

CITY OF CARLOS

ORDINANCE #2025-__ - __

AN ORDINANCE AMENDING THE CARLOS CITY CODE TITLE XV, CHAPTER 151 REGARDING CANNABIS BUSINESS ZONING REGULATIONS

The City Council of the City of Carlos, Douglas County, Minnesota hereby ordains (new material is underlined; deleted material is lined out; sections which are not proposed to be amended are omitted, sections which are only proposed to be re-numbered are only set forth below as to their numbers and title):

SECTION 1. Administration.

a. **Findings and Purpose.** The City of Carlos makes the following legislative findings: The purpose of this ordinance amendment is to implement the provisions of Minnesota Statutes Chapter 342, which authorizes the City of Carlos to protect the public health, safety, welfare of Carlos residents by regulating cannabis business within the legal boundaries of Carlos.

The City of Carlos finds and concludes that the provisions are appropriate and lawful land use regulations for the City of Carlos that will promote the community's interest in reasonable stability in zoning for now and in the future and that the provisions are in the public interest and for the public good.

b. **Authority and Jurisdiction.** The City of Carlos has the authority to adopt this ordinance pursuant to:

- (1) Minn. Stat. §342.13(c) regarding the authority of a local unit of government to adopt reasonable restrictions of the time, place, and manner of the operation of a cannabis business provided that such restrictions do not prohibit the establishment of operation of cannabis business.
- (2) Minn. Stat. §342.22 regarding the local registration and enforcement requirements of state-licensed cannabis retail businesses and lower-potency hemp edible retail businesses.
- (3) Minn. Stat. §152.0263 Subd. 5, regarding the use of cannabis in public places.
- (4) Minn. Stat. §462.357, regarding the authority to adopt zoning ordinances.

SECTION 2. Amendment. The City of Carlos City Code, Section 151.04, Definition of Terms, shall be amended as follows.

CANNABIS BUSINESS. A legal entity such as a corporation, partnership, proprietorship, or individual(s) engaged or seeking to engage in one or more of the cannabis related activities listed in Minn. Stat. § 342.01 Subd. 14.

CANNABIS CULTIVATION. A cannabis business licensed to grow cannabis plants within the approved amount of space from seed or immature plant, harvest cannabis flower from mature plant, package and label immature plants and seedlings and cannabis flower for sale to other cannabis businesses, transport cannabis flower to a cannabis manufacturer located on the same premises, and perform other actions approved by the Minnesota Office of Cannabis Management. See Minn. Stat. §342.30.

CANNABIS RETAIL BUSINESS. A retail location and the retail locations(s) of a mezzobusiness with a retail operations endorsement, microbusiness with a retail operations endorsement, medical combination businesses operating a retail location, and excluding lower-potency hemp edible retailers.

CANNABIS RETAILER. Any person, partnership, firm, corporation, or association, foreign or domestic, selling cannabis product to a consumer and not for the purpose of resale in any form.

CULTIVATOR, CANNABIS. A license holder that cultivates cannabis up to 30,000 square feet of plant canopy.

DAYCARE. A location licensed with the Minnesota Department of Human Services to provide the care of a child in a residence outside the child's own home for gain or otherwise, on a regular basis, for any part of a 24-hour day.

HEMP BUSINESS. When used in this Ordinance, the term "Hemp Business" means a legal entity such as a corporation, partnership, proprietorship, or individual(s) engaged or seeking to engage in one or more of the hemp related activities listed in Minn. Stat. § 342.01.

LOWER POTENCY HEMP EDIBLE. A product that has the meaning given in Minn. Stat. §342.01 Subd. 50.

LOWER-POTENCY HEMP EDIBLE SALES. A hemp business that conducts an operation pursuant to Minn. Stat. §342.46, as it may be amended.

MANUFACTURER, LOWER-POTENCY HEMP EDIBLE. A hemp business that conducts an operation pursuant to Minn. Stat. §342.45, as it may be amended.

MANUFACTURER, CANNABIS. A business that manufactures cannabis products and packages such for sale to a licensed retailer.

MEZZOBUSINESS. A business that can cultivate cannabis (up to 15,000 square feet) and manufacture cannabis products and hemp products and package such for sale to customers or another licenses cannabis business. A microbusiness may also operate up to three retail locations. See Minn Stat. §342.29

MICROBUSINESS. A business that can cultivate cannabis (up to 5,000 square feet) and manufacture cannabis products and hemp products and package such for sale to customers or another licenses cannabis business. A microbusiness may also operate a single retail location. See Minn. Stat. §342.28.

OFFICE OF CANNABIS MANAGEMENT. The Minnesota Office of Cannabis Management, referred to as “OCM” in this Ordinance.

PLACE OF PUBLIC ACCOMMODATION. A business, accommodation, refreshment, entertainment, recreation, or transportation facility of any kind, whether licensed or not, whose goods, services, facilities, privileges, advantages or accommodations are extended, offered, sold or otherwise made available to the public.

PRELIMINARY LICENSE APPROVAL. OCM pre-approval for a cannabis license for applicants who qualify under Minn. Stat. §342.17.

PUBLIC PLACE. A public park or trail, public street or sidewalk; any enclosed, indoor area used by the general public, including, but not limited to, restaurants; bars; any other food or liquor establishment; hospitals; nursing homes; auditoriums; arenas; gyms; meeting rooms; common area of rental apartments buildings, and any other public accommodation.

RESIDENTIAL TREATMENT FACILITY. A facility defined under Minn. Stat. §245.462 Subd. 23.

RETAIL REGISTRATION. An approved registration issued by Douglas County to a state-licensed cannabis retail business.

RETAILER, CANNABIS. a license holder that may sell immature cannabis plant and seedlings, cannabis, cannabis products, hemp products at up to 5 locations.

SCHOOL. A public school as defined under Minn. Stat. §120A.05 or a non-public school that must meet the reporting requirements under Minn. Stat. §120A.24.

STATE LICENSE. An approved license issued by OCM to a cannabis retail business.

WHOLESALE, CANNABIS. An entity that purchases immature cannabis plants, seedlings, cannabis flower, and other cannabis products and similar cannabinoids from cannabis micro and mezzo businesses and cannabis cultivators and manufacturers and resell these products at wholesale to other cannabis business operations. See Minn. Stat. § 342.33 and §342.34.

Section 3. Amendment. The City of Carlos City Code, Section 151.25 – 151.28, Zoning Districts, shall be amended as follows.

151.25 C-1 CENTRAL BUSINESS DISTRICT.

(B) *Permitted uses and structures.*

(1) Business and commercial establishments including:

- (a) Retail establishments, including grocery, hardware, drug, lower potency hemp edible retail, clothing, variety and furniture stores; eating and drinking places, including lower-potency hemp edibles, auto dealers, automobile service stations, farm implement dealerships, farm supply stores, seasonal evergreen sales, and meat locker shops.

...

(D) *Conditional and interim uses.* Within the C-1 District, no structure or land shall be used for the following except by conditional or interim use permit and in conformance with the standards specific in division (I) of this section. Cannabis and Hemp Businesses are also subject to the requirements in ' 151.32.

(1) Conditional uses.

(a) One and two-family dwellings and multiple-family dwellings, including manufactured homes meeting the standards as set forth in ' 151.24, and manufactured home parks licensed by the state.

(b) Nonresidential licensed day care facilities.

(c) Outdoor storage incidental to a principal use.

(d) Drive-thru or drive-up window accessory to a principal use.

(e) Sidewalk cafes and outdoor eating or dining areas accessory to a principal use.

(2) Interim uses.

(a) Cannabis Retail Business

...

(I) *Conditional and interim use permit standards for the C-1 Central Business District*

(1) *Purpose.* It is the intent of the city in establishing general and specific criteria for conditional and interim uses...

(2) *General standards.* No conditional or interim use permit shall be granted unless the City Council determines the following standards will be met:...

151.26 C-2 COMMERCIAL DISTRICT.

(D) *Conditional and interim uses.* Within the C-2 district, no structure or land shall be used for the following except by conditional or interim use permit and in conformance with the standards specified in section (I) of this ordinance. Cannabis and Hemp Businesses are also subject to the requirements in ‘ 151.32.

(1) Conditional uses.

(a) All conditional uses permitted in the C-1 District.

(2) Interim uses.

(a) Cannabis Wholesale

...

(I) *Conditional and interim use permit standards for the C-2 ~~Central Business~~ Commercial District*

(1) *Purpose.* It is the intent of the city in establishing general and specific criteria for conditional and interim uses...

(2) *General standards.* No conditional or interim use permit shall be granted unless the City Council determines the following standards will be met:...

151.27 I INDUSTRIAL.

(D) *Conditional and interim uses.* Within the I District, no land or structure may be used for the following except by conditional use permit and in conformance with the performance standards contained in section (F) and ‘ 151.30 of this ordinance. Cannabis and Hemp Businesses are also subject to the requirements in ‘ 151.32.

(1) Conditional uses.

(a) Retail, or service uses occupying between 25% and 50% of the gross area of the principal structure, including Lower-Potency Hemp Edible Sales and Cannabis Retail Business.

(b) Wind energy conversion systems or windmills.

(2) Interim uses.

- (a) Cannabis Cultivation, Indoor
- (b) Cannabis Manufacturer
- (c) Cannabis Wholesale
- (d) Lower Potency Hemp Edible Manufacturer

...

(F) *Conditional and interim use permit standards for the Industrial District.*

(1) *Purpose.* It is the intent of the city in establishing general and specific criteria for conditional and interim uses...

(2) *General standards.* No conditional or interim use permit shall be granted unless the City Council determines the following standards will be met:...

(3) In addition to the standards specified in division (2), no conditional or interim use permit shall be granted unless the City Council determines that each of the following specific standards will be met.

151.28 RURAL RESIDENTIAL AND AGRICULTURAL DISTRICT.

(D) *Conditional and interim uses.* Within the Rural Residential and Agriculture District, no structure or land shall be used for the following except by conditional or interim use permit and in conformance with the standards specific in division (I) of this chapter. Cannabis and Hemp Businesses are also subject to the requirements in ' 151.32.

(1) Conditional uses.

- (a) Bed and breakfast inns
- (b) Wind energy conversion systems or windmills
- (c) Home occupations

(2) Interim uses.

- (a) Cannabis Cultivation, Indoor or Outdoor

...

(I) *Conditional and interim use permit standards for Rural Residential and Agricultural Single-Family Residential District.*

(1) *Purpose.* It is the intent of the city in establishing general and specific criteria for conditional and interim uses...

(2) *General standards.* No conditional or interim use permit shall be granted unless the City Council determines the following standards will be met:...

Section 4. Amendment. The City of Carlos City Code, Section 151.32, Cannabis and Hemp Business Requirements, shall be added as follows.

(A) Cannabis and Hemp Businesses. All Cannabis and Hemp Businesses shall comply with the following qualifying criteria. Where required, a conditional use permit may only be issued when the following qualifying criteria are met.

(1) Applicability. The standards within this subsection shall apply to the following uses:

- a. Cannabis cultivation
- b. Cannabis events
- c. Cannabis manufacturing
- d. Cannabis mezzobusiness
- e. Cannabis microbusiness
- f. Cannabis sales
- g. Cannabis testing facility
- h. Cannabis wholesaling
- i. Lower-potency hemp edible manufacturing
- j. Lower-potency hemp edible sales

(2) Buffers

- a. Any cannabis business must be setback 250 feet from schools, day care, residential treatment facilities, and attractions within a public park that are regularly used by minors, including a playground or athletic field. These distances are to be measured from the property line of the school, daycare, residential treatment facility, or edge of the attraction within a public park to the closest side of the premises within which the Licensed Product is to be sold.
- b. Any area used to cultivate or grow cannabis outdoors must meet the following setbacks:
 1. Outdoor cultivation to be set back 50 feet from any property line not abutting public Right-of-Way
 2. Outdoor cultivation to be set back 75 feet from any property line abutting public Right-of-Way

(3) Development Standards

- a. Registration.
 1. Must be licensed by the State of Minnesota and in compliance with the standards set by Minnesota Statutes, Minnesota Rules, and the Office of Cannabis Management.
 2. Must be registered with Douglas County.
- b. Hours of Operation.

1. State statute prohibits the sale of cannabis between 2:00am and 8:00am, Monday through Saturday, and between 2:00am and 10:00am on Sundays.
- c. Lighting.
1. All site lighting must meet City Code requirements. All light fixtures must be downward directed with cut-offs.
 2. The specifications of all light fixtures must be provided to the City with the application for a conditional use permit.
 3. Lighting within a transparent greenhouse structure is permitted between sunrise and sunset.
- d. Odor. The facility shall not produce noxious or nuisance causing odors, and is subject to the following conditions:
1. The facility shall be ventilated so that all odors cannot be detected by a person with a normal sense of smell at the exterior of the facility or at any adjoining use or property.
 2. Growing cannabis must comply with all applicable laws and shall not produce noxious or dangerous gases or odors or otherwise create a danger to any person or entity in or near the facilities.
 3. At the Zoning Administrator's discretion, the applicant may be required to provide plans that show appropriate odor control systems so as not to produce any noxious or dangerous gases or odors or create any dangers to any person or entity in or near the facility.
- e. Outdoor Operations and Storage.
1. Outdoor operations are prohibited, except for outdoor cultivation in the Rural Residential and Agricultural District. Outdoor cultivation in the Rural Residential and Agricultural District shall be secured as required by Minnesota Statutes, Minnesota Rules, and the Office of Cannabis Management.
 2. All outdoor cultivation sites shall utilize dust control measures on access roads and all ground disturbing activities.
 3. Outdoor storage is prohibited.
- f. Screening.
1. All mechanical, odor suppression equipment, trash enclosures, and loading and unloading areas to the facility must be screened from all public Right of Way and adjacent properties.
- g. Security.
1. The facility shall be secured as required by Minnesota Statutes, Minnesota Rules, and the Office of Cannabis Management.
 2. Any security bars, gates or grills shall be retractable, shall remain open and retracted when the Cannabis or Hemp business is open to the public or otherwise in operation and shall not be installed on the exterior of the building.
- h. Signs.

1. Signs shall be in compliance with the Office of Cannabis Management and City Code. Whenever a more restrictive standard exists, the more restrictive standard shall apply.
- i. Water and Wastewater.
 1. Cannabis operators are responsible for determining classification of all waste, including cannabis waste, of the business and for storing, securing, managing, and disposing of all cannabis and non-cannabis waste in accordance with applicable laws and regulations. Where multiple standards exist, the more restrictive of the standards shall apply.

Section 5. Amendment. The City of Carlos City Code, Sections 151.51, Public Notice and Hearings, shall be amended as follows.

As required by M.S. ' 462.357 and M.S. ' 462.3595 a public hearing shall be held by the City Council or the Planning Commission, if a Planning Commission exists in the city, before any conditional use permit, interim use permit, variance, or zoning amendment may be granted. A notice of the time, place and purpose of the hearing shall be published in the official newspaper of the city at least ten days prior to the day of the hearing. In the case of an amendment to the zoning code which involves changes in district boundaries affecting an area of five acres or less, and in the case of an application for a conditional use permit, interim use permit, or a variance, a similar notice shall be mailed at least ten days before the day of the hearing to each owner of affected property and property situated wholly or partly within 350 feet of the property to which the zoning code amendment, conditional use, interim use, or variance relates.

Section 6. Amendment. The City of Carlos City Code, Sections 151.551, Interim Use Permits, shall be added as follows.

Pursuant to M.S. ' 462.3597, as it may be amended from time to time, interim uses may be approved by the City Council by a showing by the applicant that the standards and criteria stated in this zoning code, and any conditions imposed by the City Council, will be satisfied. A public hearing on the granting of an interim use permit shall be held in the manner provided in ' 151.51. An interim use permit shall remain in effect until the clearly identifiable date or event set by City Council occurs. An interim use permit may be terminated by a change in zoning regulations.

Section 7. Effective Date. This ordinance becomes effective upon its passage and publication according to law.

This ordinance is subject to amendment by Carlos City Council action.

Passed by the council this ____ Day of _____, 2025.

Signed:

Mayor Ronna Berghoff

Attest:

City Clerk/Treasurer Donna Eveslage