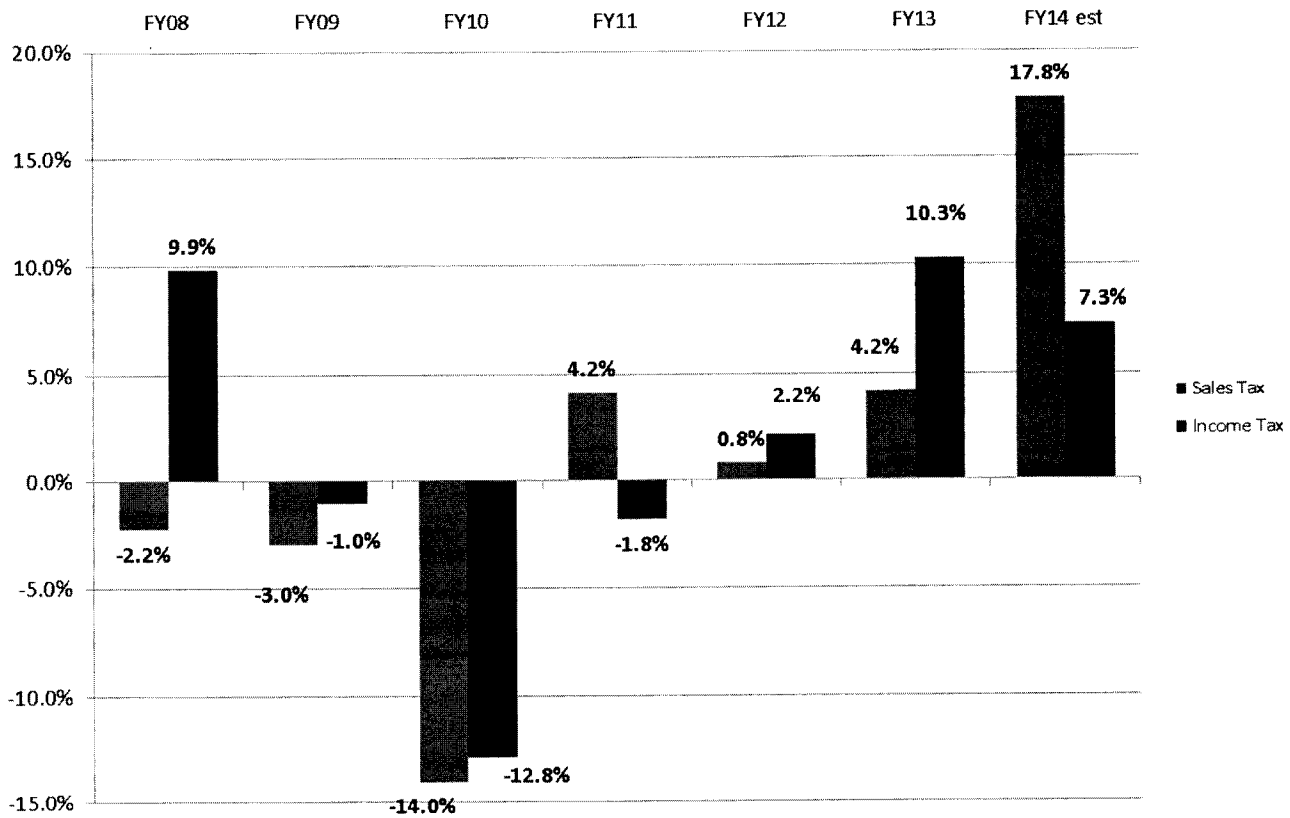
- Continued revenue growth in FY13/14.
- FY13/14 estimated revenues are \$1.6 million or 7.2% above budget.
- Sales Tax + Income tax = 56% of all GF revenues.
- Growth in Sales Taxes (1% and HRST) accounts for \$909,000 or 56% of the \$1.6M favorable revenue variance.
- State-shared revenues (Income Tax) continue to be stable, growing 7.3% from FY12/13 and meeting FY13/14 original budget projection, but slowing into next year.

General Fund Revenues

4/30/14 Estimated Revenues

	FY12 <u>Actual</u>	FY13 <u>Actual</u>	FY14 <u>Budget</u>	FY14 <u>Estimate</u>	Over/ (Under) FY13	Over/ (Under) Budget
Sales Tax	\$ 4,881,599	\$ 5,411,060	\$ 5,525,000	\$ 6,050,000	\$ 638,940	\$ 525,000
State Income Tax	3,244,566	3,578,776	3,785,000	3,840,000	261,224	55,000
Home Rule Sales Tax	2,820,612	3,155,990	3,205,000	3,589,000	433,010	384,000
Utility Tax - Telecomm.	1,684,908	1,517,503	1,450,000	1,460,000	(57,503)	10,000
Utility Tax - Electricity	1,815,206	1,885,171	1,820,000	1,875,000	(10,171)	55,000
Natural Gas Use Tax	502,232	583,189	575,000	590,000	6,811	15,000
Real Estate Transfer Tax	690,164	485,937	375,000	550,000	64,063	175,000
Hotel Tax Receipts	269,610	281,670	305,000	272,000	(9,670)	(33,000)
Other Taxes	<u>956,873</u>	<u>1,001,606</u>	<u>1,008,800</u>	<u>1,080,500</u>	<u>78,894</u>	<u>71,700</u>
Total Taxes	16,865,770	17,900,902	18,048,800	19,306,500	1,405,598	1,257,700
Licenses and Permits	1,179,724	1,154,156	1,119,000	1,206,300	52,144	87,300
Grants	204,254	113,867	111,000	98,000	(15,867)	(13,000)
Charges for Services	1,353,486	1,319,872	1,320,700	1,365,200	45,328	44,500
Fines and Forfeitures	1,591,296	1,609,373	1,617,000	1,744,000	134,627	127,000
Interest Income	33,992	36,093	35,000	35,000	(1,093)	-
Miscellaneous Revenue	<u>306,859</u>	<u>835,322</u>	<u>223,500</u>	<u>346,000</u>	<u>(489,322)</u>	<u>122,500</u>
Total Revenues	\$ 21,535,381	\$ 22,969,585	\$ 22,475,000	\$ 24,101,000	1,131,415	1,626,000
	2.4%	6.7%		4.9%	4.9%	7.2%

**History of Sales and Income Tax Revenues
FY07/08 to FY13/14**



**General Fund Expenditures
4/30/14 Estimated Expenditures**

	FY13 <u>Actual</u>	FY14 <u>Budget</u>	FY14 <u>Estimate</u>	Over/ (Under) FY13	Over/ (Under) Budget
Personal Services	\$ 9,955,782	\$ 10,158,625	\$ 10,354,945	399,163	196,320
Seasonal Help	31,070	43,400	42,700	11,630	(700)
Court Time	119,266	145,500	104,795	(14,471)	(40,705)
Overtime	603,019	662,450	635,770	32,751	(26,680)
Group Insurance	1,718,687	1,769,487	1,714,440	(4,247)	(55,047)
IMRF	698,647	700,124	706,335	7,688	6,211
FICA	766,542	775,141	803,326	36,784	28,185
Work Comp	260,042	306,056	305,304	45,262	(752)
Unemployment	12,105	35,000	5,000	(7,105)	(30,000)
Police Pension	<u>1,474,398</u>	<u>1,551,754</u>	<u>1,551,754</u>	<u>77,356</u>	-
Total Salaries & Wages	15,639,558	16,147,537	16,224,369	584,811	76,832
Contractual Services	4,493,938	5,370,330	4,725,341	231,403	(644,989)
Commodities	235,975	388,558	331,899	95,924	(56,659)
Capital Outlay	<u>537,631</u>	<u>438,575</u>	<u>402,691</u>	<u>(134,940)</u>	<u>(35,884)</u>
Total	<u>\$ 20,907,102</u>	<u>\$ 22,345,000</u>	<u>\$ 21,684,300</u>	<u>\$ 777,198</u>	<u>\$(660,700)</u>
				3.7%	-3.0%
Transfer to Capital Fund	2,100,000				

Changes in Total Expenditures

- FY13/14 estimated expenditures projected 3.7% (\$777K) ahead of FY12/13 actual expenditures and below FY13/14 budget by 3.0% (\$661K).
- Salaries & Wages \$584,811 or 3.7% ahead of FY12/13, driven by salary increases and new positions (3.5FTE)
- Contractual Services \$231,403 or 5.1% ahead of FY12/13
 - Full year of new Sales Tax Sharing Agreement
- Commodities \$95,924 or 40.7% ahead of last year
 - MFT items (road salt, streetlight power, etc.) moved to GF.
- Capital \$134,940 or 25.1% less than FY12/13
 - Timing of Scheduled Vehicle Replacements

New Year FY14/15 Budget "Primer"

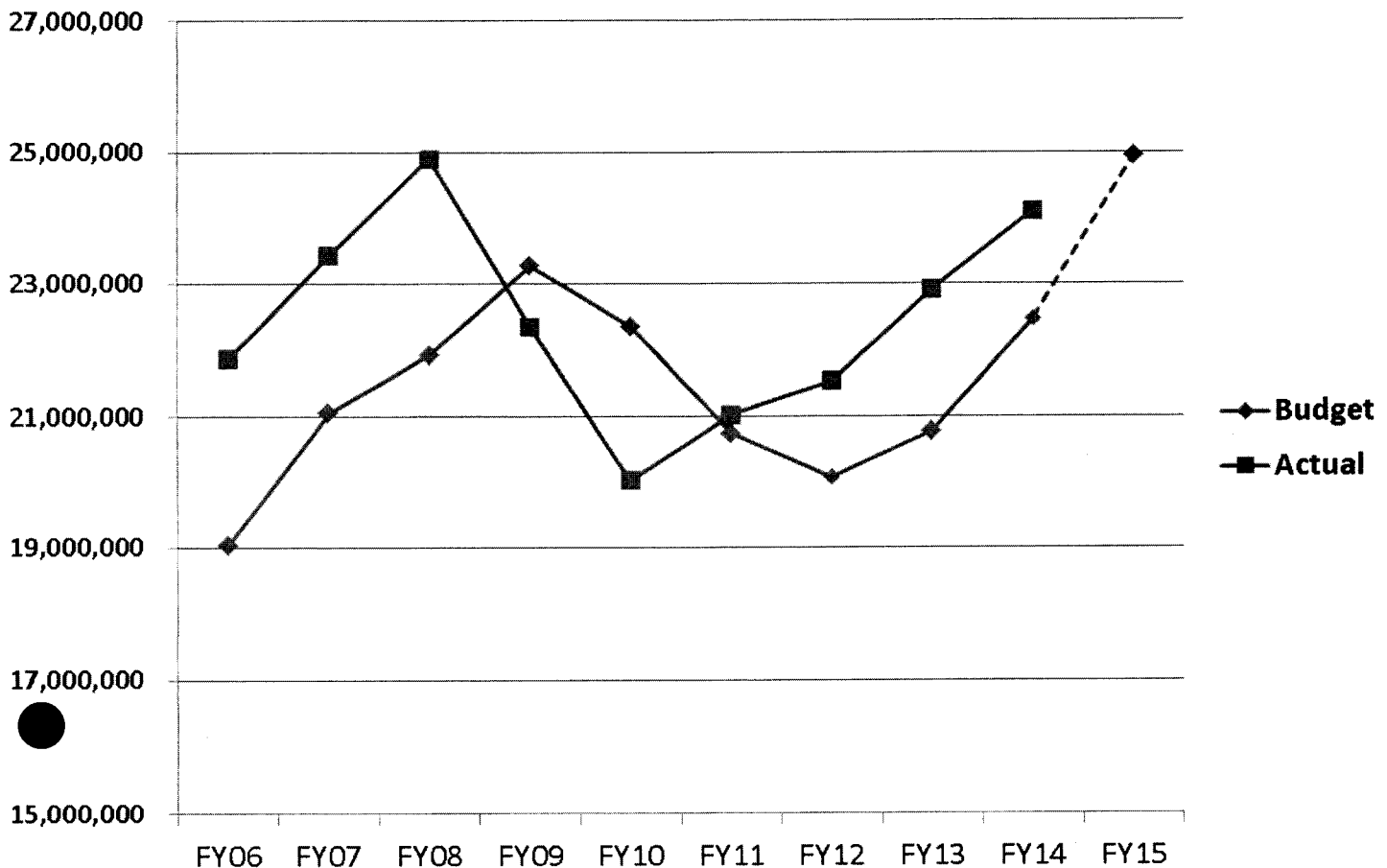
- Continued revenue growth anticipated into FY14/15 along with overall economic growth and recovery.
- A balanced General Fund Budget will be presented without compromising continued capital and infrastructure reinvestment.
- Revenue climate should allow for some additional operational growth to address community needs and Village Board strategic goals / focal areas identified in October 2013 planning retreat.

REVENUE SUMMARY – General Fund

- **FY14/15 Projected Revenues = \$24,945,000**
 - 11.0% ABOVE FY13/14 Budget (+\$2.47 M)
 - 3.5% ABOVE FY13/14 Est. Year-End Actual (+\$844K)
- **Revenue History**
 - FY07/08 Revenues Peak at \$24.9M
 - FY08/09 Recession Hits - 10% Loss
 - FY09/10 Additional 10% Loss - "Hit Bottom" at \$20.0M
 - FY10/11 Increase in HRST, Tow Fee counter "free fall"
 - FY11/12 Stagnation, but no further loss
 - FY12/13 Actual Growth = 6.7%
 - FY13/14 Est. Growth = 4.9%
 - FY14/15 Projected Growth = 3.5%

- **Signs of a continued recovering economy**
 - Sales Tax FY14/15: + 7.4% over FY13/14 EST (20.9% 2 year incr.)
 - Use Tax FY14/15: + 5.6% over FY13/14 EST
 - Transfer Tax FY13/14: + 13.2% over FY12/13 Actual
SFH Sales continue to increase (2 consecutive years)

It has taken the Village 7 years to get back to pre-recession revenue levels including 20 fewer employees.



Rece[↑]ssion

FY14/15 Revenue Highlights

	<u>FY14 Budget</u>	<u>FY14 Estimate</u>	<u>FY15 Projected</u>	<u>Chg. From FY14 Budget</u>	<u>Chg. From FY14 Est.</u>
Sales Tax	\$ 5,525,000	\$ 6,050,000	\$ 6,512,000	\$ 987,000	\$ 462,000
State Income Tax	3,785,000	3,840,000	3,760,000	(25,000)	(80,000)
Home Rule Sales Tax	3,205,000	3,589,000	3,843,000	638,000	254,000
Utility Tax - Telecomm.	1,450,000	1,460,000	1,425,000	(25,000)	(35,000)
Utility Tax - Electricity	1,820,000	1,875,000	1,850,000	30,000	(25,000)
Natural Gas Use Tax	575,000	590,000	585,000	10,000	(5,000)
Real Estate Transfer Tax	375,000	550,000	515,000	140,000	(35,000)
Hotel Tax Receipts	305,000	272,000	280,000	(25,000)	8,000
Other Taxes	<u>1,008,800</u>	<u>1,080,500</u>	<u>1,157,400</u>	<u>148,600</u>	<u>76,900</u>
Total Taxes	18,048,800	19,306,500	19,927,400	1,878,600	620,900
Licenses and Permits	1,119,000	1,206,300	1,211,800	92,800	5,500
Grants	111,000	98,000	240,000	129,000	142,000
Charges for Services	1,320,700	1,365,200	1,381,300	60,600	16,100
Fines and Forfeitures	1,617,000	1,744,000	1,825,000	208,000	81,000
Interest Income	35,000	35,000	40,000	5,000	5,000
Miscellaneous Revenue	<u>223,500</u>	<u>346,000</u>	<u>319,500</u>	<u>96,000</u>	<u>(26,500)</u>
Total Revenues	\$ 22,475,000	\$ 24,101,000	\$ 24,945,000	\$2,470,000	\$ 844,000
		4.9%	11.0%	11.0%	3.5%

Significant Program/Service Areas

- Revenue growth has created capacity to restore some previous staffing levels to bolster delivery of core services.
- Revenues will also be available to assist in the implementation of Village Board goals / priorities identified in October 2013 planning retreat.
- EAB activities begin to wind down in FY14/15.
- New TIF Activity / Rebate Agreement begins (Caputo's).
- Another Rebate Agreement ends (Lowe's).

Next Steps

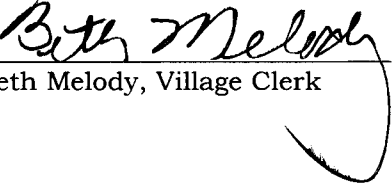
- Tuesday, January 21, 2014
 - 6:00 pm Special Village Board Workshop
 - REVIEW OF DRAFT VILLAGE BOARD GOALS
- Monday, February 3, 2014
 - 6:00 pm Special Village Board Workshop
 - FY14/15 Draft Budget Presentation – Part 2
 - CAPITAL IMPROVEMENT PROGRAM
- Tuesday, February 18, 2014
 - 6:00 pm Special Village Board Workshop
 - FY14/15 Draft Budget Presentation – Part 3

- GENERAL FUND
- Monday, March 3, 2014
 - 6:00 pm Special Village Board Workshop
 - FY14/15 Draft Budget Presentation – Part 4
 - ALL OTHER FUNDS
- Monday April 7, 2014
 - 8:00 pm Regular Village Board Meeting
 - Budget Public Hearing
 - Budget Adoption
- May 1, 2014
 - FY14/15 Begins

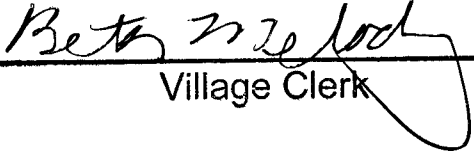
There being no further business, a motion was made by Trustee Schwarze and seconded by Trustee Frusolone to adjourn the Special Board meeting. The meeting was adjourned unanimously at 7:27 p.m.

FOR THE BOARD OF TRUSTEES


 Matt McCarthy, Mayor Pro Tem


 Beth Melody, Village Clerk

Minutes approved by the President and Board of Trustees on this
21st day of JANUARY, 2014.


 Village Clerk