

August 30, 2019

Mayor Steve Chirico and Council Members
City of Naperville
400 S. Eagle Street
Naperville, IL 60540

Manager Douglas Krieger and Staff
City of Naperville
400 S. Eagle Street
Naperville, IL 60540

Re: Item K-1

Dear Mayor Chirico, Members of the Council, Manager Krieger, and City Staff:

Thank you for the opportunity to contribute to the public discussion regarding responsible regulations for retail sales of adult-use cannabis in Naperville at your last public meeting. We greatly value Naperville's leadership in crafting responsible regulations to ensure that medicinal and adult-use customers have access to safe, legal, and regulated products, consistent with the state's new law.

We would like to reiterate our fundamental belief that the opportunity to operate in the industry and in a community like Naperville is a privilege, not a right. We truly value the opportunities we have had to share our vision, experience, and lessons learned as you continue your deliberations.

To that end, several council members have expressed concern about the tight deadlines and the impact of having adult-use sales on January 1, 2020. Deciding to 'opt-in' by creating zoning regulations does not equal adult-use retailers legally operating on January 1.

Instead, any proposed amendment to the Naperville Zoning Ordinance would take a few months to pass City Council after directing staff to prepare an 'opt-in' amendment to the Ordinance. Then, it would take a few months for any applicant to obtain a condition use permit to operate a recreational dispensary. If timing is a concern, we suggest that Naperville establish a reasonable effective date of any "opt-in" amendment to the Naperville Zoning Ordinance—perhaps June 1, 2020. This would give industry members the legal certainty needed to seek licensure from the state, but also alleviate concerns that the City would be rushed into this process.

We respectfully request that the conversation continue, and that you provide direction to staff to develop regulations which would enable adult-use retailers to invest, operate, and serve adult and medicinal customers in your community.

Our company and its affiliates have extensive experience assisting in the operation of retail stores, cultivation facilities, and processing centers in various states across the nation. We have also worked intimately with local leaders in other nearby Illinois municipalities to help create zoning frameworks that can enable retail sales to adults.

To facilitate discussion and spur efficiency, we wanted to share our perspective on what we think would be appropriate for Naperville based on your deliberations to date:

Public Safety and Youth Education: We believe that safe and regulated access to cannabis contributes to human health, happiness, and wellness, but equally important we believe this medicinal plant must be responsibly cultivated, distributed, and sold.

There are obvious public health benefits to providing access to inspected, regulated, and safe products to adults compared to the black market. Equally important, we believe in 21+ and welcome the opportunity to contribute in an appropriate way to the creation of a youth interdiction and education campaign, as many on the Council have suggested.

Capping Amount of Retailers: Based on our experience, we believe that a vibrant and competitive market would exist if Naperville capped its adult-use retailers at two or three locations, geographically dispersed across the community.

Consumption Lounges: As we testified at your last meeting, we do not support the consumption lounge concept and have no interest in operating one in Naperville. We would encourage you to exclude these businesses from your regulatory framework.

Excise Tax Rate: We believe legal, regulated access should also provide a substantial benefit to the local community. We have no objection to the institution of the excise sales tax to the full amount allowed under the law.

Other Businesses: At this time, we have no opinion on the appropriateness of permitting other aspects of the industry in your community. We think it is important to note that the transportation organization is not a “delivery-service,” and that deliveries to consumers are illegal.

Existing Zoning Classifications: We think Naperville has an excellent zoning regulatory framework in place for medicinal cannabis and believe you would be well-served by using that as your template for regulating a limited number of additional adult-use retail establishments. A substantial public process was undertaken to create the existing medicinal zoning structure.

As you consider what zoning districts are appropriate, it is important to remember that adult-use stores are retailers. It is important that these stores be set up to succeed and not produce unintended issues by being forced into districts, developments, or areas not planned, designed, or built to handle consistent retail traffic.

In our experience, the community is best served by having retail stores located in commercial developments that have sufficient parking, easy access to major arterial roads, and provide a feeling of safety and security.

Other Considerations: If you direct staff to prepare an ordinance for public consideration, we respectfully suggest that you encourage them to consider including these components to your regulatory framework:

- **Local Control and Compliance to 21-Plus:** We agree that local control is important, and we would welcome the City's oversight of our operations. We would work with the Liquor Commission, or other appropriate entities, on developing a strict-compliance framework, including the potential loss of a local license for non-compliance.
- **Access to Banking Institutions:** We would support requiring that any applicant or business have access to the banking system and be able to remit tax payments electronically to the City, not in cash.
- **Experience in the Industry:** Naperville is in a position to command interest from experienced and responsible operators, with a proven commitment to safety and compliance. Requiring an applicant to have a record of operating an existing medicinal facility in-state for at least two-years would be a reasonable starting period.
- **Hours of Operation:** The Act establishes maximum retail hours of 6 a.m. to 10 p.m., but we would welcome working with Naperville on hours of operation you deem appropriate.
- **Security:** The safety and security of our customers and employees is our top priority and we welcome a collaborative relationship with local law enforcement. We would be happy to review and discuss our standard security protocols from other retail outlets with the Department to determine if any security standards need to be codified or included in our operations.
- **Advertising and Signage:** We would welcome ongoing discussions with staff to review and suggest reasonable and legal restrictions on signage and advertising, consistent with state statute.

Please do not hesitate to contact me or our team with any questions or concerns you have. Thank you again for your continued diligence in this matter and service to the Naperville community.

Sincerely,



George Archos
Zen Leaf St. Charles