



Memorandum

To: Mayor Nelson and Members of the City Council

From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer

Date: October 26, 2024

Subject: Draft Cannabis Registration Ordinance

Based on City Council direction, staff has drafted a proposed ordinance for the registration of adult use cannabis business operating within the city of Spring Lake Park. This memorandum provides an overview of the proposed ordinance. The proposed ordinance aligns with Minnesota Statutes Chapter 342 and sets the foundation for local regulation and oversight of cannabis businesses operating with the city.

Minnesota Statutes Chapter 342 allows for the legal operation of adult-use cannabis businesses under a state-regulated framework. Local governments have the ability to implement additional rules in specific areas, particularly around zoning and registration requirements, provided those rules do not conflict with state law.

In response, we are proposing amendments to Chapters 11 and 16 of the City's Municipal Code to ensure cannabis businesses in Spring Lake Park meet both state and local requirements. These changes focus on protecting public safety, maintaining community standards, and ensuring compliance with the state's broader regulatory framework.

Key Components of the Proposed Ordinance:

1. **Local Cannabis Business Registration**
 - All state-licensed cannabis businesses, including retailers and lower-potency hemp edible retailers, must register with the City prior to operation. This will ensure they meet local zoning and operational standards.
 - A compliance check will be required before registration is approved, ensuring alignment with zoning and public safety regulations.

2. **Zoning and Location Requirements**
 - The ordinance adheres to the state-mandated buffer zones, which prevent cannabis businesses from being located within 1,000 feet of schools and 500 feet of daycares, residential treatment facilities, and parks used by minors. This is a maximum buffer under state law.

- The ordinance permits the sale of adult use cannabis and lower-potency hemp edibles in the C-1 and C-2 zoning districts. Cannabis businesses with no retail are permitted in the I-1 zoning district. Hemp manufacture is a conditional use in the I-1 zoning district.
 - Staff discourages making these categories conditional uses. Instead, we encourage the City Council to address its concerns through the performance standards set forth in this ordinance.
3. **Fees and Registration Process**
- In compliance with state law, the registration fee is capped at \$500 for new applications, with a renewal fee of \$1,000. This is to cover administrative and enforcement costs.
4. **Operating Hours**
- Cannabis businesses may operate between 10:00 a.m. and 9:00 p.m under the proposed ordinance.
 - State Law allows cities to prohibit retail sales of cannabis between the hours of 8:00 am and 10:00 am Monday through Saturday and 9:00pm and 2:00am the following day.
5. **Temporary Cannabis Events**
- Temporary cannabis events will require a separate permit from the City. On-site consumption remains prohibited as per state law. The ordinance also addresses security and operational standards for these events.
 - The proposed ordinance does not allow on-site consumption at temporary events. This is something the City Council could allow under its discretion.
6. **Retailer Limits**
- The ordinance reflects the state's limitation of one cannabis retailer per 12,500 residents. This means Spring Lake Park will only allow one retail establishment at this time. This number could be zero if there is one cannabis retailer per 12,500 population in Anoka County.
 - The one cannabis retailer per 12,500 residents is a minimum standard. The Council is permitted to allow a higher number of cannabis retailers.
 - Nothing in the proposed ordinance limits the ability of the city to operate a municipal cannabis store.
7. **Penalties for Non-Compliance**
- The ordinance establishes penalties for businesses that operate without proper registration or fail compliance checks, including potential fines and suspension of registration.

The Planning Commission will hold a public hearing on the proposed zoning regulations at its meeting on November 25, 2024. Following the public hearing, the ordinance will be brought back to the City Council for final action at your December 2, 2024 meeting. Please keep in mind that

the current moratorium on cannabis businesses will expire on December 31, 2024, so timely review and approval of the ordinance is critical to ensure the City has regulations in place before the moratorium ends.

Staff is seeking City Council feedback on the proposed ordinance. City Attorney Thames will be at the work session to answer any questions you may have.

If you have any questions, please do not hesitate to contact me at 763-784-6491.