



City of Wayzata City Council Agenda Report

MEETING DATE: December 3, 2024	AGENDA ITEM: 9.a
TITLE: Consider First Reading of Ordinance 845 regulating Cannabis Businesses	
PROPOSED MOTION: To Approve the First Reading of Ordinance 845 regulating Cannabis Businesses	
PREPARED BY: Eric Zweber, Planning Consultant	
REVIEWED BY: Jeffrey Dahl, City Manager	

ACTION REQUESTED:

Staff recommends approval of the first reading of the ordinance.

FINANCIAL OR BUDGET CONSIDERATION:

The proposed ordinance includes the maximum registration fees and civil penalties allowed by State Statute.

2024-2026 STRATEGIC PLAN PRIORITIES RELEVANCE:

Sustain Community Character & Safety

The City is committed to maintaining safety and preserving the character of neighborhoods through sensible regulations.

BACKGROUND:

The City has adopted a moratorium on cannabis businesses that will expire on December 31, 2024. Staff, including representatives from the Police Department, Community Development, City Attorney, City Clerk, and the City Manager, has prepared the attached ordinance based on the State of Minnesota's Office of Cannabis Management (OCM) model ordinance. The League of Minnesota Cities, Association of Minnesota Counties and the Minnesota Chapter of the American Planning Association collaborated with the OCM to prepare the model ordinance. If the City fails to adopt their ordinance regulating cannabis businesses before the OCM rulemaking is complete, then OCM would process cannabis business requests within the City of Wayzata without the input from the City. Once the OCM publishes the rules with the State Register, the rules can be adopted within 30 days which is an insufficient amount of time to complete the ordinance approval process adopted within the City Code and Charter before applications could be submitted to OCM.

The OCM model ordinance provides the City a number of choices. Below is a summary of how City staff are proposing to address these choices:

- The City will retain the registration of cannabis retail businesses but has reserved the right to delegate compliance checks and violation enforcement to Hennepin County in the future;
- The ordinance includes registration fees and civil penalties at the maximum amount allowed by the State;
- The ordinance proposes the limit of one non-municipal cannabis retail business in the City unless Hennepin County has reached the number of cannabis retail businesses equal to 1 per 12,500 residents of the County;
- The hours of operation for the cannabis retail business would be the least amount of hours allowed by the State (10 a.m. to 9 p.m.);
- The uses of the maximum buffer requirements allowed by the State (note that attached buffer maps have The Retreat is measured from the building footprint and not the property line and that Heritage Park and The Big Woods are not included in the park buffer because they do not have facilities aimed at children);
- The Planning Commission has recommended allowance of cannabis retail business as a conditional use (CUP) within the C-2, C-3 and C-3A zoning districts;
- Temporary cannabis events operated by licensed cannabis event organizers are regulated under the City's special events regulations and permit;

- Lower-potency hemp edibles are regulated by the existing City Code Chapter 722 - Sale of Edible Cannabinoid Products (Chapter 722 is more extensive than the lower-potency hemp edibles regulations in the model ordinance); and
- Does not include the allowance for a municipal cannabis retail dispensary (to be addressed by the City Council at a future date).

All the other regulations proposed within the proposed ordinance are requirements from the State Statute and the City does not have flexible to amend.

The proposed maximum buffer allowed by the State map would eliminate all commercially zoned properties except:

- The two parcels south of Wayzata Boulevard and west of Central Avenue;
- The western half of Colonial Square;
- The medical building, the multi-tenant commercial, and the US Bank located south of Wayzata Boulevard and east of Heritage Park;
- The McDonalds, BP gas station and the dental business located south of Wayzata Boulevard and west of Bushaway Road; and
- The auto repair businesses and the auto dealership east of Gleason Road and north of US Highway 12.

If the City chose to allow for a municipal cannabis retail dispensary in the future, that municipal operation would need to be located in the same areas allowed by the buffer map.

The Planning Commission conducted a public hearing on November 4, 2024. One former resident who currently owns an edible cannabinoid business in the North Loop of Minneapolis spoke at the public hearing. This former resident said that a future municipal cannabis retail business would limit the ability to locate a non-municipal cannabis retail business based on the proposed buffer maps. No other residents spoke during the public hearing.

Following the public hearing, the Planning Commission asked for clarification on the limited authority the City had to regulate cannabis business, discussed if both C-2 and C-3 should allow cannabis retail businesses and how the buffer would whether the areas allowed for cannabis retail businesses. The Planning Commission recommended, based on a 6-0 vote, allowing cannabis retail business within the C-2, C-3 and C-3A zones as a conditional use.

On November 18, 2024, the Planning Commission reviewed the draft PC report and Recommendation and discussed four additional items including:

- The location of a bus stop for private schools in Colonial Square;
- If the areas of the buffer zones were to change, the Planning Commission might provide a different recommendation;
- Consideration of a request that if the buffer zones were to change significantly in the future, that the City Council ask the Planning Commission reevaluate its recommendation; and
- That the Planning Commission be notified of any future workshops addressing complex issues that have a zoning component.

Following this discussion, the Planning Commission voted to amend the draft PC Report and Recommendation to clarify that the zoning recommendation is based on the buffer maps provided, that the City Council consider school bus stop location when determining appropriate buffers, and the Planning Commission reconsider its recommendation if the buffer zone map is significantly amended. This amended PC Report and Recommendation passed 5-0. Excerpts of the minutes from the November 4 and November 18 Planning Commission meetings are attached to this report.

An ordinance requires the majority of the City Council (3 members) to vote affirmatively for the ordinance for it to pass. If less than 3 members vote for the ordinance, then it would fail and the ordinance review and approval process would need to start over. If it appears that there are less than 3 affirmative votes, the City Council can choose to table the vote to a future meeting in which the entire Council would be in attendance.

ATTACHMENTS:

1. Draft Ordinance adopting Chapter 525 and amending Chapter 937 regulating Cannabis Businesses
2. Proposed Cannabis Retail Business Buffer Map
3. Proposed Wayzata Blvd Cannabis Buffer Map with Aerial
4. PC Report and Recommendation - Zoning Ordinance Amendments on Cannabis Retail Businesses
5. Excerpt of November 4, 2024 Planning Commission Meeting Minutes
6. Excerpt of the Draft November 18, 2024 Planning Commission Meeting Minutes