

Memorandum

To: Chair Hansen and Members of the Planning Commission
From: Daniel R. Buchholtz, MMC, Administrator, Clerk/Treasurer
Date: March 9, 2026
Subject: PUD Application – 8478 and 8480-8492 Central Avenue

Background

The City has submitted an application for approval of a Planned Unit Development (PUD) to allow a cannabis cultivation operation within an existing commercial building located at 8478 and 8480-8492 Central Avenue NE. The property is owned by the City and is currently zoned C-1, Shopping Center Commercial.

The building currently contains a dispensary, tobacco shop and restaurant, with additional space that previously operated as a pawn shop and is currently vacant. The proposal would allow the operator of the adjacent cannabis dispensary to lease the vacant space and establish an indoor cannabis cultivation operation, a use that is otherwise permitted only within the I-1 Light Industrial zoning district.



The City acquired the property as part of a long-term redevelopment strategy. Existing leases extend through approximately 2033, at which time the City anticipates redevelopment of the site. The proposed cultivation use is intended as an interim use of the property until redevelopment occurs. If redevelopment is delayed and the lease is extended, the cultivation operation could continue subject to City approval and continued compliance with the conditions of the Planned Unit Development.

Planned Unit Development Authority

Section 16.44 of the Spring Lake Park City Code establishes the Planned Unit Development zoning district to provide flexibility from certain zoning and subdivision regulations where doing so produces public benefits that may not otherwise be achieved through conventional zoning.

Under SLPC 16.44.010, PUD zoning may be considered where it provides benefits such as:

- flexibility in land development,
- improved site and building design,
- preservation or enhancement of site characteristics,
- more efficient use of land and public facilities, and
- other public benefits recognized by the City.

Within a PUD, SLPC 16.44.020 allows uses permitted in the underlying zoning district as well as limited uses that may normally be more appropriate in other districts, provided such uses do not exceed 15 percent of the land area within the development.

Analysis

Staff believes the proposed PUD meets the purpose and intent of the City's PUD ordinance.

1. The PUD provides flexibility from the underlying zoning district to allow a use normally permitted in the I-1 district while maintaining City oversight through site-specific conditions.
2. The area designated for cultivation use will be under 15% of the land area within the properties.
3. The proposal represents a practical interim use of City-owned property. The City acquired the property with the intention of redeveloping the site once existing leases expire in 2033. Authorizing the cultivation operation allows the City to utilize currently vacant space and generate lease revenue during this interim period. This authorization also promotes efficient and effective use of land as it permits two complimentary operations under common ownership to coordinate the concurrent use and eventual relocation of the businesses upon the anticipated redevelopment of the site.
4. The proposed cultivation use would occur entirely indoors within an existing building, requiring no new construction or site modifications. As a result, the operation is expected to have minimal visual or operational impacts on surrounding properties.
5. The operator currently maintains a licensed cannabis dispensary within the same commercial center, creating operational efficiencies by locating cultivation near the retail operation and reducing the need to transport product between facilities.
6. Approval of the PUD would be site-specific and temporary, tied to the lease term and the City's redevelopment timeline. The approval would not amend the underlying zoning regulations and therefore would not establish a precedent for permitting cannabis cultivation generally within the C-1 zoning district.

Recommended Conditions

If approved, staff recommends the following conditions be incorporated into the PUD approval. Compliance with these conditions should also be incorporated into the lease agreement between the City and the cultivation operator.

Cannabis cultivation operations within the PUD Overlay shall comply with the Cannabis and Hemp Business Activity standards set forth in SLPC 16.36.010(M) and all other applicable provisions of the Spring Lake Park City Code, except as modified by the PUD ordinance. In addition, the following standards shall apply:

1. **Ventilation and odor control.** Ventilation and filtration systems shall be installed and maintained to prevent detectable cannabis odors from escaping the building.
2. **Security plan.** The operator shall maintain a security plan consistent with applicable Minnesota cannabis regulations.
3. **Video surveillance.** The facility shall maintain video surveillance covering entrances, exits, and restricted cultivation areas consistent with Minnesota cannabis regulations.
4. **Hazardous materials.** Fertilizers, pesticides, carbon dioxide systems, and other chemicals shall be stored and handled in accordance with applicable federal, state, and local regulations.
5. **Building and fire code compliance.** All cultivation equipment, electrical systems, lighting systems, ventilation systems, and carbon dioxide enrichment systems shall comply with applicable building, electrical, mechanical, and fire codes.
6. **Regulatory access.** The cultivation operator shall provide reasonable access to the facility for the Minnesota Office of Cannabis Management, the Spring Lake Park Police Department, and other authorized regulatory agencies as permitted by law.
7. **State licensing.** The cultivation operator must obtain and maintain all required state cannabis licenses and approvals.

If you have any questions regarding this application, please don't hesitate to contact me at 763-784-6491.