



## LAND USE COMMITTEE/ SPECIAL ZONING COMMITTEE

**SUBJECT:** Discussion of Adult-Use Retail Cannabis Sales in Wilmette

**MEETING DATE:** July 27, 2021

**FROM:** Michael Braiman, Village Manager  
Jeff Stein, Assistant Village Manager/Corporation Counsel  
Erik Hallgren, Assistant Village Manager  
John Adler, Director of Community Development  
Lucas Sivertsen, Business Development Coordinator

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At the July 27, 2021 Village Board meeting, the Board will continue its discussions as to whether to permit the retail sale of adult-use recreational cannabis. No final action will be taken at this meeting. The Village's moratorium on retail cannabis sales in Wilmette was previously extended to run through December 31, 2021.

### **Background**

Following the November 3, 2020 referendum at which 56% of Wilmette voters supported the retail sale of recreational cannabis in Wilmette and 44% opposed such sales, the Village Board met on February 4, 2021 to discuss next steps related to adult-use recreational dispensaries in Wilmette. The Board voted unanimously to refer the matter to the Land Use Committee (LUC) sitting as a Special Zoning Committee to further discuss potential zoning districts suitable for a dispensary and the related regulations if a dispensary were to be an authorized use in that zoning district. This referral was not a commitment by the Village Board to permit recreational cannabis dispensaries but rather the next step in the Village's consideration of this matter.

[For the Board's reference, the entire library of reports and memoranda from the Village staff on the topic of recreational cannabis is linked here for your reference.](#)

The LUC met on February 24, 2021 and June 29, 2021 to consider potential dispensary locations and regulations. Links to the Committee meetings packets can be found below:

- [February 24, 2021 Land Use Committee Packet](#)
- [June 29, 2021 Land Use Committee Packet](#)

The LUC focused its discussions to answer the following:

- *If the Village Board were to permit the sale of recreational cannabis in Wilmette, what is an appropriate location?*

and,

- *What type of regulations would be appropriate for a recreational cannabis dispensary?*

The LUC voted unanimously that Edens Plaza would be the most appropriate location for a recreational cannabis dispensary and that a special use permit, along with other regulations of general applicability to any dispensary, is recommended should the Village Board determine that the retail sale of cannabis should be allowed in Wilmette.

### **Discussion**

The following discussion, which was the focus of the LUC's review, will be separated into two sections:

- Dispensary locations
- Dispensary regulations

#### **Dispensary Locations**

In its review of the Village's non-residential, commercial zoning districts, the LUC utilized the following criteria to determine which district or districts would be appropriate for a cannabis dispensary:

- Residential – Not adjacent to any residential properties
- Traffic – On major thoroughfares thereby limiting the traffic impact on residential streets; for purposes of the analysis roads identified as major streets were utilized
- Parking – Sufficient off-street parking
- Schools – Not located in close proximity to schools; for purposes of the analysis the Village's school walking route map helped determine suitable locations

Based on the above criteria, a majority of the LUC determined that it was not appropriate to further consider permitting cannabis dispensaries in the following eight zoning districts:

- NR: Neighborhood Retail
- NR-1: Linden Square Neighborhood Business District
- GC-1: General Commercial District
- GC-2: Heavy Commercial District
- VC: Village Center Business
- OR: Office Research
- PCD-2: Planned Commercial (Plaza del Lago)
- PCD-3: Planned Commercial (West Lake Plaza)

The LUC decided that PCD-1, Edens Plaza, best met all four criteria and did not have the potential drawbacks as the other commercial zoning districts.

[The February 24, 2021 Committee packet, on pages 7 - 34 of the material, provides a detailed analysis of the above criteria in relation to each zoning district.](#)

### *Edens Plaza*

On June 29, 2021, the LUC met to focus its review on Edens Plaza. This meeting and discussion were as the requisite public hearing to allow for a potential text amendment to the PCD-1 (Edens Plaza) zoning district. While not required by the Village Code, notice of the meeting was provided to properties within 500' of Edens Plaza, which included Loyola Academy. The purpose of the meeting was to have a discussion with representatives of Newport Capital Partners (the owners of Edens Plaza), to better understand the impact, if any, of a dispensary on the shopping center and to hear from residents and other stakeholders regarding Edens Plaza as a potential location for a dispensary. Stakeholder feedback can be found in the draft minutes of the June 29 LUC as well as in Attachment 16.

The following is a summary of the comments provided by Matt O'Keefe, Asset Manager for Newport Capital Partners, and Brendan Reedy, Senior Vice President of CBRE and leasing agent for Edens Plaza.

#### Edens Plaza Specific:

- In general, Newport is open to leasing space to a cannabis dispensary at Edens Plaza.
- A dispensary at Edens Plaza would be more appealing in an outlot due to financing hurdles as cannabis remains illegal at the Federal level.
- A dispensary is not a use which is driving the overall strategy to revitalize Edens Plaza and is not a top priority for Newport, however, allowing a recreational dispensary at Edens Plaza would provide Newport flexibility in attracting new tenants as dispensaries typically pay higher than average market rents.

#### Cannabis Dispensary Impacts on Commercial Real Estate/Leasing:

- Cannabis dispensaries in Illinois have operated like a normal tenant; operations have been smooth, the quality of construction, build out and operations has been impressive.
- Dispensaries are viewed as good co-tenants, and they have not seen concerns from national retailers as dispensaries generate traffic and attract consumers from further away.
- Examples of dispensaries situated in centers with national retailers include:
  - Sunnyside in Buffalo Grove which shares walls with Starbucks and T-Mobile;
  - Sunnyside in Schaumburg which is situated in an outlot at Woodfield Mall;
  - MedMen in Oak Park which is situated in the main downtown retail corridor.

Based on the above, as well as the feedback received from other stakeholders which was both in favor of and opposed to a dispensary at Edens Plaza, the LUC felt that Edens Plaza would be the only appropriate location for a recreational cannabis dispensary in Wilmette.

### Dispensary Regulations

The recommended regulations are based on Corporation Counsel Stein's analysis of the Village's authority to regulate dispensaries per the Home Rule limitations found in the State statute and are based upon regulations enacted by other municipalities with existing cannabis dispensaries. Following a discussion of potential regulations amongst the LUC members and with representatives of Edens Plaza, the LUC is recommending the following regulations if the Village were to permit recreational cannabis dispensaries:

- Categorize cannabis dispensaries as a Special Use which would ensure a dispensary is subject to both Zoning Board of Appeals and Village Board review and approval; regulations to be addressed through the Special Use process include but are not limited to:
  - Size of the facility
  - Hours of operation
  - Parking
  - Lighting
  - Signage
  - Operational components such as location of security and customer queuing (can be required to be inside), location of deliveries, location of vault, etc.
  
- General regulations which would automatically apply to any recreational dispensary:
  - Limit the number of dispensaries to one
  - Prohibit on-site consumption of cannabis
  - Require submittal of a security plan to the Police Department
  - Require submittal of a queuing plan for customers
  - Require all waste to be stored inside the facility
  - Require compliance with all laws
  - Ensure that misconduct of employees is considered misconduct of the dispensary
    - Fines for violation of the Special Use permit would be a minimum of \$500 and maximum of \$7,500 (this is 10x the fine amount for general code violations)
    - Allow for the Village to suspend a Special Use permit if violations of the permit persist

### Other Considerations

#### *Public Safety*

Throughout the Village's review of recreational cannabis, public safety has been an important component of the Village Board's deliberations. Since the Village Board last met on this topic in February, approximately 30 new cannabis dispensaries have opened in Illinois. In February, the Village staff had not identified any public safety concerns and that continues to be the case as of July 2021.

Out of the 110 dispensaries currently operating in Illinois, one dispensary was found in violation of the law one time. That dispensary received a \$20,000 fine from the State for selling cannabis to an individual under the age of 21.

#### *Revenue*

When the Village Board last discussed recreational cannabis at its February 4, 2021 Special Meeting, there was a request to obtain more information on the revenue that could be generated by a cannabis dispensary. While State law prohibits municipalities from releasing revenue data for specific businesses, staff was able to obtain the following data at a Statewide level. Note that the data is in the aggregate for all cannabis dispensaries in Illinois and the amount of revenue generated by a specific dispensary will vary:

Month and Year	Sales Total	# of Recreational Dispensaries	Average Sales Figure per Store
Jan-20	\$ 39,247,841	44	\$ 891,996
Feb-20	\$ 34,805,072	46	\$ 756,632
Mar-20	\$ 35,902,543	48	\$ 747,970
Apr-20	\$ 37,260,498	48	\$ 776,260
May-20	\$ 44,317,386	50	\$ 886,348
Jun-20	\$ 47,646,437	53	\$ 898,989
Jul-20	\$ 60,956,981	56	\$ 1,088,518
Aug-20	\$ 63,963,847	58	\$ 1,102,825
Sep-20	\$ 67,648,362	61	\$ 1,108,990
Oct-20	\$ 75,278,200	65	\$ 1,158,126
Nov-20	\$ 75,199,344	69	\$ 1,089,846
Dec-20	\$ 86,857,898	71	\$ 1,223,351
Jan-21	\$ 88,813,873	76	\$ 1,168,604
Feb-21	\$ 80,741,642	80	\$ 1,009,271
Mar-21	\$ 109,149,356	84	\$ 1,299,397
Apr-21	\$ 114,961,668	106	\$ 1,084,544
May-21	\$ 116,380,348	110	\$ 1,058,003
Jun-21	\$ 115,574,741	110	\$ 1,050,679

Data from the Illinois Department of Professional and Financial Regulation: <https://www.idfpr.com/profs/adultusecan.asp>

For reference, the Village would receive 5% of all recreational cannabis sales:

- 1% State of Illinois sales tax
- 1% Wilmette Home Rule sales tax
- 3% Wilmette cannabis tax (previously enacted on October 22, 2019)

### Next Steps

Staff is seeking direction from the Village Board regarding next steps:

- If a majority of the Board determines that recreational cannabis sales should remain prohibited, an ordinance enacting such measures will be placed on a future Village Board meeting agenda for introduction.
- If a majority of the Board determines that recreational cannabis sales should be allowed in the Village and the Board agrees with the LUC's recommendation regarding location and regulations, an ordinance will be placed on a future Village Board meeting agenda.
- If the Board seeks additional information or would like to further deliberate the matter, a Special Village Board meeting can be scheduled, or an item added to a regular agenda at a later date (prior to the end of the year).

### **Documents Attached**

1. PowerPoint Presentation for July 27, 2021 Village Board Meeting

[2. Link to all previous memoranda/reports/attachments on recreational cannabis](#)



# Village Board Discussion

## *Sale of Adult-Use Recreational Cannabis*

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**JULY 27, 2021**

# Goals for this evening

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- Answer ultimate question: Should Wilmette allow the sale of adult-use recreational cannabis?
  - If answer to the ultimate question is "no" -- an ordinance prohibiting the sale of recreational cannabis will be placed on an upcoming agenda
  - If answer to the ultimate question is "yes" -- confirm Land Use Committee's recommendation that Edens Plaza (PCD-1), with the recommended regulations, is the only appropriate location in the Village
    - If confirmed, an ordinance amending the zoning code will be placed on an upcoming agenda
    - If not confirmed, based on the LUC's review, there would be no appropriate locations in the Village
- If more information is needed: Provide direction to staff as to the desired information which will help inform a decision

# Background

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- June 2019 – Governor Pritzker signs the Cannabis Regulation and Tax Act
- October 2019 – Village Board enacts Ordinance 2019-O-63
  - Places moratorium on the retail sale of cannabis until June 30, 2021
  - Regulates cannabis sales/possession in the Village Code
  - Implements a 3% tax on the retail sale of cannabis
- July 2020 – Village Board votes to place a referendum on the Nov. 3, 2020 election ballot
- February 4, 2021 – Special Meeting of the Village Board refers matter to Land Use Committee to discuss potential locations and regulations
- February 24, 2021– Land Use Committee holds first meeting to review all nine commercial zoning districts; finds Edens Plaza (PCD-1) to be the most appropriate location for further review
- June 22, 2021– Village Board adopts ordinance extending the temporary moratorium on retail cannabis dispensaries through the end of the 2021 as the review continues
- June 29, 2021– Land Use Committee holds second meeting focused on Edens Plans (PCD-1); unanimously recommends PCD-1 as most appropriate location along with recommended regulations



# Referendum Results

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**“Shall the retail sale of adult use recreational cannabis be permitted within the Village of Wilmette at a business licensed by the State of Illinois?”**

- There were 17,723 ballots cast (77% voter turnout)
  - Yes – 9,681 (56.39%)
  - No – 7,486 (43.61%)
  - *556 ballots cast that did not answer the cannabis question*

# Nearby Communities - No Changes Since Last Board Discussion

Highland Park- Approved recreational sales in October 2020

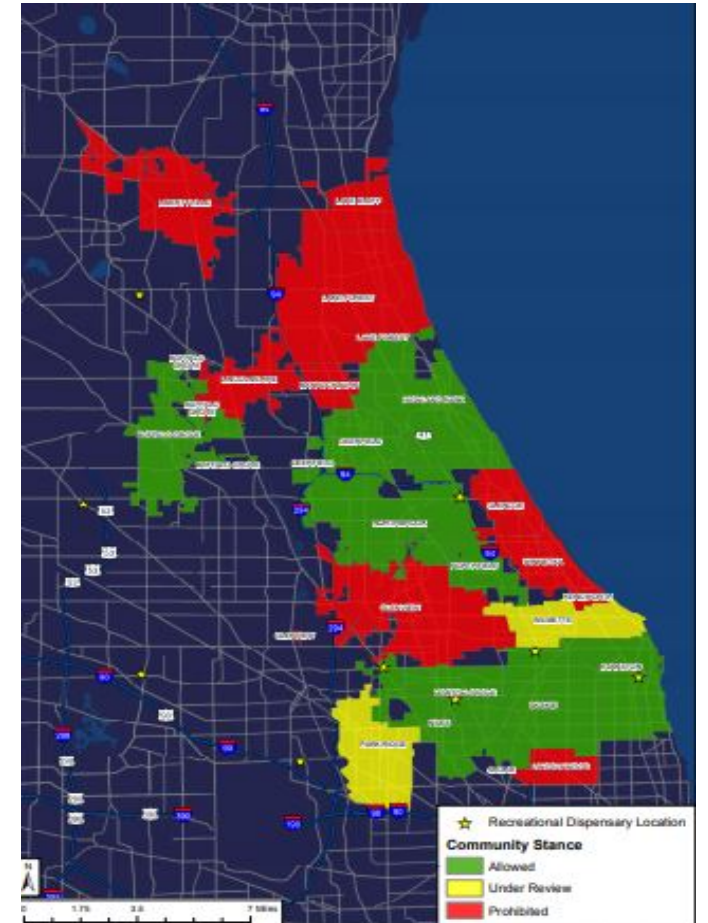
Park Ridge- Approved recreational sales in February 2021

Morton Grove- Approved recreational sales in December 2020

Northfield- Approved recreational sales in January 2021

Status in other communities remains unchanged:

- Permitted: Northbrook, Deerfield, Evanston, Skokie, Niles, Buffalo Grove
- Prohibited: Winnetka, Kenilworth, Glencoe, Glenview, Lake Forest, Lincolnshire, Bannockburn, Lincolnwood\*, Lake Bluff, Libertyville
- \*Lincolnwood has indicated they intend to review their prohibition



# Public Safety

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- Staff has not identified any public safety concerns based on conversations with nearby communities and a survey from the Northwest Municipal Conference
- The one adverse impact identified was increased traffic and parking when a dispensary initially opens (dissipates after several weeks)
- The Police Department strongly recommends prohibiting on-site consumption of cannabis
- One violation of the State statute has occurred since recreational dispensaries have opened
  - Resulted in a \$20,000 fine from the State for sale to a minor

# Financial Impact

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- Wilmette would receive 5% tax on the sale of adult-use recreational cannabis
  - 1% state sales tax
  - 1% home rule sales tax
  - 3% local cannabis tax

<b>State of Illinois Recreational Cannabis Sales Data</b>			
<b>Month / Year</b>	<b>Statewide Monthly Sales</b>	<b>Number of Dispensaries</b>	<b>Average Monthly Sales per Store</b>
January 2020	\$39,247,840	44	\$891,996
January 2021	\$88,813,872	76	\$1,168,603
March 2021	\$109,149,356	84	\$1,299,397
June 2021	\$115,574,741	110	\$1,050,679

# Land Use Committee Location Review

## Factors Considered by the Committee

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- **Residential**
  - Site is not adjacent to residential properties
- **Traffic**
  - Site is on major thoroughfare to limit traffic impact on residential streets; analysis used arterial streets or larger
- **Parking**
  - Site has sufficient off-street parking
- **Schools**
  - Site is not in close proximity to schools; analysis used Village school walking routes

# Land Use Committee's Findings

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**A majority of the Committee determined that the following zoning districts were not appropriate for further consideration:**

- NR: Neighborhood Retail Business District
- NR-1: Linden Square Neighborhood Business District
- GC-1: General Commercial District
- GC-2: Heavy Commercial District
- VC: Village Center Business
- OR: Office Research
- PCD-2: Planned Commercial (Plaza del Lago)
- PCD-3: Planned Commercial (West Lake Plaza)

**The Committee determined that PCD-1: Planned Commercial (Edens Plaza) did not have the drawbacks identified in the above zoning districts and best met all four criteria**

# PCD-1: Planned Commercial Development District

## Edens Plaza

Criteria	Criteria Met?
Residential	✓
Traffic	✓
Parking	✓
Schools*	✓

*NOTE: Loyola Academy is located within 300' from the Edens Expressway measured across the highway and 900' as measured via walking path (not a school walking route)*



# Land Use Committee's Findings

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The Committee met, in a public hearing, with representatives of Edens Plaza to understand from a commercial real estate perspective the appropriateness of a dispensary at the shopping center. The following comments were provided to the Committee:

## Edens Plaza Specific:

- Newport is open to leasing space to a cannabis dispensary at Edens Plaza
- Most appealing in an outlot due to financing hurdles
- Not a use which is driving the overall strategy to revitalize Edens Plaza nor a priority at this time
  - However, allowing a dispensary would provide flexibility in attracting new tenants as they typically pay higher rents

***\*This was important to members of the Land Use Committee who clearly communicated to Newport that a Special Use application would not be viewed favorably until the overall direction of Edens Plaza is determined***

## Cannabis Dispensary Impacts on Commercial Real Estate/Leasing:

- Dispensaries in Illinois have operated like a normal tenant; operations have been smooth, the quality of construction, build out and operations has been impressive
- Viewed as good co-tenants, and they have not seen concerns from national retailers as dispensaries generate traffic and attract consumers from further away



# State Regulations

## *The sale of recreational cannabis is licensed and regulated by the State:*

- Dispensaries may not operate between 10pm – 6am
- Must be 21 years of age with valid ID to purchase (ID is scanned)
- All sales are reported to the State
- Interior and exterior security cameras are required
- There must be two employees and one security guard onsite during operating hours
- Exterior windows must be shatterproof and tinted
- Product must be locked in a secure space and stored in a reinforced vault room when the dispensary is closed (access must be logged by employees)
- Sales are not permitted through a drive-through, vending machine or delivery
- Deliveries must be made to an area separate from the public area of the business
- Dispensaries must abide by all local zoning, building, fire, and business regulations

# Local Regulations

*The Village has some authority to establish its own regulations; the Land Use Committee recommends the following:*

- Special Use - Strongly recommended to ensure a dispensary is subject to ZBA and Village Board review and approval
  - Size of the facility
  - Hours of operation
  - Parking, lighting, signage
  - Operational components such as location of security and customer queuing, location of deliveries, etc.
- General regulations applicable to any dispensary
  - Limit the number of dispensaries to one
  - Prohibit on-site consumption of cannabis
  - Require submittal of a security plan to the Police Department
  - Require submittal of a queuing plans for customers
  - Require all waste to be stored inside the facility
  - Require compliance with all laws and that misconduct of employees is considered misconduct of the dispensary
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    - If confirmed, an ordinance amending the zoning code will be placed on an upcoming agenda
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- If more information is needed: Provide direction to staff as to the desired information which will help inform a decision