



COTTAGE GROVE PLANNING COMMISSION
12800 Ravine Parkway South
Cottage Grove, MN 55016

March 24, 2025

COUNCIL CHAMBER - 7:00 P.M.

The Regular Meeting of the Planning Commission was held in the Council Chamber and telecast on Local Government Cable Channel 16.

1. CALL TO ORDER

Frazier called the Planning Commission meeting to order at 7:00 p.m.

2. ROLL CALL

Pradeep Bhat-Here; Ken Brittain-Here; Jessica Fisher-Here; Evan Frazier-Here; Eric Knable-Here; Emily Stephens-Here; Terrence Woodman-Here.

Members Absent: None

Staff Present: Emily Schmitz, Community Development Director; Samantha Pierret, Senior Planner; Max Erickson, Planner; Kori Land, City Attorney; Justin Olsen, City Council Liaison

3. APPROVAL OF AGENDA

Stephens made a motion to approve the agenda. Fisher seconded. The motion was approved unanimously (7-to-0 vote).

4. OPEN FORUM

Frazier opened the Open Forum and asked if anyone wished to address the Planning Commission on any non-agenda item. No one spoke. Frazier closed the Open Forum.

5. CHAIR'S EXPLANATION OF THE PUBLIC HEARING PROCESS

Frazier explained the purpose of the Planning Commission, which serves in an advisory capacity to the City Council, and that the City Council makes all final decisions. In addition, he explained the process of conducting a public hearing and requested that any person wishing to speak should go to the podium and state their full name and address for the public record.

6. PUBLIC HEARINGS AND APPLICATIONS

A. Zoning Code Updates - Case TA2025-010

The City of Cottage Grove has applied for a zoning text amendment to amend sections of City Code Title 11, Zoning Regulations, and Title 12, Sign Regulations. Changes to Title 12 are for informational purposes only and do not require Planning Commission action.

Erickson and Pierret summarized the staff report and recommended approval.

Frazier asked if there were any questions for staff.

Stephens said starting with the last one, the trees only being required for the disturbed area, I think that makes a ton of sense for developers. Have we been giving a lot of variances for that, in general? Like, has that been happening a lot where only a portion is disturbed? Pierret replied being new, I'll toss this over to Emily. Schmitz stated we've generally tried to find a way to make it applicable to the project at hand, right? When we have just an addition or only disturbing a small area of the site, we've evaluated our landscape code to generally use that calculation instead of using the entire site when they're not disturbing the entire site. So, this has been our standard practice, we want it to be very clear in the Code. Stephens said okay, that's kind of what I figured. I guess my question is just in some sense, so it makes sense on the developer's side, on the environmental side, it's kind of a nice blanket for making up for the loss of some trees, right? Like over time, maybe before we had a tree ordinance, but if you weren't enforcing it that way anyways, it just doesn't really make sense, so. Schmitz replied I'll also add that we do have a maximum impervious standard and a minimum open space that's required as well for project sites. So, even if we're doing a minor addition, we're still making sure that that green space or open space is maintained on the site just the same. Stephens said and then also about the trees, so, I think it's awesome to take them out of the boulevard. With them coming out of the boulevard, so that requirement's removed, what about when you have like a park or something else adjacent to the boulevard? Then are we like reducing the amount of trees overall that will be required with that change by no longer requiring them like every 3 feet in the boulevard, right? Now it's just per lot, and if you're taking away lots and having a park, does that make sense? Schmitz replied I think it does. So, we're specifically talking about the boulevard trees for an individual lot, which was our standard, we've also had a boulevard tree for each new home lot. We're adjusting that to say no boulevard tree in the Right-of-Way, a front yard tree in the front yard. Open spacing, common lot landscaping is calculated a little bit differently in residential projects, so those will still be permitted and required, generally speaking; however, on individual residential lots, we're adjusting to remove those street trees or boulevard trees. Did I catch your question? Stephens replied I think that makes sense. I'm just kind of thinking like in a development, the boulevard, you usually have your sidewalk, runs all the way along whether there's a park or a lot. And, so, I guess my thought is just maybe there's going to be a few less trees required because that boulevard requirement is gone, but the open space requirement stays the same. Schmitz replied correct. Stephens said okay, all right, thank you; that was my only question.

Bhat said so, regarding the first item, removal of Planning Commission review, is it just the review part, or is it that we won't be hearing any such applications for permits? Are we just not being asked to review the documents, or if any application comes, which would involve certain environmental let's say consequences, then the permit or the application, does it come to us with those documents? That is what I couldn't understand. Pierret replied so, I will try to answer it to my best. With the EAW and EIS and AUARs, so State Statute does not require the Planning Commission to review those or make a decision on those; you are not making a decision on those items if currently one were to come to you. As the Planning Commission, you are very much welcome to participate in that process, but the Council is the Regulatory Government Unit (RGU). They are the ones making the decision and everything, removing the formal having the applicant come to the Planning Commission meeting, present this to all of you, it's just taking one meeting step out of the process that is just another kind of timeline thing in a very long timeline that is required by these applicants. Bhat said just a quick follow up: So, what kind of applications are these, what kind of permit applications would those be? Pierret replied Environmental Assessment Worksheets (EAW), Environmental Impact Statements (EIS), and the AUAR, which the Area Urban, I haven't learned what that one means yet, my apology; so, those are the lengthy ones, currently our mining site is undergoing an EIS right now and study and everything. So, those large, long documents are what is not going to need to come to the Planning Commission for your review and approval or recommendation. Bhat said okay, thank you. Frazier said just to clarify in the EIS, EAW, AUARs, I forgot what AUAR means, too, so anytime there is like a project that's going to be proposed, so a new development, the mining site, there is a determination about whether there is enough potential impact on the land and the surrounding environment where they may have to undergo one of these assessments, correct? Pierret replied correct. Frazier said all right, and so then if there was a determination that one of these was appropriate, then they'd have to go through that process; and as it stands right now, part of the process is come and present this to the Planning Commission where there then is a Public Hearing on it, correct? Pierret replied correct. Frazier said so then, as it stands now, they still then go to City Council, do that all over again because City Council is the RGU and then City Council makes the decision after a second Public Hearing, correct? Pierret replied yes. Frazier said all right, so, this is just taking away one of the Public Hearings, allowing City Council to have the Public Hearing and make the decision on those statements. Pierret replied right, and it's not required by Statute, Mr. Chair, for the Planning Commission to have it; so, we're not doing anything that's out of bounds or anything. Frazier said but if we were hearing the underlying application, let's say for a new housing development where there was an EIS or an EAW, we would still get that information about what the findings were on that as part of the application that comes before us. Pierret replied yes, correct. Frazier said okay, thank you.

Fisher said in that same vein, I guess, I think our biggest job here is to have a Public Hearings and to let people speak about applications. And, so, I guess, if we aren't allowed to do that for certain applications, does that affect our ability to make recommendations? Like, the big one I think about is Mississippi Dunes, like that's the big one that we've been through, and we've gone, you know, a lot of us up here went through that process and so we understand that. And I think that the Public Hearings were really valuable for us to look at the whole project and give recommendations on the whole thing; so, I guess, is there a benefit to that being deleted from this? I mean, the City Council, like the one, I think we were here for 3 hours, right, that one night; does City Council sit that long and go through all of those, too, or? Schmitz replied so, two things: These environmental documents are triggered by the size of a development, right? And, so, they dig into the potential impacts of a development from a variety of different environmental perspectives, and then they identify if mitigation efforts are required. Now, those mitigation efforts would be included, then, in a proposed planning application, right, but it would come before this group ahead of a Council review and action, right? So, as a part of these environmental review documents, there are multiple different levels, for lack of a better way to put it. They would actually require several Public Hearings, so, they would require a Public Meeting and then the Council, as the RGU, would also hold that Public Meeting as well; so, there's already two in the State Statute process. Fisher replied okay, perfect. I think that's what I was looking for is what is required. Thank you.

Woodman said a quick question just on the going back, actually, a little bit to the fuel pump, that being available as one of their required parking spaces; is there any consideration for like EV parking/charging in that? Because I know it's very specifically written for fuel pump, which if you think about it, EVs sit there for a much longer time and it might be an incentive for fuelers, that type of thing, to put in EV chargers if those were considered as one of the parking spaces that were required. Pierret replied that was actually not a consideration as part of that; this really spawned out of the Kwik Trip proposal where their surface parking was technically under our requirements, but at the pumps they were providing enough parking. If they were to be EV spaces, I would say we would definitely be looking at those as more of a longer-term space, where like mentioned in this, the fuel pumps are more of a quick turnover, as we all know.

Frazier asked if there were any further questions; none were asked, and he said the City is the applicant, so let's go ahead with the Public Hearing.

Frazier opened the Public Hearing.

Bonnie Matter, 6649 Inskip Avenue South, Cottage Grove, said a couple of things, I have two buckets: My first bucket is a question about why the Planning Commission would no longer be part of the EAW, EIS, and AUAR. I found it very helpful to be able to come and share or learn about some of these things; these are big deals, I mean they impact our community, they impact our residents, and it's a way for the residents to find out about what's going on and learn more about it during that period, and then go before the City Council. So, I personally would feel better if the Planning Commission was also involved. The other concern I have about it is there'll be things where there will be a development and it will also involve the environmental piece of it, and I don't know how you can't not be involved in the environmental piece of it; it has to be figured out, I don't think they can go ahead and develop and then be doing the EAW on the side. So, those are my concerns, but that's really not why I'm here, but that is one that was on my bucket. The reason I'm here is because of the environmental assessment worksheets (EAWs) and impact statements (EISs). The Minnesota Environmental Quality Board, it's called the EQB if you're not familiar with it, you probably are, provides very detailed instructions on the process for handling environmental documents, such as the EAW, the EIS, and an Alternative Urban Areawide Review (AUAR). So, I provided the information where you can locate these documents so that you can look at them. My main concern for being here is I would like to see the City regulation updated to incorporate the Minnesota EQB instructions, following the Minnesota Statutes and Rules provided. For example, the EQB has a distribution list, as well as these statements that go beyond the property owners within 500 feet. The RGU shall promptly publish notice of the completion of an EAW by 1) Publishing the Notice in at least one newspaper of general circulation in the geographic area where the project is proposed; or 2) Posting the Notice on a website that has been designated as the official publication site for publication of proceedings, Public Notices, and summaries of a political subdivision in which the product is proposed; and C) Within 5 days of the date of submission of the EAW to the EQB staff, the RGU shall provide a press release containing notice of the availability of the EAW for public review to at least one newspaper of general circulation within the area where the project is proposed. The press release shall include the name and location of the project, a brief description of the project, the location at which copies of the EAW are available for review, the date that the comment period expires, and the procedures for commenting. The RGU shall publish legal notice or advertisement of the availability of the EAW if the proposer requests and agrees to pay for the notice or advertisement. The notice or advertisement shall contain the information required in the press release. There is a very, very long distribution list in addition to those requirements for the RGU. The other thing that I would like to say is that hopefully the other governmental units, they just refer to governmental units in the distribution list; I would hope

that at the very least that would include the South Washington Watershed District and any adjacent cities that may be impacted. We haven't been real good about doing that, so that would be helpful if we let other cities know what we're doing, and I would appreciate the following: I'd appreciate a written response to the letter, I would like the updated regulation copy, and I would like inclusion of this letter and the City's response in the meeting minutes. Please let me know if you have any questions or concerns. Thank you very much.

Frazier replied thank you, I'll take a copy of that letter if you have it; Matter replied yeah, got it, and handed it to Frazier. Frazier said without objection, I'll make that part of the record of the meeting. Matter also provided copies of the letter to staff members.

No one else spoke. Frazier closed the Public Hearing.

Frazier said I don't know who would like to take some of the concerns that were raised. He said I guess my first question I think one of the big concerns was publishing any EIS, EAWs; just from doing this in the past, and Emily can correct me if I'm wrong, but when we do those, we do send them to the EQB to be published as part of their kind of publication that goes out. Schmitz replied we follow the State Statute rules for any environmental document, EAW, EIS, AUAR; a part of that is publishing it in the EQB, Environmental Quality Board monitor, and there's certain timelines that we're required to meet to do those publications. Frazier said there was another concern about just timing of if these environmental assessments are going on, there's a planning document that's also kind of on a parallel track, can the planning document be ahead of any environmental work that's going on, and does that make sense based on the fact that they kind of need to be working together? Schmitz replied yes, sometimes they can be happening congruently; however, we wouldn't be able to act on a development proposal application, the official application, until that environmental work is complete, for lack of a better way to put it. So, they can run congruently, however, we would need those actions to line up appropriately. Frazier said and that's because as part of the recommendations and conditions of approval for any application on the planning side, we would need to know what the EIS says or what the EAW says to include those as part of the conditions of approval. Schmitz replied correct. If there were mitigation efforts required as a result of that work or that EAW, EIS, whatever it is, those would be required to be included in those conditions.

Frazier asked if there were any further questions, comments, discussion from the commission.

Stephens asked when you do an EIS or an EAW, do you have neighborhood meetings to discuss any of that as part of like a newer subdevelopment or anything like that? Because like Bonnie was saying, it's helpful for residents to come, they can ask questions, the Planning Commission can ask questions; are there any other workshops that happen as part of the process that might help with that? Schmitz replied yep, a Public Meeting is typically required as a part of those processes, so that applicant is holding a Public Meeting to which we invite the Planning Commission, sometimes other commissions if they would hold an interest, and ensure that those folks have the opportunity to hear more about the project at the early stages, right? That helps them to be involved and informed. Stephens said okay, thank you.

Bhat said so, who conducts these impact surveys; I mean, what is the party or competent body, which would be conducting these impact surveys? Schmitz replied so, typically, the applicant, whether it's a developer, builder who's proposing a project will hire a consultant to do the work; however, as the RGU, we are required to review all of that work and ensure that it meets our standards. Typically, we do hire a consultant, who is a professional in the field, whether it's specific to the impact to mussels in the Mississippi River or ensuring we're protecting a bat or a bird, right? We review that work that comes from the consultant on the applicant side. Bhat said my second question is it automatically together, these impact surveys or assessments, or is it triggered during these Public Hearings or Meetings? Schmitz replied an EAW or an EIS is triggered by State Statute for different levels or sizes of development; it's typically based on the number of units in a residential development or the square footage of a commercial or industrial project that triggers the need for this additional review. Bhat said and that is specified in the Zoning Code or no? Schmitz replied it states that; Bhat said it states, okay. Thank you.

Frazier asked if there were any further comments, questions, or discussion; otherwise, I would look for someone to make a motion.

Brittain made a motion to approve the Zoning text amendments. Woodman seconded. The motion was approved unanimously (7-to-0 vote).

B. Leafline Labs - CUP2025-009

Leafline Labs has applied for a Conditional Use Permit to allow the property at 8235 97th Street South to grow, manufacture, and process adult use cannabis as a Medical Cannabis Combination Business.

Pierret summarized the staff report and recommended approval subject to the conditions stipulated in the staff report.

Frazier asked if there were any questions for staff.

Brittain said you mentioned that Level 7 was smells, and this was not to exceed 7, but 7 smells, so why wouldn't we have something lower than where it actually smells? Pierret replied the measurement of 7 is commonly used in the scientific measurement where other industries even in this area have used that measurement of 7, which is considered to be, like I mentioned, you can still smell it, but it is not considered to be harmful to health effects, things like that. So, the measurement of 7 is giving kind of an idea that there will still be smells present and is much like other industries in the area. They will be required to ensure it, to measure that. Brittain replied okay, that's a concern for me. Land said unfortunately, I've become kind of an expert on smell because one of the other cities I represent has a rendering plant, and it can't seem to stop smelling. So, we use this company that is known, I would say nationwide, but it's actually around the world, as an expert in this kind of technology; so, they're the ones that developed the nasal ranger. They are scientific experts in this field, and they have determined, based on a very objective analysis, that has withstood the Federal Court of Appeals scrutiny on being constitutional as an objective measurement for odor. So, I strongly support the scientific methodology that stands behind it because we have experts that can testify to it, which is why I suggest we keep 7. Brittain said well, I agree that having a scientific method for measuring is extremely important and valid. My question is the measurement is set to the point where it still smells; so, if we're measuring it, and we're measuring it and saying this still smells, but it's okay, that's what confuses me is why we're not setting to the point where the smell for whatever product is contained within the building. So, I guess that's what I'm looking for, why are we picking 7? I agree with the scientific method in setting a level, but it sounds like it should be 6 if I can smell it at 7, I don't want to smell it. Land replied I think every property has an odor; sometimes it's the smell of grass, sometimes there are properties, we have a bread shop in town that smells wonderful, but it still has an odor, and at some point, it becomes subjective. So, everybody's sense of smell is different, not every person, and I'm sure Leafline has discovered this, can be a nasal ranger technology user because their sense of smell is too sensitive. I was crossed off the list because my nose is too sensitive. So, there needs to be an objective measurement, and it will smell, things just do; and so, we can't keep all sound completely quiet, we can't keep all smell completely contained, but there becomes a level of nuisance that we have to measure it by. So, that's the part that exceeds where we can then say now you have to address it, but we have to have a threshold, we can't be at 0 because it's not reasonable and it's not realistic. Brittain said okay, thank you.

Stephens said I'm just curious about the Level 7 and the fact that people were complaining about the smell, but their nasal ranger said there was no smell. What is that about, wouldn't it be a 7 on the nasal ranger? Land replied we didn't have this 7 level obviously, we're putting it in this particular condition. We didn't know enough about the nasal ranger in the 2014 Conditional Use Permit (CUP), we didn't know enough about odor, frankly, as we do today. And so now we know there can be an objective test; we also know these nasal rangers have to be calibrated, we know that the operators have to be certified, we know so much more about the technology we know the questions to ask. So, it's very possible that they were producing these results at places where it wouldn't have mattered or wouldn't have measured the appropriate level of odor or by maybe the machine had not been tested or calibrated lately; we didn't ask for all of the backup, we just took their reports at face value. Now we know, we're putting a lot better odor mitigation conditions, there will be an Odor Mitigation Plan that will have to be approved by the City; so, we're getting smarter about it as we go. Stephens said okay, thank you.

Knable said I have a non-smell question. Under Performance Standards, about the hours of operation and retail sales of cannabis, all that, is Leafline selling cannabis to other locations? I was wondering why that's in there. Pierret replied Leafline is not retail selling their products on site, and they are not allowed to sell retail products on site in the Industrial District. Knable said so, then under G, Performance, that's just a part of the CBD, THC law that we have? Pierret replied correct; Knable said it just mentioned retail sales and all that, I was just kind of curious.

Bhat said my question is actually related, so when presenting, you indicated that this application is for a transition from an existing license to a different kind of license, and then the new license is a combination business license. What's the existing license again? Pierret replied their existing license is just as a medical cannabis; in our ordinance at the time, around 2014, it was considered like pharmaceutical manufacturing. This medical cannabis combination license it has been brought about by the legislature, the new Statutes, the new license types that are required to be permitted in all municipalities across the State. So, there really is, like I mentioned in the report, no change to what they propose to do except allocate products to the recreational

market and they need to be licensed as the medical cannabis combination business with the State. Bhat said I see. So, as of today, all the product is going for pharmaceutical application, but in the future, it's going to go for recreational also; Pierret replied correct. Bhat said okay, thanks.

Woodman said I noticed on the, and this goes back to the original plan, again going back to odor, where the monitoring locations are, it shows that to the west of the building is where they have the 2 downwind sensors. In Cottage Grove, our dominant winds are out of the northwest, generally, and follow down the river, so it feels like that's somewhat inverse of downwind. I'm just wondering if that's based on the physical location, or if we're maybe not sampling where we should be, knowing that wind is most likely pushing it down towards Andersen, in that area? Pierret replied I would say in the presentation, those monitoring stations were from 2014, so you will notice that they were up against the buildings themselves. In our conditions that we have proposed for you tonight, we proposed that they are required to monitor from 3 property lines to get that out, away from the structures' property lines, odors, we don't want those at the property lines. So, instead of being right up against the building in those locations, that is one thing that is changing as recommended. Woodman replied thank you.

Frazier asked if the applicant would like to approach and add anything additional.

Tiffany Newbern Johnson told Frazier I do have just a bit of information about our company I would like to share and handed that to him and each of the commissioners. She said I serve as Director of Government Affairs for Leafline Labs and Green Thumb Industries, which also owns and operates the RISE Dispensaries, located throughout Minnesota. I'm joined today by Deke Fischer, our General Manager of Production, who will be able to answer any specific questions about our manufacturing and production facility. Also here is Mark Byers from Byers Scientific, who will be able to answer questions about what's included in your packet, his recommendations, and the proposal that they put forth for some of the products that we are procuring. Leafline has proudly called Cottage Grove home since 2015 and is one of only two licensed medical cannabis companies authorized by the State to cultivate, manufacture, and dispense medical cannabis. Over the past decade, Leafline has invested tens of millions of dollars into building out our cultivation and manufacturing operations right here in Cottage Grove, ensuring that safe, high-quality cannabis products reach medical cannabis patients across our 8 medical dispensaries statewide. We currently employ over 240 Minnesotans in union-represented positions, including over 70 employees at our Cottage Grove cultivation and manufacturing facility. Included in your packet there is one small typo, and I apologize, but we started off with just about 10 employees; so, we grew from 10 to over 240 at this point. We proudly serve over 52,000 Minnesota medical patients statewide, many of whom are minors, who rely on specialized medical-grade cannabis products, such as tinctures, topicals, and pill capsules for relief. As required by law, Leafline submitted its application for a medical cannabis combination business license to operate under the new adult-use program on February 21, and we have already received positive feedback from the Office of Cannabis Management (OCM) on its contents. We are required to apply for a new license under the new law in order to maintain our current operations and continue serving Minnesota's medical community. We do remain committed to full compliance with all applicable State laws and regulations.

Newbern Johnson stated that they are aware that the odors from our cultivation and manufacturing operations have been detected in the community, and we want to be clear that we take those concerns very seriously. Leafline has demonstrated a longstanding commitment to being a good neighbor and minimizing odor and traffic at our facility, responding to any community complaints and proactively complying with the City's requirements. We submitted an approved Odor Control Monitoring Protocol and have a trained employee taking daily odor readings, using the nasal ranger as required by the City. To further strengthen our odor mitigation commitment, we voluntarily retained Byers Scientific, an independent odor mitigation expert, to conduct a comprehensive inspection and analysis of our facility. On February 19, 2025, Byers conducted an on-site evaluation of our facility and identified both immediate and long-term mitigation steps. Following the report, we took immediate action to establish an internal odor task force that is responsible for inspecting all engineering controls and exhaust and immediately investigating and addressing any sources of odor upon notice of a community complaint. We took the additional immediate step to inspect all exhaust and air-handling units to ensure they are properly installed and operating under the correct settings, including turning off the economizer mode for some of our rooftop unit and taking the sanitation room exhaust out of service, which had been identified by Byers as one of the sources of odor. We also purchased a meteorological station to better assess the source of exterior odor upon a community complaint. We are committed to taking the additional steps to mitigate sources of odor and are working with Byers Scientific to source the necessary products and components. We are in the process of procuring several molecular filtration units that will be installed to capture and remove odor, as well as procuring Byers' patented waterless vapor phase odor control unit. These specialized systems are custom built with extended lead times due to supply-chain constraints and the proprietary nature of the technology. The capital investment exceeds \$125,000 with ongoing maintenance and operating costs of more than \$100,000. These are extraordinary commitments but ones that Leafline is willing

to make to uphold our responsibility under the City's ordinance and remain a trusted business in the community. We have reviewed the proposed requirements for an Odor Mitigation and Maintenance Plan and may have questions about certain points, and we do look forward to meeting with the City staff to discuss such points and working with them in the future. Odor mitigation is not a one-time fix, it is an ongoing effort that requires monitoring, adjustment, and partnership; we are committed to this process. We remain steadfast in our commitments to our employees, patients, and the City of Cottage Grove, and we will continue working closely with the City to address any odor complaints and mitigate the source of odor. Thank you for the opportunity to speak tonight and for considering the critical role that Leafline has played in supporting the medical patients across the State and our community.

Frazier thanked Newbern Johnson and asked if there were any questions for the applicant.

Bhat asked who are they on this Odor Mitigation Task Force, what is the composition of this Task Force? Newbern Johnson replied it includes some of our production employees, including our General Manager of Production, Deke Fischer; she asked Fischer if he wanted to step up and give the additional persons involved.

Fischer said thank you. The Odor Task Force is made up of a combination of hourly employees and leadership employees, and basically, it is to identify as simple as did we smell odor when we came to work today? We start that off with an 8:15 a.m. meeting, and it's one of our agenda items when we talk about safety and quality. From there, if any odor is detected in the parking lot, we automatically go and investigate. The investigation includes as simple as hey, let's check all of our HVAC, our building controls, mechanical controls in the system, are they all functioning as normal? Do we have any doors ajar or breached or anything like that where we might have odor coming through the operation? And we also make note then of the meteorological outside, and we also take notes as to what part of the process is operating at that point of the day; are we in the middle of harvest, are we transporting a product from one room to the next? So, it's a very kind of immediate check of all of the things that we can control, monitor all of the things that we have identified through kind of the Byers' report and/or previously known what I'll call odor creators; but it's really about capturing in our notes so we can kind of further understand what's happening and what might be contributing to the odor.

Fisher said I was just curious if you are planning or are anticipating an uptick in production when you're able to provide for recreational use as well as medical? I mean, I know it sounds like you, I appreciate your presentation, thank you for kind of explaining the people that you serve and your numbers, but are you expecting some pretty major growth, or do you have any insight into that? Newbern Johnson replied the answer is yes. I think when you look at the overall facility, we talked a little bit about footprint, nothing's going to change from the outside building; but changing the product mix from a demand standpoint as to what that looks like, we have some general information as to what we can experience in other I'll call it "states" as they've gone to AU. But a lot of it, some of it is changing some sizes, changing some of the products to a different size quantity and so on, but the full intent is to convert the biomass that we have into whatever that saleable mix is going to look like. I'll be honest, I can't forecast what the mix is going to be; you know, I think we're waiting from the standpoint of what are the final regulations going to be from the State. We are kind of a little bit in a holding pattern to understand what that final license is going to be, and then understanding what that forecasted demand is going to be. So, it's a little gray right now, but the answer is we will try to maximize our canopy. Fisher replied sure, okay, thank you.

Stephens said I just wanted to clarify at the end of your letter statement, you said that there's probably going to be some questions on what I think is in our packet; did I understand that correctly? Newbern Johnson replied no, no, no. So, Byers Scientific created a recommendation, which we included in the packet, so if there is any questions about the specific recommendations, the science behind it, just wanted to let you all know that he is here to answer those. Stephens said oh, okay, I completely heard that wrong. All right, I just wanted to clarify. Thank you.

Frazier asked if there were any further questions; none were asked. Frazier said all right, thank you both.

Bhat said I do have one. So, you talked about the biomass, are there any regulations on how much of a biomass, how much can you cultivate? Does that define your capacity to produce a certain number of let's say production units, for the lack of a better word? Newbern Johnson replied I can answer that. So, the State has a limitation law as to how much we can manufacture or produce. They also include a canopy cap that we cannot go above. So, there are limitations in place, set by law. Bhat said and one other question is you mentioned about purchasing a meteorological station; where is this meteorological station, is it in the same site or outside? Fischer asked are you talking about odor mitigation or the? Newbern Johnson said the meteorological.

Bhat replied it's the meteorological station that you; Fischer replied its outside. Bhat asked it's outside? Fischer replied yes. Bhat said yeah, thank you.

Brittain said you mentioned that the amount of recreational that you might produce would be, it sounded like determined by supply and demand, something along those lines. Would that negatively impact the amount of medical product that you guys are currently, since there's only two of you in the State? Newbern Johnson replied so, the State also placed a restriction on that. So, right now, in the law, there is a ratio as to how much we can output for adult use; that ratio is dependent on how much we sell in medical. So, there is a limit to how much we can actually produce for adult use if that is also a concern. Brittain said so it won't take over and we no longer have a medical supply? Because there's that balance in the rules. Newbern Johnson replied no, there is actually a requirement that we must continue selling medical, which we would do anyway, but that's in there. Brittain said thank you.

Frazier said all right, last call, are there any questions for the applicant? As there were none, Frazier said thank you both very much, and Newbern Johnson and Fischer thanked Frazier.

Bhat asked, can I? Sorry. So, were your odor combinations based on the quota levels that we talked about, below 7 or above 7? So, the recommendations that you put in, was it based on that, or some other metric? Mark Byers replied no, those are really two different things, I'll address a few things. He introduced himself as the owner of Byers Scientific, we're in the industrial odor mitigation space, so that includes solid waste and other, we work with Exxon Mobil, for example. We just have a particular expertise in the cannabis space. If you associate a particular animal with cannabis, we all know skunk, we were the first entity in the world to identify why that is; I have 2 Ph.D. chemists who are teaching professors, they're also shareholders, I made them shareholders for a reason. We set out to understand the science because the literature, science, everyone said cannabis odor is from terpenes; terpenes are about 99% of the plant in reality, but that's not how odor works, and it's actually a sulfur, it's a FIO for any chemists, but it's a sulfur and, so, that informs a lot of what we do. So, Ms. Land nailed it, the 7 D/T (detection over threshold) that's not arbitrary, but also it doesn't; there's a lot of history behind D/T, and to your concern of a 7, I'll tell you from what I do, I'll take 7 D/T all day long, if that's what my threshold is. Because that's not, we work in Santa Barbara County in California, for instance, which is the largest concentration of cannabis cultivation in the United States; we're talking about millions of square feet, we measure it in acres, we didn't even measure it in square feet it's so much. And we have receptors, we say sensitive receptors within 100 feet of a facility, and 7 D/T is our threshold there, and we're successful. So, that said, that's an experience on the periphery, that really has nothing to do with how we go in and assess a building. So, the first thing we do is and you know, like any business, we've evolved our science as we've become more understanding, this is a very niche industry, of course, and so, we want to be data driven, exclusively data driven. We never want to be the fox guarding the henhouse, so we sit next to our client, not across from them, and we show them what we discovered, and so every building, this building, including cultivation space, they're living, sort of breathing animals almost; and so, we just go in and initially we just want to understand how does it work, how does it breathe, how does it behave, and that's simply going around and really understanding where the air-cooling units are, what does air handling look like, where are the egress points, things like this. Then it does get very science driven, we use gas chromatography, mass spectrometry, we take a lot of samples, we have our own lab, but we actually sub out all of our results to a third-party lab just for intellectual honesty. They're delivering the results, then we sit down with the results, and we go this is what we see that your building is doing; some of it's intuitive, sometimes some of it's counterintuitive. I will say this is a fairly light lift, I don't want to get over my ski tips here, but this building doesn't have a lot of egress points, but it has a lot of capacity for recirculation. So, we rely on a couple of different techniques, at the end of the day activated carbon is the single most efficient source of adsorbing odors. We live in a physical world, so, as you know, nothing ever goes away, we keep thinking it just goes away, it doesn't. We can't make mass disappear, but what we can do is trap it essentially, indefinitely in activated carbon, a very specific carbon substrate, a very specific size that our science evolved to understand. We've actually instructed the largest carbon companies in the world, actually the right carbon that they should be using for cannabis, and then so that's a physical reaction called adsorption if anyone wants to work out. We also developed what we know is pretty much the rate that a canopy exhausts; we were the first in the world to develop what we call the gas phase emission rate, and so that instructs how many circulations we want to get internally. So, theoretically, if I had a box in here and I turned it on, at some point every bit of air in here would have to go through that box. Now, if we size that up and deploy those properly, now we're going to move air through carbon and sequester essentially in that carbon any of the odorous gases, right? We know that they're going to, we can't stay ahead of everything because there's diminishing marginal return, we'd take up all the space with equipment, right? And, so, we built a model or a system of scrubbing, basically, in select areas in their particular facility, and then actually 2 of the larger units that we've ever done will go on their exhaust hoods; they're not hoods, I misspoke, they're exhaust points, and then I have a patent on a system to essentially take an odor neutralizer, any liquid, really any liquid, and put it into its vapor state, that will be on the roof. So, that is a last line of defense, for instance. Sometimes we say belt and suspenders, to me, that

implies redundancy; this isn't redundancy, this is a third polishing step that is necessary, but the combination of all that, well, I say this all the time and it sounds hokey, maybe, but my last name is on the company, and that's not because of ego, maybe a little bit. No, it's not Acme Scientific, so if we fail, my name's on it, and we don't grow our business, and I've been doing this since 2014. We work with the largest cannabis companies in the world, we're in the Middle East, and we don't achieve that without being successful. So, that's a long answer to your 7 D/T or whatever it was.

Bhat said okay, follow up question; I mean, do you have a set pattern for recycling or scrubbing that activated carbon, or do you replace your carbon at a certain data point? Is it automatic, or how do you do it? Byers replied that's a really good question. So, well, I get too long winded, yes, we will go in, what we'll initially do is a somewhat arbitrary, at about 6 months, we'll take carbon samples, and we'll take a nice mixture of them. Those go to a lab, and the lab does a butane life assessment and a humidity assessment, and that'll basically spit out what the remaining active life is, but that's one data point. So, that doesn't tell us a lot, it just gives us an idea, and then in another; well, it's part art, part science, probably within about 4 more months, so at about 10 months, we'll take another set of samples. Now we'll start to get a plot, but if we're starting to experience anything, then we'll know maybe we're getting, going through carbon a little quicker than we anticipated. But that's a whole program, and that's something that the applicant has agreed to as our, it's a whole service and maintenance plan; we will take over everything, we'll ensure that the carbon is constantly replaced, but again, it's data driven. We're not doing a wet finger in the air, we see what the data is telling us.

Frazier asked if there were any further questions; none were asked. Frazier said thank you very much for being here, Byers responded thanks.

Frazier opened the Public Hearing.

Bonnie Matter, 6649 Inskip Avenue South, Cottage Grove, said what I would like to know is will this change have any impact as far as increased water usage, increased energy usage, or increased waste water? Thank you. Frazier replied thank you.

No one else spoke. Frazier closed the Public Hearing.

Frazier said I don't know if the applicant wants to take that or if staff; I know during the presentation, there were comments about this is not going to change the footprint, so I'm assuming the answer to Ms. Matter's concern is no, it's not going to, but. Pierret replied I would have the applicant speak to that probably if they are inclined, one minute, please. Frazier said and I guess I'll just say while you're, go ahead if you have an answer for us on that; I was just going to say if you don't know because this is an issue that's going to be decided based on what the business looks like going forward, then that's the answer. Fischer said the answer is yes, you're pretty close, and again, it's based on supply and demand from that standpoint. I think the other part to kind of think about is all of the process is kind of a closed cell, so it's constantly recirculating moisture and everything within the room. So, it's a really low water footprint, I would say overall, in the entire process; so, we aren't evaporating anything out to the outside atmosphere, it's all being contained inside. Frazier said okay, thank you.

Frazier asked if there were any further comments, discussion by commission; seeing none, I would look for a motion.

Fisher made a motion that the City Council rescind the previous Resolution noted, approve a new Conditional Use Permit, subject to the conditions stipulated in the staff report with the noted amendment. Knable seconded. Motion passed unanimously (7-to-0 vote).

7. PRESENTATIONS

A. 2025 HOUSING NEEDS ANALYSIS-Presented by Maxfield Research & Consulting

Mary Bujold from Maxfield Research introduced herself, said our firm conducted the Housing Needs Analysis for the City of Cottage Grove. I was told tonight that I had about 10-to-15 minutes to present the study, so I endeavor to keep very close to that. I know that there's a lot of information and I know you have the full study in your packets. Its a rather lengthy study with a lot of data, but I'm going to try and just highlight some of the things that we identified in the analysis for you tonight, and then, of course, I'll take questions.

Objective: We were asked to provide an analysis of housing needs for the City. We've done a number of these, we actually started doing them and we've evolved our methodology and our analysis since the time we started, but we first did one for the City of Brooklyn Center in 1985. We've continued to do them for cities, counties, larger areas.

Approach: Was generally to provide a guide and framework to consider key housing priorities and current housing gaps.

Project Deliverables: Essentially short and long term housing needs and then recommendations to guide the future housing development.

Data Collection: 2nd/3rd Quarters of 2024; we delivered a draft in October, and of course the presentation is now.

Primary Market Area: We identified a primary market area from which essentially 70% of the demand for housing in that market area would be generated, and that includes the cities of Cottage Grove, Woodbury, Newport, St. Paul Park, Grey Cloud Island Township, Denmark Township, and Hastings; 30% of demand is expected to be generated outside of that primary market area. That can include a number of different reasons, people relocating, people just deciding that they want to live in the area; sometimes it's generated by a lot of new housing or housing that people are looking for. So, demand is somewhat fluid between adjacent communities, and it may affect the realized demand over the period of time.

Population Growth: Cottage Grove experienced its greatest growth between 1960 and 1970, in terms of population, with a second growth spurt between 1990 and 2000. This isn't unusual for a community such as Cottage Grove, in terms of like when housing development started in the community and its trajectory over time. Some communities grow more rapidly than others, and some start their process sooner and then maybe take a pause, and then start again. I just want to comment that since 2000, growth has been at a very steady but generally decelerating pace in terms of the rate of growth. So, it's consistent with most other expanding metro area suburban cities, especially as those cities become more fully developed. Also, I want to comment that some of what we're seeing, too, is related to general demographic trends that we're seeing both in the metro area and across Minnesota, as well as also throughout the nation.

For-Sale Home Prices Continue to Climb: I don't think it's really a surprise to anyone that we do have a general housing shortage in a number of different areas, and this has occurred primarily since the 2000s. So, we went through that period of a housing recession, and then what happened is we experienced during the recovery, a period where we had declining housing mortgage rates; and we had tremendous development occur, and that occurred primarily up until about just recently, actually. So, mortgage interest rates started to rise, but what really happened, too, even with that, despite the fact that we had mortgage interest rates rise, because of the housing shortage that we already had, then we continued to see home values rise even though we've seen some declines in market activity. The days on market has continued to be very low. We do not have enough homes on the market in terms of being able to satisfy the demand and being able to have what we consider to be a balanced housing market; that has continued to be the case for more than 5-to-6 years, where our months of supply has continued to be very, very low. So, that increase in pricing of course has knocked out a number of entry-level buyers on the market and move-up buyers, since the higher mortgage interest rates a lot of them are staying put and not moving up; we were also relying on that move up to be able to create more housing for the entry-level buyer. So, we've really started to see kind of a period of stagnancy in the housing market at this point because of the situation; new construction is also suppressed because of a slowdown in the demand, again due to those higher mortgage interest rates. Land prices have not decreased, so we're having difficulties in terms of having developers being able to make numbers work and be able to buy land at an affordable rate, and then we also still have supply-chain challenges.

Average Rents/Market Rate Rental Properties: A lot of people who were priced out of the housing market often shift to rental properties. During the 1990s and 2000s, we had a dearth of new apartment construction in the Twin Cities metro area, but then new construction post the recession just increased dramatically. So, we had a number of new rental units come into the market, we've also had just even within the past 5 years, a lot of new rental construction, and that has helped, I would say in terms of being able to satisfy some of the housing demand. What we're seeing now is again in this situation, too, we're seeing a lot of significant increases in rents, not only among new construction, but we're seeing existing rental housing also dramatically increase its rents, of course, again due to shortages. Again, this has led to kind of an exacerbation of affordability in not only the For-Sale market, but also the rental market, so we're really kind of getting hit hard in terms of how we're trying to be able to satisfy housing demand among a number of different housing segments. New multifamily construction has slowed due to higher mortgage interest rates; again, demand does remain strong. I will tell you that we continue to work with a lot of private developers who are looking to try and put new housing into the market. They are struggling a little bit because of trying to balance

the financial end of it with land prices and with construction costs. So, we've seen a lot of public-private partnerships in trying to get new housing accomplished. We've also seen, of course, developers out there trying to increase their capital and equity because of the mortgage interest rates and lending requirements, so, there are those situations. I will also say that we are seeing developments move forward, so not all is lost yet, it's just more difficult. I would say we're seeing the same type of thing, I'll talk a little bit about that in the next slide, but in terms of affordability, we're seeing the State step up in terms of a lot more housing dollars to try and assist new construction of affordable development.

Affordable Rental Properties: So, I would say along with that rise in rents that we're seeing among market-rate properties, that does also affect what we're seeing in terms of affordable rents. So, the affordability, even though affordability is lower, those rents are also starting to creep up. So, what we're seeing there, too, even though new market-rate development is at this level and affordable rents are at this level, we're still seeing a number of households struggle to be able to even make that affordable rent at new affordable properties, most of which are developed through the Federal Tax Credit Program. We are seeing some alternate types of things, so there is some bonding going on, there are some other niche financing programs that are being used to try and get rents at a more-affordable level than just using the Tax Credit Program. So, the Tax Credit funding resources are a highly-competitive situation, not only in Minnesota but elsewhere, and so developers sometimes try 2-or-3 times to be able to be awarded those Tax Credits before a project gets funded. The State of Minnesota did provide a significant amount of funding through a Workforce Funding program, and as I understand, they are looking at providing additional dollars through that same program. Unfortunately, there were so many projects that were trying to obtain that funding that there really weren't enough dollars to go around, and there are some Workforce Housing developments, particularly in greater Minnesota, that are still kind of waiting for new funding.

Cottage Grove General Occupancy Housing Demand: This kind of focuses more on Cottage Grove, specifically. So, we did project demand for both owned housing, so detached and attached, and then there is strong demand again for market-rate rental housing. There is a need for all housing products across the spectrum. I would say if we could just create a situation where we would provide affordable housing that didn't have significant income restrictions, then we would definitely see much higher demand for that type of product. So, sometimes we call just generally market-affordable housing NOAH, Naturally Occurring Affordable Housing; most of the time what that is in the market is our older properties that have lower sale prices or lower rents, and they just are that way because of the fact that they're older, not because of the fact that they may be new and have affordable rents or affordable prices. We are seeing some areas of the State that are trying some different, more-innovative products, so like a housing cooperative that's for sale and just generally, so, not targeted to seniors, although senior cooperatives have been very popular in the State. So, and then we are seeing some smaller lot size development, some development where it's modular based, which can get some of the pricing down; so, we are seeing some options for products, most of those are not being developed actually in the Twin Cities metro area.

Senior Housing Demand: There is demand for senior housing, and it's going to continue to increase over the next 20 years, thanks to a lot of us Baby Boomers. I would say, though, that as we go along, originally when we first started doing senior housing, I think that people had thought that everybody was just going to automatically move into senior housing, and so there was a sense of how senior housing, all the Baby Boomers, all the seniors, they're all just going to go to senior housing. Well, over time, we found that that isn't true, and the market has expanded and started to develop other types of housing products that continue to appeal to a very broad age group and different needs of seniors. I think you're probably familiar with Assisted Living and Memory Care, and those two products are still recovering from a significant downturn during the pandemic for a lot of different reasons. One of those reasons, though, is that labor shortages continue to negatively affect their ability to satisfy demand in the service levels. So, while there was quite a bit of pullback in Assisted Living and Memory Care during the pandemic, we have started to see that demand come back, but because of labor shortages, we're still seeing a number of facilities not be able to serve the demand adequately because they can't find workers to be able to staff appropriately. So, this graph does show demand by service level. We looked at Shallow Subsidy, which is what we call Affordable Senior, then Subsidized Senior, Memory Care, Assisted Living, and Independent Living; lots of times Independent Living is attached in a campus, so attached to Independent with Assisted Living and Memory Care, so that there is a transition for people who may move in at an Independent Living stage and they can transition if they need to. Some people never need to, but some people may need to transition to higher levels of care. Then we have what we call Adult Rental and then Adult Owner. I think we are seeing more Adult Owner occupied types of products, even though the Senior Cooperative has been the most prevalent, especially in Minnesota, but we are starting to see more Age 55 townhome developments as well as Age 55 townhome rentals, so we are seeing those products in the market. The primary adult rental product has been kind of that 3-story apartment building, although early on, in the 1980s, there were a number of affordable Cottage-style developments that were put into the market, which proved to be extremely popular; and they still are very, very popular, but we haven't seen a lot of that type of product come in new to the market.

Why is the Entry-Level and Middle Market Missing? So, I put this slide in kind of to just talk a little bit about some of the impacts and the factors that we're seeing that have led especially to when I talk about entry level and middle market, I'm talking specifically about the For-Sale market. So, a number of different things have impacted our ability to really provide affordable For-Sale housing: Zoning regulations; Density requirements; Design & Material requirements; Permits; Impact fees; Infrastructure costs; Building Code changes; Increasing labor and material costs; Land acquisition costs; Financing challenges for smaller developers and builders. So, I will say that unfortunately, during the recession, we lost a lot of our small builders during that period of time; some have come back, but a lot of them have not, and the ones that have come back, they began to focus primarily on just luxury custom-built homes. Lenders, of course, have tightened underwriting standards, developers are having to put higher equity into their developments. Bank regulation is also increasing with some recent bank failures, and of course, we need economies of scale. So, we tend to see that we are needing larger-sized developments or many more homes to be able to make the numbers work.

Key Takeaways

- Population and Household Growth was strong last decade, there has been an increase in family households, but not enough to overshadow those without children and singles living alone. I will say, though, that Cottage Grove is a community where we have generally in this past decade seen a fairly strong increase in family households. So, that is atypical of what we've seen in a lot of other communities, especially communities nearby but also other communities in the Twin Cities metro area.
- Cottage Grove's near-term growth is primarily led by Millennials and Baby Boomers that's resulting in a demand for housing products, somewhat at the opposite ends of the spectrum, although there is some overlap in market-rate rental housing and For-Sale townhomes where you can satisfy kind of both of those groups with similar products.
- Growth in the 65+ cohort will dominate in the next 15-to-20 years, what housing products are needed? So, I say this kind of tongue in cheek a little bit because about 20 years ago, I was having this same conversation with a number of my colleagues, who were senior housing developers and multi-housing developers, and they were all trying to figure out what the Baby Boomers were going to want in the next 15-to-20 years. I know we didn't have an answer then, and I don't know that we have a really good answer now. I will say that I think Baby Boomers have truthfully redefined the housing market in every single decade that they've passed through, and I think that they will continue to do that as they age.
- For-Sale and rental housing will combine to increase the housing stock in Cottage Grove; as low-density land supply decreases, it will be important to target locations for higher-density development.
- For senior housing, active adult products, rental and For Sale, will continue to be popular. High home prices enable seniors to sell and relocate to more convenient housing products.
- Between 2024 and 2030, demand is estimated for 1,910 For-Sale units, 933 rental units, including market rate, affordable, and subsidized, and then about 1,023 senior units, across all service levels.

Bujold said that was it. Frazier asked if there were any questions from the commission; none were asked. Frazier thanked Bujold very much for the presentation.

8. APPROVAL OF PLANNING COMMISSION MINUTES OF FEBRUARY 24, 2025

Stephens made a motion to approve the minutes of the February 24, 2025, Planning Commission meeting. Bhat seconded. Motion passed unanimously (7-to-0 vote).

9. REPORTS

A. RECAP OF MARCH CITY COUNCIL MEETINGS

Schmitz summarized the actions taken at the March 5 and 19, 2025, City Council meetings.

Schmitz asked if Council Member Olsen had anything to add this evening or if there were any questions from the commissioners.

Council Member Olsen said I don't think I have anything to add, but I'll certainly entertain questions on anything that you may have heard this evening or heard through the proverbial grapevine. I know that social media is usually pretty busy with all kinds of things that may or may not be true, so what can I help you with?

Frazier thanked Schmitz and Council Member Olsen, and asked if there were any questions for Council Member Olsen. None were asked.

B. RESPONSE TO PLANNING COMMISSION INQUIRIES

The commission received a memorandum from Pierret regarding signage.

C. PLANNING COMMISSION REQUESTS - None.

10. ANNUAL ORGANIZATIONAL MEETING

A. ADOPT 2025 PLANNING COMMISSION RULES

Frazier stated that this item will be tabled to the April 28 meeting to update the rules based on ordinance changes.

Fisher made a motion to table the 2025 Planning Commission Rules until the April meeting. Second by Brittain. Motion passed unanimously (7-to-0 vote).

B. ELECTION OF OFFICERS

Frazier asked if there were any nominations for Vice Chair and Secretary. Vice Chair would take over and run the meeting in the event that the Chair can't be here for the meeting. Currently, Brittain is Vice Chair.

Fisher asked if Brittain wants to continue to be the Vice Chair or if he would like to be relinquished of his duties; Brittain replied I would be happy to continue to serve as Vice Chair. Frazier said it needs to be approved by unanimous consent.

Frazier said with no objection, we'll make Brittain our Vice Chair for the next year.

Frazier asked if there were any nominations for Secretary; Rasmussen had served as the Secretary. The Secretary does the Roll Call and takes over to run the meeting if both the Chair and the Vice Chair can't be here.

Fisher made a motion to nominate herself for Secretary. Frazier said with without objection, Fisher will be our Secretary for the next year.

Frazier thanked Brittain and Fisher for their willingness to serve.

11. ADJOURNMENT

Brittain made a motion to adjourn the meeting. Bhat seconded. Motion passed unanimously (7-to-0 vote). The meeting was adjourned at 8:43 p.m.