

**MEMORANDUM**

November 19, 2024

TO: Mayor and City Council

FROM: Jake Reilly, Community Development Director

SUBJECT: Adult-Use Cannabis Zoning Amendments and Municipal Cannabis

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**SUMMARY**

The proposed cannabis zoning ordinance amendments are in response to MN Session Law Chapter 63, which legalized adult-use cannabis and established a regulatory framework over the cannabis industry through the State of Minnesota's Office of Cannabis Management. The Office of Cannabis Management (OCM) is expected to begin licensing cannabis businesses in early 2025. The proposed amendments herein focus on permitted cannabis business locations, Land Development Code definitions and standards, and distance requirements.

**MEMO SECTIONS**

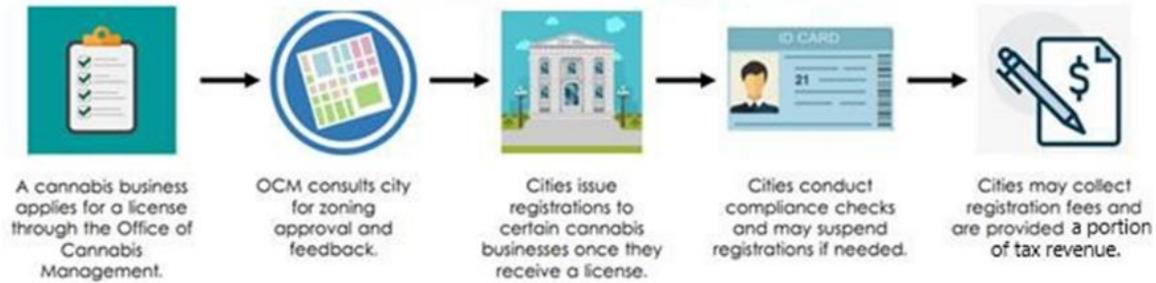
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## BACKGROUND

A new Minnesota Law enacted at the end of the 2023 legislative session, Minnesota state statute chapter 342, legalizes the possession, use, manufacturing, and sale of certain cannabis products within the State. The Law also establishes the OCM to enforce a licensing system throughout the State and establishes expungement procedures for certain individuals previously convicted of cannabis-related crimes. Under the State Law, local governments may register cannabis businesses and enforce certain zoning regulations within their jurisdiction, but they may not require additional licensing of cannabis businesses. Below are additional considerations related to local cannabis businesses:

- A local government unit **may**, by ordinance, limit the number of licensed cannabis retailers, cannabis mezzobusinesses with a retail operations endorsement, and cannabis microbusinesses with a retail operations endorsement to no fewer than one registration for every 12,500 residents. **There is no upper limit or cap imposed by the State on the number of cannabis retail businesses.**
- A **tax equal to 10%** of gross receipts from retail sales of taxable cannabis products will be imposed on any taxable cannabis product retailer that sells cannabis products to customers. (League of Minnesota Cities)
- Revenues from the retail sales of cannabis products will be divided, with 80% going to the general fund and 20% to the local government cannabis aid account. **Cities will receive 50% of the amount certified to the local government cannabis aid account.** (League of Minnesota cities)
- Half of the amount certified in the cannabis local government aid fund will go to cities. **Cities will receive a distribution proportional to the number of cannabis businesses located in the city** as compared to the number of cannabis businesses in all cities. (League of Minnesota cities)
- The new Law creates 16 cannabis and hemp license types through the OCM, which represent land uses for which cities need to accommodate within their jurisdictions by amending existing zoning definitions and standards, creating new definitions and standards, or through zoning administrator interpretations. The following diagram illustrates the role of cities in regulating cannabis businesses:

## City Role in Regulation



*Credit: Graphic from the League of Minnesota Cities*

### **GENERAL AMENDMENT APPROACH**

The business activities for the 16 new cannabis license types were found to be substantially similar to a number of existing uses in the Land Development Code. The general approach being proposed is amending existing uses whenever possible rather than creating new land use definitions and standards. Additionally, this approach does not create a distinction between medical cannabis businesses and recreational cannabis businesses within the Code. The recommendations include new definitions and a distance requirement standard for “Cannabis retail,” amendments to existing uses to accommodate 16 of the license types.

The following chart summarizes the cannabis businesses activities for the Office of Cannabis Management's license types:

	Retail Sales	Wholesale	Cannabis Cultivation	Cannabis Product Manufacturing	On-site Consumption	Other Activity
Cannabis Microbusiness	X	X	X	X	X	
Cannabis Mezzobusiness	X	X	X	X		
Cannabis Cultivator		X	X			
Cannabis Manufacturer		X		X		
Cannabis Retailer	X					
Cannabis Wholesaler		X				
Cannabis Transporter						X
Cannabis Testing Facility						X
Cannabis Event Organizer						X
Cannabis Delivery Service						X
Medical Cannabis Cultivator		X	X			
Medical Cannabis Processor		X		X		
Medical Cannabis Retailer	X					
Medical Cannabis Combination Business	X	X	X	X		
Lower-potency Hemp Edible Manufacturer				X		
Lower-potency Hemp Edible Retailer	X				X	

## **CANNABIS RETAIL**

There are five license types that allow cannabis and hemp retail (Cannabis Microbusiness, Cannabis Mezzobusiness, Cannabis Retailer, Medical Cannabis Retailer, and Medical Cannabis Combination Business), and one license that only allows hemp product retail (Lower-potency Hemp Edible Retail). Additions to the code related to cannabis retail, cultivation, and processing and accompanying standards for are proposed through this study.

The proposed amendments to the land development code related to “Cannabis Retail and Cultivation” is intended to address retail sales of the full range cannabis/hemp products legalized by the State Law. The proposed amendments regulate both cannabis categories the same, and in a similar manner to tobacco.

Below are proposed definitions, standards, and related analysis for cannabis uses:

### **2.8 Use Definitions.**

**2.8.1 Agricultural Use Category.** The agricultural use category is comprised of uses characterized by general active and on-going agricultural uses, activities, and related uses. An agricultural use, in general, means the use of land for the growing and/or production of field crops, livestock, and livestock products for the production of income.

(D) **Crop Raising.** The growing and harvesting of legal agricultural crops or produce, including commercial cannabis cultivation over 15,000 sq. ft for commercial agricultural purposes.

(1) Outdoor commercial cultivation of cannabis is prohibited in residential districts. In all other districts, outdoor commercial cultivation of cannabis requires a conditional use permit.

(F) **Wholesale or Commercial Cannabis Cultivator.** An establishment used for the growing, storage, and sale of legal cannabis seeds and plants and lower-potency hemp seeds and plants cultivated locally for retail or wholesale sales.

(G) **Wholesale or Commercial Plant Nurseries.** An establishment used for the growing, storage, and sale of legal garden plants, shrubs, trees, or vines, including cannabis and hemp for retail or wholesale sales.

**2.8.4 Commercial Use Category.** Establishments that contain businesses where the intent is of realizing profit from the sale of goods and services.

(I) **Cannabis retail.** A cannabis business with a license or endorsement authorizing the retail sale of cannabis flower, plants, cannabis products, including cannabis products sold for on-site consumption.

(S) **Greenhouses, Garden, and Landscaping Sales and Service.** Facilities that may include greenhouses (glassed or translucent enclosures used for the cultivation and protection of plants) and where the primary business is the sale of plants, including commercial cannabis cultivation over 15,000 sq. ft., landscaping materials, and related products.

## **2.9 Use-Specific Standards.**

### **2.9.18 Retail Sales and Service.**

1. Retail sales and service may be permitted in the I1 and ED-F districts provided that the total square footage of retail sales is limited to a maximum of 20 percent of the total floor area and is related to items manufactured on site.
2. Cannabis retail sales and service may be permitted in the I1 and ED-F districts provided that the total square footage of retail sales is limited to a maximum of 20 percent of the total floor area and is related to items manufactured on site.
3. Cannabis retailers must operate and maintain a closed-circuit television (CCTV) surveillance system. The CCTV video surveillance system must operate for 24 hours per day, seven days per week, and visually record all sales areas and all points of entry and exit.
4. A cannabis retail use is prohibited from sharing a common entrance with a business licensed as a tobacco products shop.
5. Except in the I1 and ED-F districts, a conditional use permit is required for new construction of a cannabis retail business covering more than fifteen thousand (15,000) square feet of land to ensure size and design compatibility with the location.
6. Cannabis businesses with a retail license or a cannabis retail endorsement shall be located a minimum distance of 500 feet from any primary and secondary school or residential treatment facility, and 300 feet from daycares, measured from the property line of the school to the principal structure of the cannabis retail business.
7. Cannabis businesses with a retail license or cannabis retail endorsement shall be separated from other such businesses by a minimum distance of 1,320 feet.

### **2.9.10 Industrial Uses (Indoors).**

- (A) Industrial uses (indoors) located within areas zoned C1 shall adhere to the following use specific standards in addition to all standards found in Section 3.2.3, C1 District Site Development Standards.
- (B) Industrial uses indoors shall be limited to no more 50 percent of the area of a building or 5,000 square feet, whichever is less.
- (C) Industrial uses indoors, if on the first floor, shall be located in the rear portion of the building so that the front one half of the building is used for any commercial use

permitted in the C1 district. Indoor uses may be located on any floor either above or below grade meeting all other code requirements.

(D) All vertical and horizontal separation requirements of the building code shall be strictly applicable to industrial uses indoors located in the C1 district.

(E) The performance standards found in Section 3.3.5, Performance Standards of this LDC shall be strictly applicable to industrial uses indoors that are located in the C1 district.

(F) Cannabis businesses with a cultivator or manufacture license or endorsement may operate up to 15,000 sq ft of cannabis cultivation, cannabis product manufacturing, or lower-potency hemp edible manufacturing within an indoor facility.

(a) All such uses are intended to be compatible with adjacent commercial and service uses. Odors, noise, vibration, glare and other potential side effects of manufacturing or cultivation processes shall not be discernable beyond the property line.

#### **Cannabis retail amendment analysis:**

Under the proposed amendments, a conditional use permit is recommended for new construction covering more than 15,000 square feet, retail businesses may be prohibited as much as 1,000 feet from schools, as many as 500 feet from residential treatment facilities and as many as 300 feet from a park feature, cameras will be required as a land development code standard, and cannabis retail uses will be prohibited from sharing a common entrance with tobacco product shops. The conditional use permit standard is the same standard placed on other uses in the Code, and it will allow staff and the Planning Commission to review and potentially place conditions on larger cannabis retail businesses.

The state law requires cannabis retail uses to submit a security plan as a part of the licensing process but does not explicitly require cameras as a standard. The practice established in other Minnesota municipalities is for this be addressed in the ordinance. Camera requirements may be added by the state later as a part of the rule making process. However, because they do not currently exist in the in the state licensing standards it is a gap that can be addressed through a zoning standard for cannabis retail uses.

The state law does not prohibit cannabis retail uses from co-locating with tobacco product shops. Under the proposed amendments, cannabis retail uses cannot share a common entrance with tobacco product shops, thereby separating these two uses and not permitting them to exist within the same premises. Providing for some separation between cannabis businesses and tobacco businesses through zoning may facilitate enforcement in

the future by allowing the City to take action toward a tobacco product shop without affecting a cannabis retail use, or vice-versa.

The proposed use table would make Cannabis retail a permitted/conditional use in any zoning district where general retail is currently permitted (C1, C2, NC-F and I1), as well as in the Agricultural Services district (A-S) when associated with a cultivation or manufacture license.

Additional amendments are recommended to Chapter 30 – Health and Sanitation of the City’s Code of Ordinances include new definitions, conditions, and edits associated with establishing and implementing the enabling legislation.

**Below is the spatial analysis related to the possible distance requirements:**

Local jurisdictions may neither prohibit cannabis businesses outright nor limit the number of retail businesses to fewer than one registration for every 12,500 residents, however the State Law allows local jurisdictions some control in regulating the distance of cannabis businesses from certain land uses. Specifically, the Law says that “Cities may prohibit the operations of a cannabis business within 1,000 feet of a school, or 500 feet of a day care, residential treatment facility, or an attraction within a public park that is regularly used by minors, including a playground or athletic field.”

Review of other cities’ Zoning and/or Land Development Codes indicates that cities will typically apply some distance requirements between cannabis retail businesses and presumably incompatible land uses. Of the 30 cities researched, six of them had no distance requirements, while the remaining 24 cities had requirements ranging from 200 feet to 1,000 feet from uses like schools, daycares, playgrounds, and other cannabis businesses.

Distance requirements may help mitigate potential negative externalities associated with being in close proximity to cannabis businesses, but they also reduce the number of potential locations and opportunities to start a cannabis business and increase the administrative burden on staff to implement the ordinance.

Restricting the location of cannabis businesses by applying stringent distance requirements would likely result in cannabis businesses being concentrated in specific locations instead of being disbursed throughout the city. This would likely increase average travel times and parking demand at cannabis retail businesses and may potentially concentrate negative externalities. Many of the negative externalities that a distance requirement may help mitigate however, may be mitigated through provisions in state law or local ordinances.

These include a local ordinance banning smoking cannabis in public, a ban on advertising of cannabis products, and security plan requirements for licensed businesses, among others.

Three different distance requirements were evaluated to determine how distance requirements would restrict the potential locations of new cannabis retail businesses:

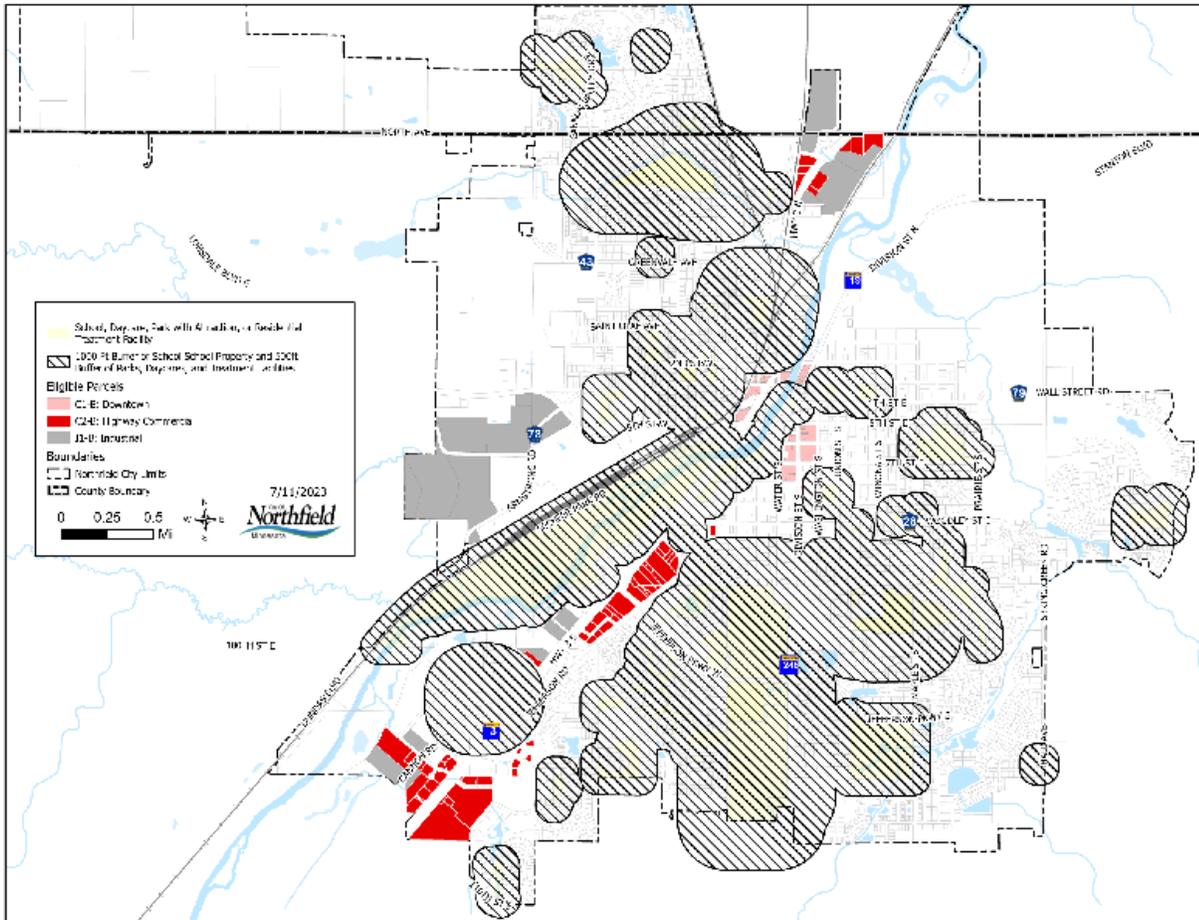
1. The maximum distance requirement permitted by the State Law, which prohibits the operation of cannabis retail businesses within 1,000 feet of schools and 500 feet from daycares, residential treatment facilities and park features; and,
2. A distance requirement prohibiting the operation of cannabis retail businesses 300 feet (about 1 block) from schools; and,
3. A distance separation requirement of 1,320 feet from other cannabis businesses.

Staff recommends a distance requirement prohibiting operation of cannabis retail businesses 300 feet from a school and a distance separation of 1,320 feet from other cannabis businesses.

To determine the effect that the distance requirements would have on restricting the potential locations of future cannabis businesses, parcels where the underlying zoning would permit general retail were mapped and then the distance requirements were applied from potentially incompatible land uses like schools and daycares. Based on this spatial analysis, prohibiting cannabis retail businesses from operating within 1,000 feet of schools and within 500 feet from daycares and park features (the maximum distance requirements permitted) would restrict the potential locations of cannabis business in the following ways:

- **79% of parcels zoned for general retail would be fully or partially prohibited from establishing a new cannabis retail license.** Additionally, this would almost entirely prohibit the establishment of cannabis retail businesses in the major commercial districts in the city, including downtown and the highway commercial and industrial corridors, shown in Map 1 below.

Map 1: Maximum Distance Requirement (1000 feet) – Schools, Daycares, Park Features, Treatment Facilities



- **There would be a significant reduction in the opportunities to establish a new cannabis business in zoning districts that are intended to accommodate retail businesses (C1 and C2), and as result, the majority of new cannabis businesses could only be established legally in industrial districts that are primarily intended to accommodate wholesale and manufacturing type uses. Concentrating cannabis businesses in those locations, would create unnecessary competition for industrial land. This could increase costs and make it difficult for other industrial businesses to locate in Northfield. Additionally, traffic would also increase to the industrial areas where these uses would be located, which often does not have the multimodal infrastructure needed to support more community-oriented retail.**

- The majority of parcels with existing retail land uses would be prohibited from establishing a new cannabis retail business. Establishing future retail cannabis businesses in existing retail spaces will reduce the amount of capital investment that is needed to start a new cannabis retail business. If existing retail spaces are not available, the capital investment needed to start a new cannabis retail business would increase because other uses would have to be converted to retail spaces.

Based on the findings of this spatial analysis, applying the maximum distance requirements allowed by the enabling State Law would be inconsistent with the policy guidance of the 2008 Comprehensive Plan, as well as the general draft policy direction of the in-process 2045-horizon Comprehensive Plan update. Applying the maximum distance requirements would result in cannabis retail businesses being guided away from downtown/mixed-use areas. Cannabis retail businesses would be more likely to develop in industrial areas that are intended to primarily accommodate manufacturing and processing land uses. This would be inconsistent with the following specific principles, objectives, and strategies:

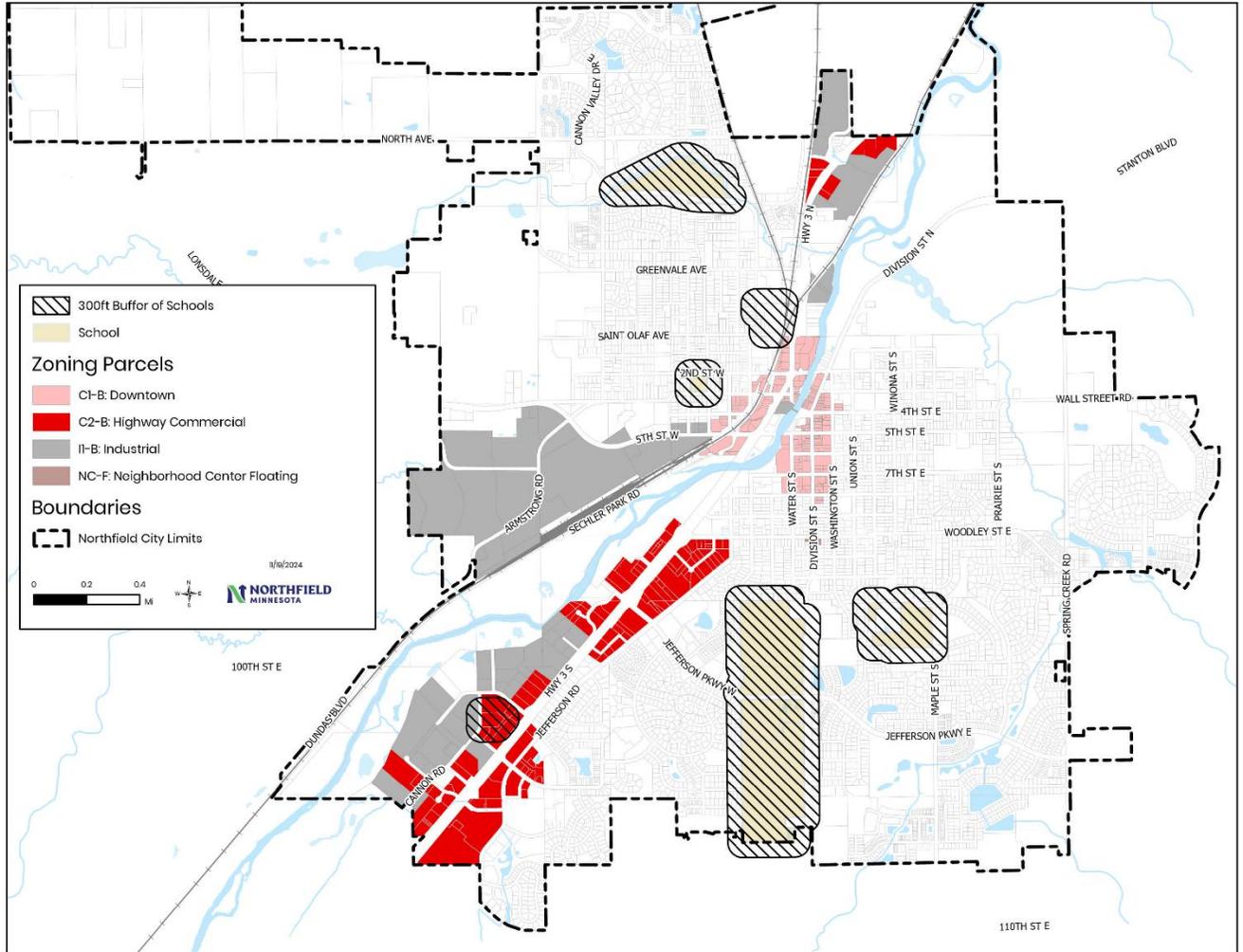
- Land Use Principle 3: The preference for accommodating future growth is in infill locations, then redevelopment/land intensification opportunities, and then on the edge of existing developed areas; and
- Land Use Objective 2: The downtown core is an important aspect of community life; and
- LU 2.1 Promote general merchandise retailers, financial institutions, office developments and entertainment uses within the downtown core. Create new opportunities for businesses by reinvesting in the infrastructure and public spaces in and around the downtown; and
- Land Use Objective 3: Encourage a compact development pattern, and support infill, redevelopment and land intensification; and
- LU 3.1 Create incentives to encourage infill, redevelopment and land intensification; and
- Land Use Objective 5: Guide new commercial/retail and office developments in a mixed use pattern; and
- LU 5.1 Encourage small-scale retail and service commercial uses to locate in the downtown area; and
- LU 5.2 Create regulations that allow for mixed-use commercial developments; and

- Community Identity Objective 2: Strengthen downtown as an historical and cultural center of the community and CI 2.5 Support existing and new local businesses that provide dining, retail, arts and entertainment; and
- Transportation Objective 3: Balance transportation needs with the Land Use Principles identified in Chapter 4 of the 2008 Comprehensive Plan; and
- Economic Development Objective 2: The City will make sufficient land resources available for the needs of existing and future businesses in line with the strategies outlined in the 2006 Economic Development Plan; and
- ED 2.1 Land resources within the community that are served or can be easily served by infrastructure and are suited for commercial and industrial intensification and redevelopment will be zoned appropriately to enable full and efficient utilization; and
- Economic Development Objective 3: Expanding and revitalizing the Cannon River corridor will be a pivotal part of the strategy to maintain the historic character that is Northfield; and
- ED 3.1 Sites that are suitable for land infill and redevelopment/intensification along the Cannon River south of 5th Street should be identified, and strategies to encourage new investment in these areas should be pursued; and
- ED 3.4 Encourage further redevelopment/intensification in downtown as a means to maintain and add to the vitality of this area. Downtown redevelopment/intensification should focus on retail uses, professional services, arts activities including opportunities for live-work development, businesses that support other businesses, and downtown housing.

Comparatively, prohibiting cannabis retail businesses from operating within 300 feet of schools, except in downtown, would restrict the potential locations of cannabis business in the following ways:

- 27% of general retail parcels would be fully or partially prohibited from establishing a new cannabis retail business. A 300-foot distance requirement outside of downtown would have minor impact on cannabis entrepreneurs' ability to open new cannabis retail businesses in zoning districts that permit general retail, as seen in Map 2.

Map 2: 300-foot Distance Requirement – Schools



Based on the findings of this spatial analysis, applying 300-foot distance requirement, would be consistent with the existing Comprehensive Plan as there would be ample opportunities to establish cannabis retail businesses in areas that are guided for commercial and industrial infill and growth.

While the State Law explicitly prohibits outdoor advertising of cannabis products and businesses, a 300-foot distance requirement may help limit school aged children's visual exposure to cannabis businesses, as well as mitigate other potential negative externalities associated with cannabis retail businesses. The proposed 300-foot distance requirement is both supportive of growing Northfield's commercial base and falls within the range commonly found in other US cities.

## **CANNABIS CULTIVATION**

There are six Office of Cannabis Management license types that allow cannabis and hemp cultivation, which includes any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis plants, cannabis flower, hemp plants, or hemp plant parts. The proposed amendments for these license types are in the following sections, along with an analysis of the proposed changes.

### **Cannabis Microbusinesses and Mezzobusinesses**

Cannabis Microbusiness and Mezzobusiness licenses allow businesses to engage in a wide range of business activities, including cannabis cultivation, retail sales, cannabis product manufacturing, and wholesale to other cannabis businesses with the applicable license endorsements. Additionally, Microbusinesses can obtain an endorsement to allow on-site consumption of cannabis products. The two license types differ in the amount of plant canopy they are permitted to have. Microbusinesses with a cultivation endorsement may cultivate up to 5,000 square feet of plant canopy indoors and up to one-half acre of mature, flowering plants outdoors. Mezzo businesses may cultivate up to 15,000 square feet of plant canopy indoors and up to one-half acre of mature, flowering plants outdoors.

Cannabis micro-businesses and mezzo-businesses are substantially similar to industrial use (indoors), wholesale commercial uses, wholesale or commercial plant nurseries and greenhouses, garden and landscaping sales and service (depending on size) in their primary function, with any associated retail element covered under “cannabis retail” (see above). Industrial uses (indoor) and wholesale commercial uses accommodate a wide range of uses that occur “within a fully enclosed structure where noise, odor, light, or vibrations is not noticeable from the adjacent properties.” Both the industrial uses (indoor) and wholesale commercial use category accommodates small scale production uses that oftentimes sell products wholesale or directly to customers, like businesses with a cannabis micro or mezzo business license would be permitted to do.

To accommodate cannabis micro and mezzo businesses that cultivate cannabis indoors and/or manufacture cannabis products indoors, see the amendments addressed related to 2.9.10 Industrial uses (Indoors).

## **Industrial-Scale Cannabis Cultivation and Outdoor Cultivation of Cannabis**

In addition to Micro- and Mezzobusinesses, the following license types also permit businesses to cultivate cannabis at varying scales: Cannabis Cultivators, Medical Cannabis Cultivators, and Medical Cannabis Combination Businesses. Except for a Medical Cannabis Combination Business, which may operate up to one retail location in each congressional district, these license types are only permitted to sell cannabis products to other businesses. When compared to cannabis micro and mezzo businesses, the amount of plant canopy that these businesses are allowed to cultivate is substantially higher, and more industrial scale in nature. Cannabis cultivators may cultivate up to 30,000 square feet of plant canopy; Medical Cannabis cultivators and Medical Cannabis Combination business may cultivate up to 60,000 square feet of plant canopy.

While outdoor cultivation of cannabis in an urban context may be unlikely, there may be situations where outdoor cultivation is appropriate for a given location if potential externalities such as odors can be mitigated through site design or the location of the plant canopy. For example, outdoor cultivation of cannabis on rooftops may have limited impacts on neighboring properties. The proposed amendment would allow outdoor cultivation with a conditional use permit, except in residential districts where outdoor commercial cultivation would be prohibited. By requiring a conditional use permit, the Planning Commission can evaluate outdoor cultivation proposals to determine if the proposal is appropriate for its given location.

All of these uses are substantially similar to the the aforementioned uses cited under the Micro and Mezzobusiness section and to accommodate these businesses staff are proposing the following amendments:

**2.8.1 Agricultural Use Category.** The agricultural use category is comprised of uses characterized by general active and on-going agricultural uses, activities, and related uses. An agricultural use, in general, means the use of land for the growing and/or production of field crops, livestock, and livestock products for the production of income.

- (D) **Crop Raising.** The growing and harvesting of legal agricultural crops or produce, including commercial cannabis cultivation over 15,000 sq. ft for commercial agricultural purposes.

(I) Outdoor commercial cultivation of cannabis is prohibited in residential districts. In all other districts, outdoor commercial cultivation of cannabis requires a conditional use permit.

(F) **Wholesale or Commercial Cannabis Cultivator.** An establishment used for the growing, storage, and sale of legal cannabis seeds and plants and lower-potency hemp seeds and plants cultivated locally for retail or wholesale sales.

(FG) **Wholesale or Commercial Plant Nurseries.** An establishment used for the growing, storage, and sale of legal garden plants, shrubs, trees, or vines, including cannabis and hemp for retail or wholesale sales.

*Proposed amendment use table summary:*

The proposed amendment would prohibit commercial cannabis cultivation in residential districts. Under the proposed amendments outdoor commercial cannabis cultivation could occur in the agricultural, commercial, and industrial districts.

### **Cannabis and Hemp Product Manufacturing**

The following license types permit the manufacturing of cannabis and hemp derived THC products: Cannabis Micro- and Mezzobusinesses, Cannabis Manufacturers, Medical Cannabis Processor, Medical Cannabis Combination Business, and Lower-potency Hemp Edible Manufacturer. The Office of Cannabis Management has not yet established size limits for cannabis product manufacturing uses. Currently, State Law regarding manufacturing for Cannabis Mezzobusinesses States that the current indoor plant limit is 15,000 square feet and the future manufacturing limit would need to "be equivalent to the amount of cannabis flower that can be harvested from a facility with a plant canopy of 15,000 square feet in a year [...]" Staff anticipates that a facility covering up to 15,000 square feet in land can accommodate small-scale cannabis and hemp product manufacturing uses under both Micro- and Mezzobusiness licenses. This type of smaller scale cannabis manufacturer falls within the amendments proposed by staff, above.

Some cannabis product manufacturing processes utilize liquified flammable gases such as butane and propane as solvents to extract THC from cannabis flower. If done improperly, the use of liquified flammable gases as an extraction agent poses some risk of fires and explosions at cannabis manufacturing facilities. While requirements in the building and fire codes will mitigate much of the risk of fires and explosions at legal facilities, restricting the use of these potentially dangerous chemicals in mixed-use and commercial districts may help protect residents from the impacts of potential fires and explosions, if they occur. In

addition to the aforementioned amendments staff is recommending an amendment to define “volatile solvents”, which mirrors the state definition. Below is the “volatile solvents” definition amendment:

Volatile solvent. Any solvent that is or produces a flammable gas or vapor that, when present in the air in sufficient quantities, will create explosive or ignitable mixtures. Volatile solvent includes but is not limited to butane, hexane, and propane.

### **OTHER CANNABIS-RELATED BUSINESSES**

The following license types do not directly engage in public retail sales of cannabis or production/warehousing: Cannabis Delivery Service, Cannabis Transporter, Cannabis Testing Facilities, or Cannabis Event Organizers.

A cannabis event organizer license is required to organize a temporary cannabis event lasting no more than four days. No zoning amendment is recommended to accommodate cannabis events, as this is not a in the purview of land use regulations and other events are not currently regulated by provisions in the Land Development Code.

Staff is continuing to evaluate the mechanisms to address Cannabis Delivery Service and Cannabis Transporters and Cannabis Testing Facilities.

A Cannabis Delivery Service is licensed to deliver cannabis from cannabis retail uses directly to customers. Cannabis Transporters are licensed to transport cannabis between cannabis businesses, but not directly to customers. Cannabis Delivery Services or Cannabis Transporters have been commonly proposed to occur as an accessory use to cannabis businesses.

Cannabis testing facilities obtain and test cannabis and hemp products from other cannabis and hemp businesses. Testing Facilities operate independently from other cannabis businesses and the State Law prohibits owners of cannabis testing facilities from owning, operating, or being employed by any other cannabis business. This use is likely substantially similar to personal services and offices, business or retail sales and service business use in Northfield’s Land Development Code. Staff will continue to evaluate the land development code to accommodate cannabis testing facilities.

The state law allows colleges and universities to cultivate cannabis for research purposes with a micro license. Most colleges and universities, however, are in residential districts. By adding cannabis cultivation for research purposes as an accessory use in the college

development district, it will allow colleges and universities to cultivate cannabis for research purposes if desired.

### **NEXT STEPS**

Staff will take into consideration comments at the Council work session and incorporate those into a staff report and draft text amendments to be considered by the Planning Commission in January. A public hearing on the proposed amendments would take place at a Planning Commission meeting. The staff goal is to address all relevant cannabis ordinance amendments prior to the end of the first quarter of 2025. This includes addressing the concept of a municipal cannabis dispensary. The City of Wayzata, which operates one municipal liquor store has conducted a first phase to evaluate the potential for a municipal-run dispensary. A second phase should be complete before the end of the first quarter next year and is likely to offer some insight into next steps for the City of Northfield.