



COTTAGE GROVE CITY COUNCIL

October 2, 2024

12800 RAVINE PARKWAY SOUTH
COTTAGE GROVE, MINNESOTA 55016

TRAINING ROOM - 5:30 PM

- 1 Call to Order
- 2 Agenda
 - A Cannabis Business - Zoning Standards
Staff Recommendation: Receive information regarding the proposed zoning standards and provide feedback.
- 3 Adjournment



City Council Action Request

2.A.

Meeting Date	10/2/2024		
Department	Administration		
Agenda Category	Action Item		
Title	Cannabis Business - Zoning Standards		
Staff Recommendation	Receive information regarding the proposed zoning standards and provide feedback.		
Budget Implication	N/A		
Attachments	<table border="1"><tr><td>1.</td><td>Memo and Packet - Cannabis - Zoning</td></tr></table>	1.	Memo and Packet - Cannabis - Zoning
1.	Memo and Packet - Cannabis - Zoning		

To: Mayor and City Council
From: Kori Land, City Attorney
Date: October 2, 2024
Subject: Cannabis Businesses – ZONING STANDARDS

BACKGROUND:

The City currently has a moratorium prohibiting the approval of any new cannabis uses, which expires December 31, 2024. The City's CBD license (now called "lower-potency hemp edibles") in Title 3, Ch. 13 will be unenforceable as of January 1, 2025, because the Minnesota Office of Cannabis ("OCM") will be taking over the licensing of all cannabis businesses.¹ In order to comply with the new state requirements, the City will need to enact a *registration* process for retail cannabis businesses and adopt zoning regulations for all cannabis uses.

With the enactment of the State cannabis laws in 2023 and amendments in 2024, there are 13 cannabis uses legally recognized by the state of Minnesota, all of which need to be appropriately placed in the City's Zoning Code. We will discuss the Zoning Ordinance amendments only at this Council workshop so that the Planning Commission can consider it at its meeting in October. The rest of the ordinance amendments will be discussed at a workshop on November 20.

DISCUSSION:

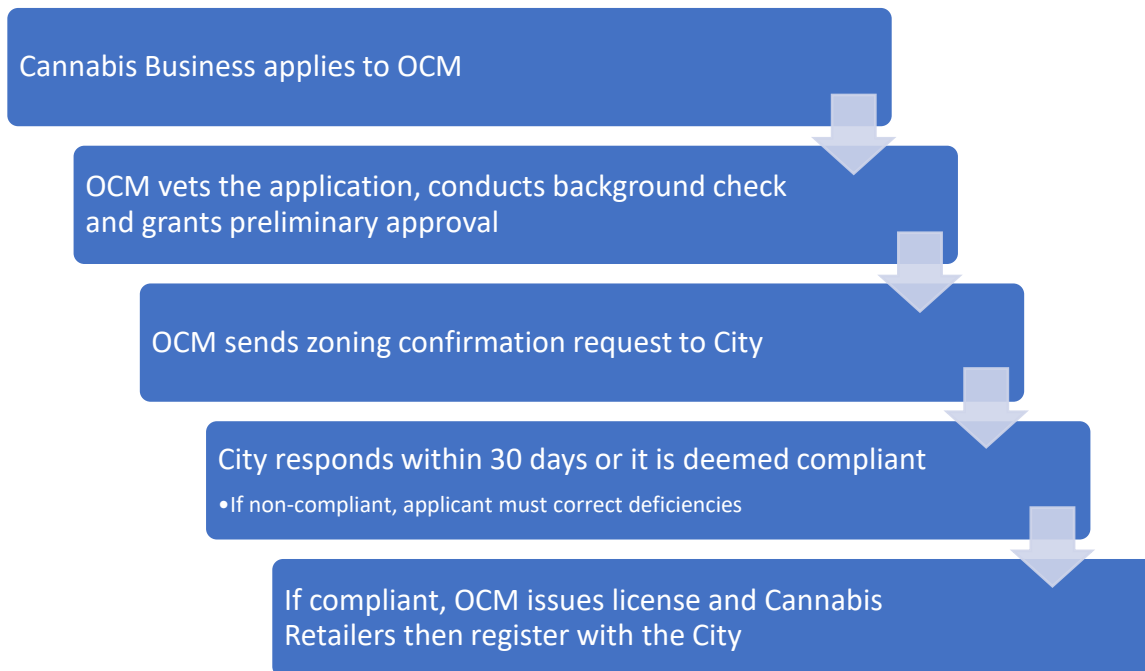
Pursuant to Minnesota's new laws, a "Cannabis Business" means any of the following:

1. Cannabis microbusiness (commonly known as "seed to sale")
This includes cultivation (if indoor in a greenhouse or hoop house, up to 5,000 sq. ft. of floor area devoted to plant canopy or if outdoor, limited to ½ acre – 1 acre of mature plants at one time), manufacturing, retail and on-site consumption, which can be at one location or at multiple locations but issued to one license-holder
2. Cannabis mezzobusiness (larger scale than microbusiness)
This includes cultivation (if indoor, up to 15,000 sq. ft. or if outdoor, 1-3 acres), manufacturing, retail at up to 3 locations and on-site consumption, issued to one license-holder
3. Cannabis cultivator
 - a. Indoor, up to 30,000 sq. ft.
 - b. Outdoor, up to 2-4 acres
4. Cannabis manufacturer
5. Cannabis retailer
6. Cannabis wholesaler

¹ It is unclear when the State will be issuing licenses. It was originally anticipated that all licenses would be issued beginning January 1, 2025, but recently OCM indicated it might be 2nd quarter 2025.

7. Cannabis transporter
8. Cannabis testing facility
9. Cannabis event organizer
10. Cannabis delivery service
11. Lower-potency hemp edible manufacturing
12. Lower-potency hemp edible retailer
13. Medical cannabis combination business.

The anticipated license approval process is as follows:



For zoning regulations, it is important to know that the City is only allowed to regulate the *Time*, *Place* and *Manner* of cannabis uses in order to protect the public health, safety and general welfare.

Time = Hours of Operation

Place = Zoning Districts and distances from other uses

Manner = Performance Standards

It is with these limitations in mind that we prepared these recommendations.

Distance Restrictions:

State law allows cities to restrict the distance from cannabis businesses and places where minors tend to congregate such as schools, day cares and public park attractions. In addition, the City has added a 1,000-foot restriction between all cannabis uses so they are not clustered in the same area.

Cannabis Retail Sales, Wholesale without products:

Map 1 shows a map of the B3, PB and MU Zoning Districts, which are the current zoning districts the Council identified as appropriate places for lower-potency cannabis retail sales. The City has issued only one license (High North), which is located in the MU zoning district. No other businesses are authorized to sell any lower-potency cannabis products in the City except for High North. If High North stays in its current location, **Map 2** shows the 1,000-foot buffer around its location in which no other cannabis retailer could operate. We recommend allowing low-potency cannabis retail as shown on Map 1 but limited by the bubble on Map 2.

Map 3 is the same as Map 1, but now with all of the buffer zones in bubbles. No cannabis use is allowed within a bubble. The parcels in the B3, PB and MU zones that are outside of the bubbles are outlined in green. We recommend allowing adult use cannabis retail in these areas.

QUESTION: Does the Council agree that these maps show the appropriate areas for lower-potency retail and adult-use retail sales?

Lower-Potency Cannabis Beverages Revisited:

The existing ordinance prohibits the sale of any lower-potency cannabis products at off-sale liquor stores and on-sale liquor establishments, which means they are not allowed to sell lower-potency cannabis beverages. There are 5 off-sale exclusive liquor stores and 8 on-sale intoxicating liquor establishments in the City.

Map 4 shows the locations of the off-sale exclusive liquor stores and on-sale intoxicating liquor establishments. We are recommending that off-sale exclusive liquor stores and on-sale intoxicating liquor establishments be allowed to sell lower-potency cannabis beverages as a permitted use.² They would still be required to register with the City for purposes of conducting compliance checks, but the sale of these cannabis beverages would be permitted without any additional zoning approval.

QUESTION: Should the City allow lower-potency cannabis beverages as Permitted Uses at liquor stores and restaurants with a liquor license?

If yes, we are recommending that they be exempt from the distance restriction bubbles and they would be allowed in any zoning district that allows liquor to be sold.

² You may recall that we prohibited smoking and vaping of cannabis products on public property or in public places in 2023. (City Code 5-1-6) "Public property" includes city buildings or property owned by the city, including parks and trails. "Public place" is any business generally open to the public. Therefore, we do not need to address smoking/vaping in outdoor seating at restaurants, because we already prohibit that from happening. Under state law, off-sale liquor stores are prohibited from giving samples of cannabis beverages, so no on-site consumption can occur.

Zoning Districts for Cannabis Uses Recommendation:

Type of Cannabis Business	B1	B2	B3	PB	MU	I1	I2	I3	A1	A2
Lower-potency beverage only (with on-sale or off-sale liquor license)	P	P	P	P	P					
Lower-potency edible retail (not with on-sale or off-sale liquor license)			C	C	C					
Adult Use Cannabis retail (not inc. micro, mezzo, medical combo)			C	C	C					
Micro, Mezzo, Transporter, Testing, Medical Combo, Wholesale with product on-site Map 6						C	C			
Wholesale with no product on-site		C	C	C	C					
Cultivator only (indoor or outdoor) (not micro, mezzo or medical combo) Map 7						C	C		C	C

We recommend requiring all cannabis uses, with the exception of beverages sold at on-sale and off-sale liquor stores to obtain a conditional use permit. There are many justifications for this requirement: First, it allows the City Council to analyze each proposed cannabis use in its location on a case-by-case basis, adding reasonable conditions if necessary. Second, it requires a public hearing, allowing the neighbors to weigh in on the use from the lens of determining the compatibility with neighboring properties. Third, from an enforcement standpoint, the City can enforce violations of a conditional use permit on a local level without delay.

Performance Standards:

Outdoor Cultivation

- Minimum of 20 contiguous acres available for crop
- Crops must be setback at least 300' from property lines
- Fencing of 6' (state law) + landscaped buffer on outside of fence
- Crops cannot be visible from the ROW

Indoor Cultivation (greenhouse and hoop houses only):

- Minimum of 5 acres of land

Testing, Manufacturing, Micro, Mezzo, Transporter, Wholesaler (with products), Medical Cannabis Combo (**Map 5** shows the Industrial zoning districts and **Map 6** shows where these uses can locate showing the buffers):

- Add additional buffer of buildings setback 500' from residential
- No exterior storage

Performance Standards for All:

- Retail hours of operation limited between 10 a.m. to 9 p.m.

- Not allowed with an adult use entertainment business
- No retail sales or on-site consumption in Ag or Industrial zones
- Cannot be a nuisance (per general “nuisance” definition in City Code)
 - Recommend a new Odor Ordinance in City Code that will apply to all uses
- Security Plan as approved by PD
- No cannabis use as a home occupation (state law)

Next Steps

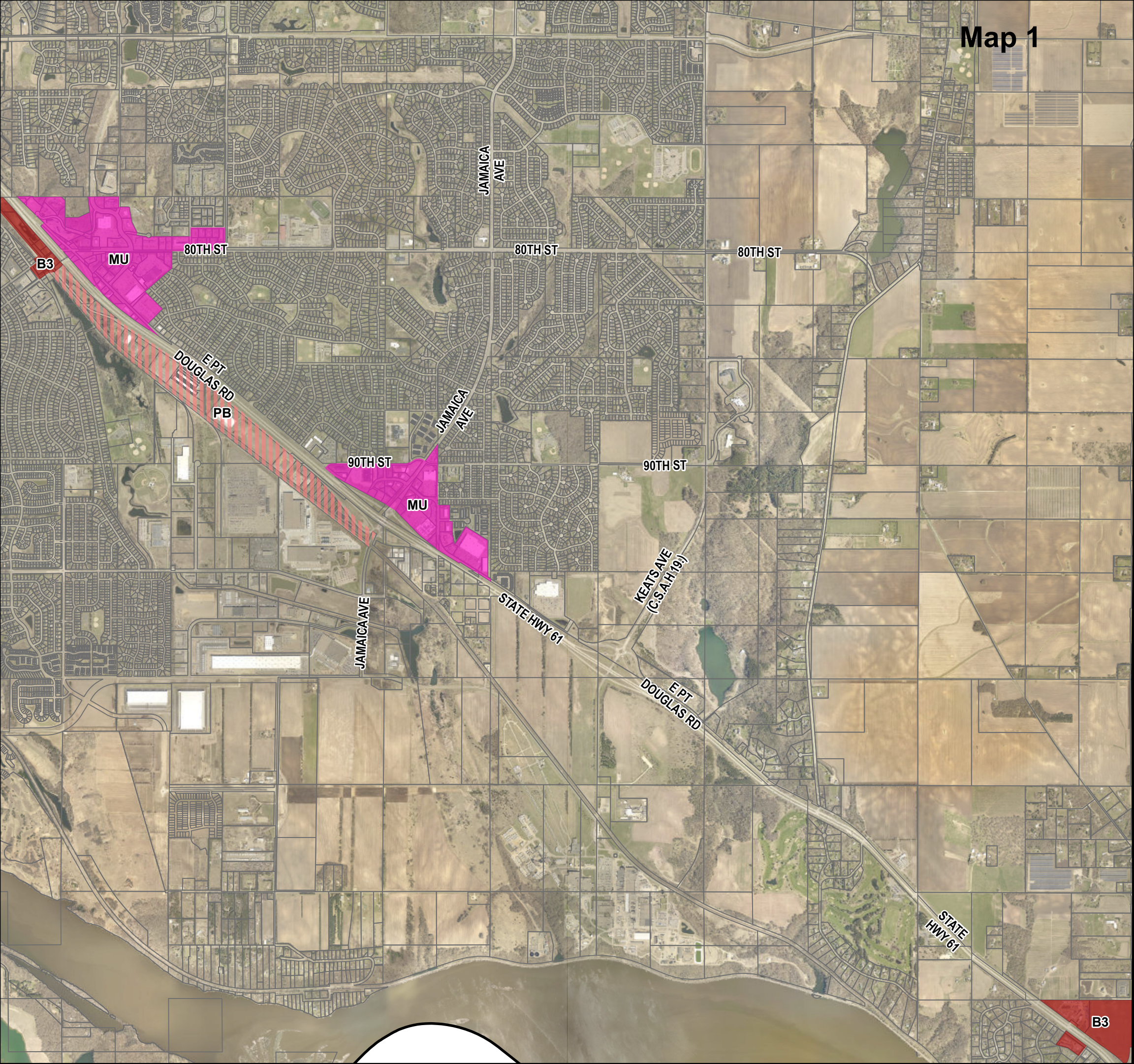
After direction is given from this workshop, we will finalize the zoning ordinance amendment for the Planning Commission. The November 20 Council workshop will focus on the Registration ordinance and other related ordinances, including fees. Final action is expected to occur in December.

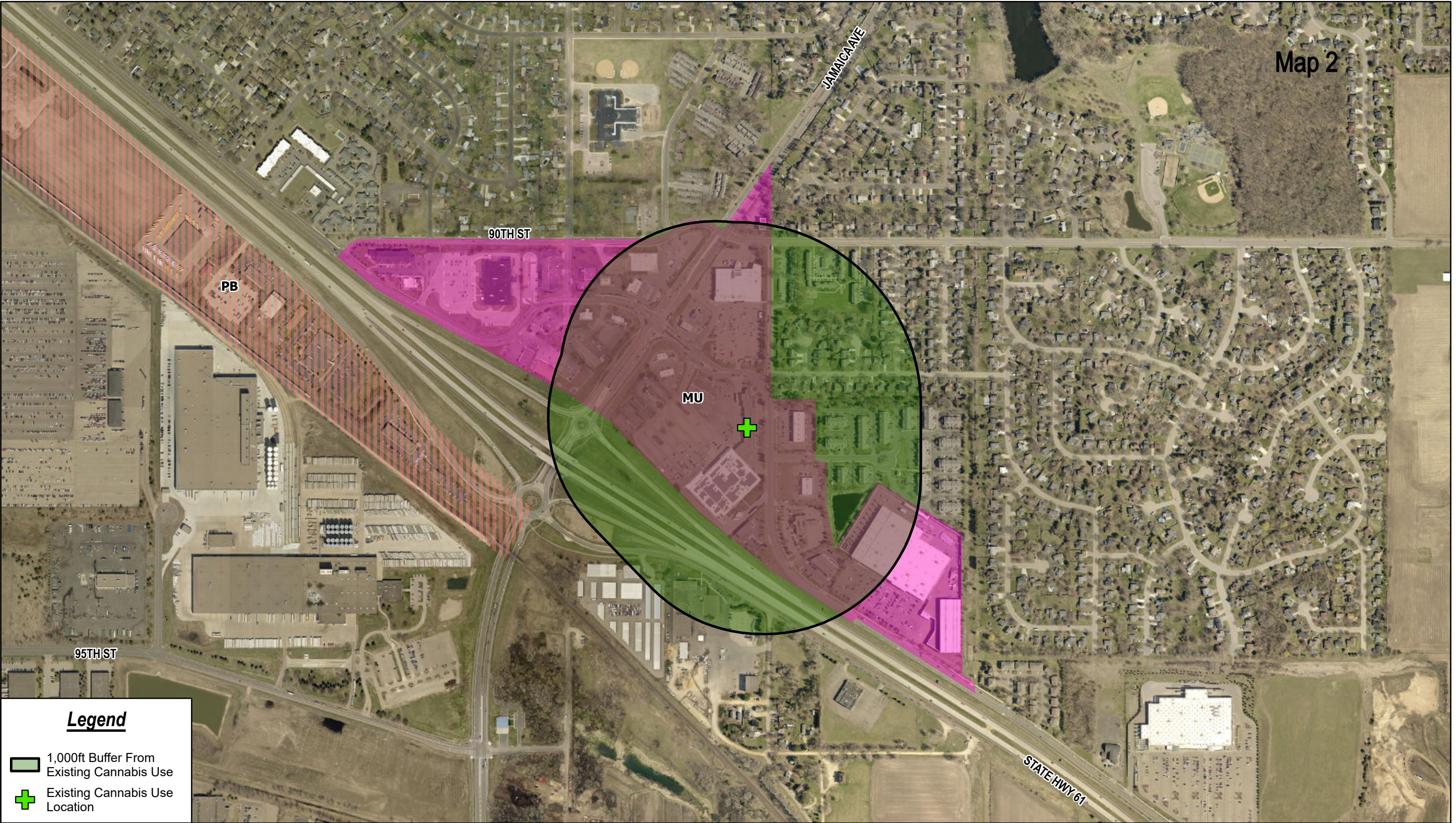
ACTION REQUESTED

Discuss and provide direction on the zoning amendments for cannabis uses.

ATTACHMENTS:

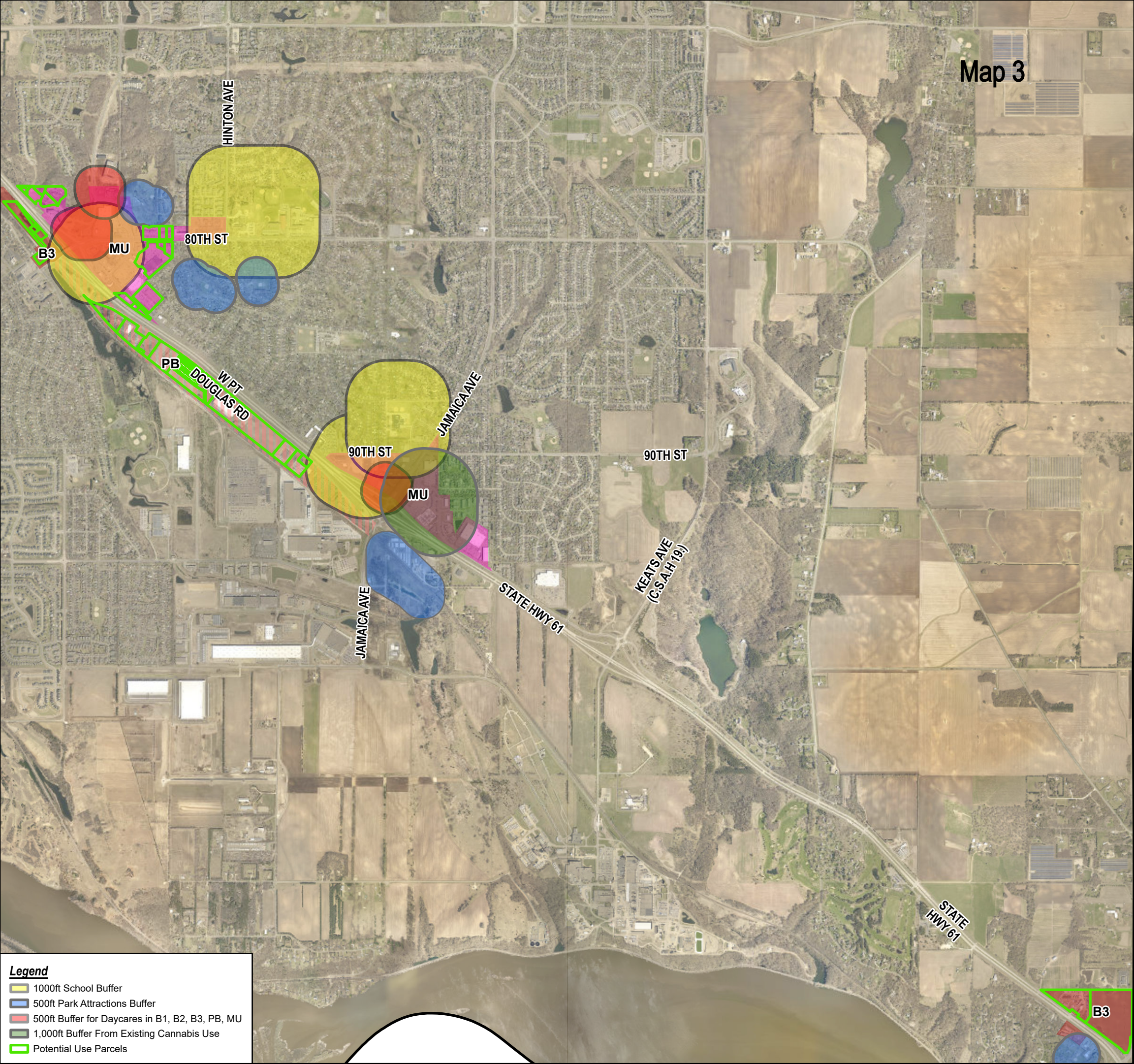
- Map 1 – Retail Sales and wholesale without products (B3, PB and MU Zoning Districts)
- Map 2 – Retail locations with 1,000-foot buffer from the existing cannabis use
- Map 3 – Retail Sales with all buffer zones
- Map 4 – On-sale liquor establishments and off-sale exclusive liquor stores
- Map 5 – Cultivator, Micro, Mezzo (Industrial Zoning Districts without buffers)
- Map 6 – Cultivator, Micro, Mezzo with buffers
- Map 7 – Cultivation only (indoor or outdoor) with buffers





Legend

-  1,000ft Buffer From Existing Cannabis Use
-  Existing Cannabis Use Location



Legend

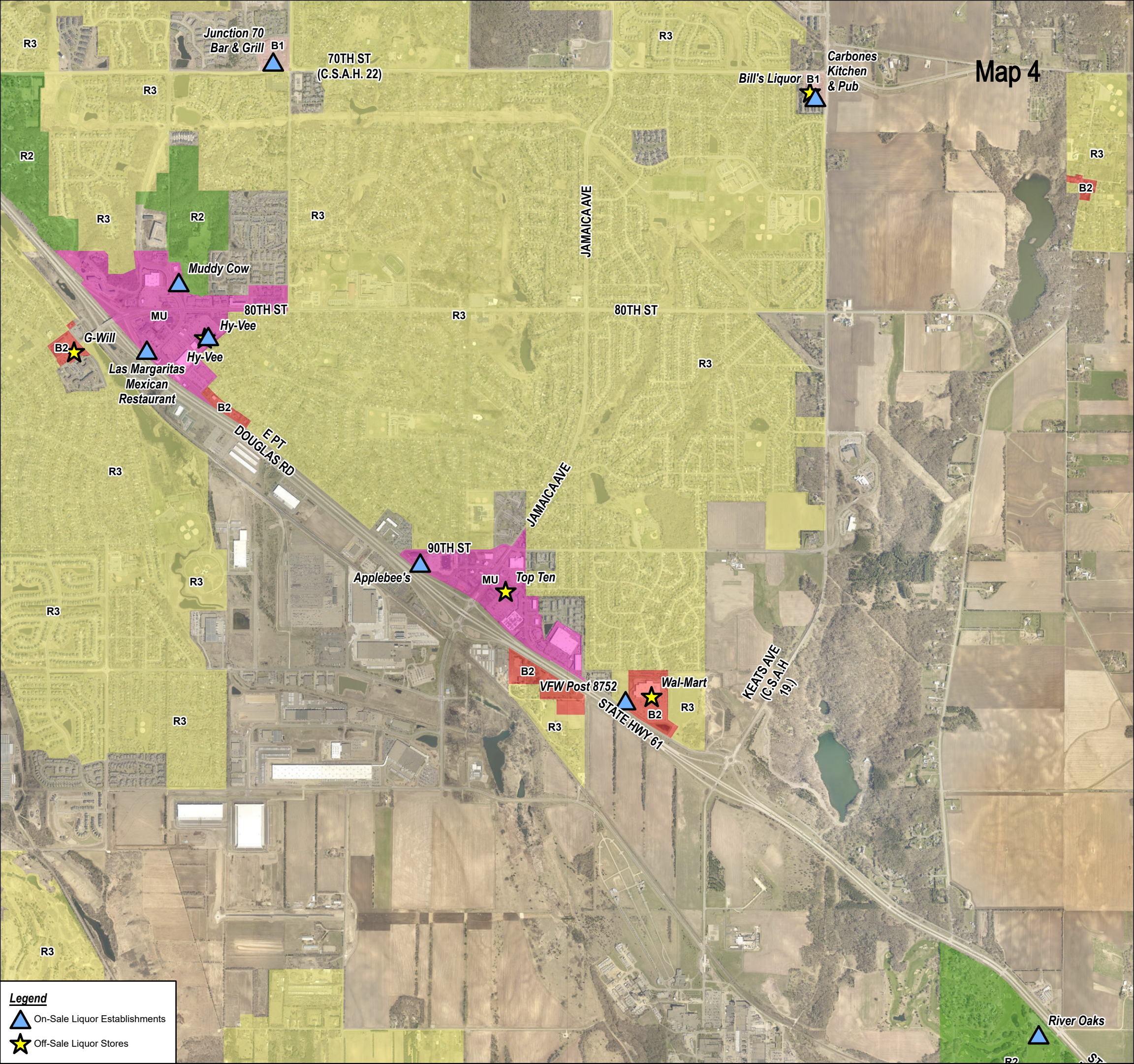
- 1000ft School Buffer
- 500ft Park Attractions Buffer
- 500ft Buffer for Daycares in B1, B2, B3, PB, MU
- 1,000ft Buffer From Existing Cannabis Use
- Potential Use Parcels

**B3, PB, and MU with 1000ft Buffer From School and
500ft Buffer From Park, Daycare in a B2, B3 or MU Zone**

Cottage Grove, MN

Date: 9/26/2024





Legend

▲ On-Sale Liquor Establishments

★ Off-Sale Liquor Stores

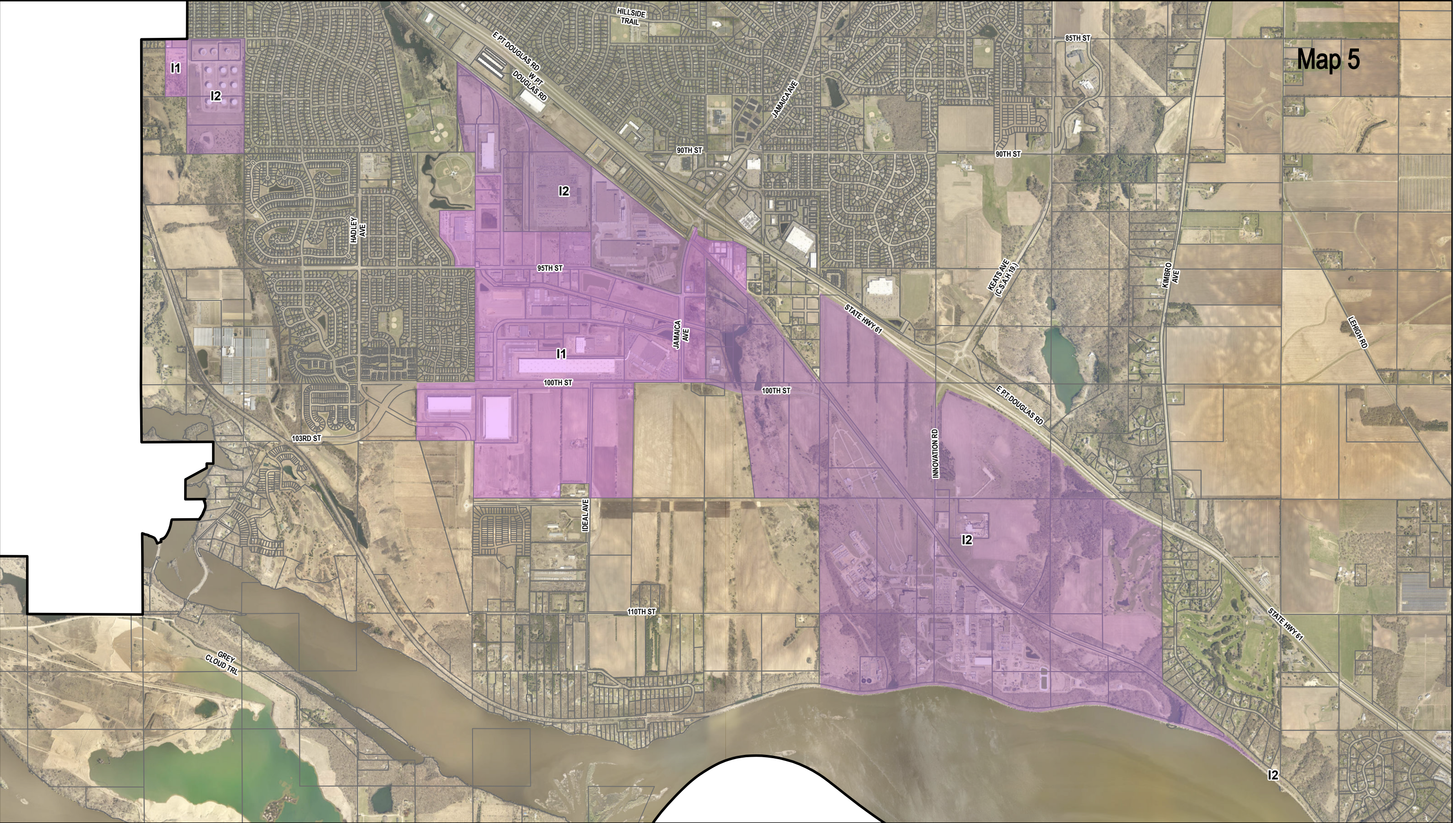


On-Sale Liquor and Off-Sale Exclusive Liquor Stores

Cottage Grove, MN

Date: 9/26/2024

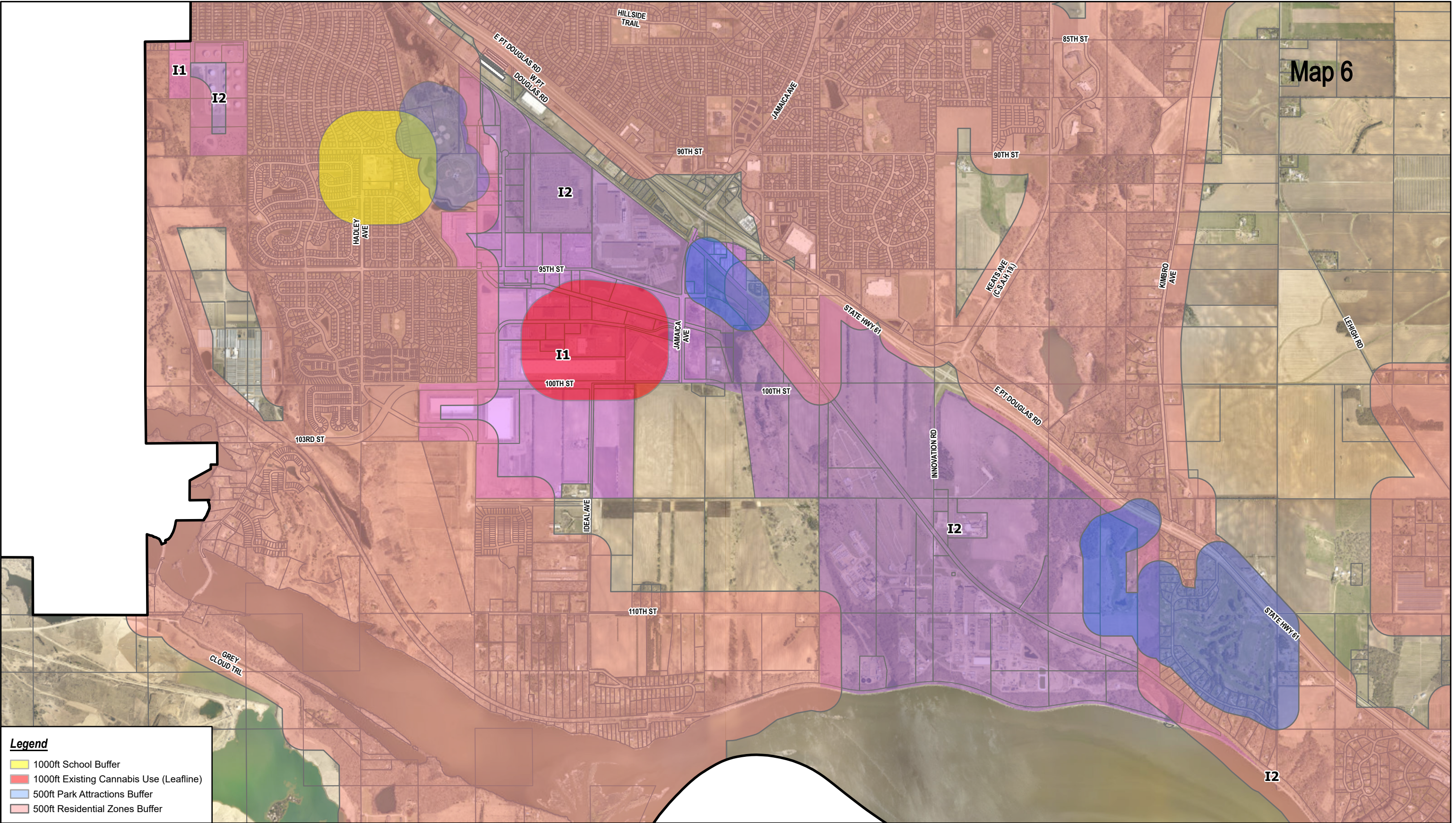




Industrial Zoning Districts: Cultivator, Micro, Mezzo
Cottage Grove, MN

Date: 9/25/2024





Legend

- 1000ft School Buffer
- 1000ft Existing Cannabis Use (Leafline)
- 500ft Park Attractions Buffer
- 500ft Residential Zones Buffer



