



Memorandum

To: Chair Hansen and Members of the City Council

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

Date: November 19, 2024

Subject: Public Hearing – Draft Cannabis Registration Ordinance

Background

In May 2023, the Minnesota Legislature passed, and Governor Walz signed into law, legislation legalizing adult-use cannabis, effective August 1, 2023. This comprehensive law created a framework for regulating cannabis production, distribution, and sales through the newly established Minnesota Office of Cannabis Management (OCM).

Recognizing the need to evaluate the potential local impact of these businesses, the City Council enacted a temporary moratorium effective June 20, 2023, under Minn. Stat. § 462.355. This moratorium has provided the City with time to study zoning, public health, and safety considerations. The moratorium expires December 31, 2024.

Draft Ordinance Overview

To prepare for the end of the moratorium, the City Council developed a draft Cannabis Registration Ordinance, which amends SLPC Chapter 11 (Business Regulations) and Chapter 16 (Zoning). The ordinance was reviewed at the November 4, 2024 City Council work session and is scheduled for a public hearing to be held on Monday November 25, 2024.

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 permitted use in the I-1 zoning district.

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 pm 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 but has chosen not to.

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 but chose to follow the minimum standard.
- 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.

Next Steps

The Planning Commission is tasked with conducting a public hearing on the proposed ordinance and reviewing zoning-related provisions, ensuring compatibility with existing district regulations, and recommending any necessary adjustments.

A copy of the draft ordinance is attached for your review. Also attached is a copy of the Local Government Guide published by the State of Minnesota Office of Cannabis Management.

Staff recommends approval of the draft ordinance. If you have any questions, please do not hesitate to contact me at 763-784-6491.