

ORDINANCE NO. 1666

AN ORDINANCE AMENDING TITLE XI OF THE 2015 ORDINANCE CODE OF THE CITY OF OWATONNA, AS AMENDED, ENTITLED 'BUSINESS REGULATIONS' BY ADOPTING NEW CHAPTER 122 ENTITLED CANNABIS REGULATION

CHAPTER 122: CANNABIS REGULATION

AN ORDINANCE OF THE CITY OF OWATONNA TO REGULATE CANNABIS BUSINESSES

The City Council of the City of Owatonna hereby ordains:

Section 122.01 Administration

1. Findings and Purpose.

The City Council makes the following legislative findings:

The purpose of this ordinance is to implement the provisions of Minnesota Statutes, Chapter 342, which authorizes the City Council to protect the public health, safety, welfare of the City's residents by regulating cannabis businesses within the legal boundaries of the City.

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

2. Authority and Jurisdiction.

The City Council has the authority to adopt this ordinance pursuant to:

- a) 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 or operation of cannabis businesses.
- b) Minn. Stat. § 342.22, regarding the local registration and enforcement requirements of a state-licensed cannabis retail businesses and lower-potency hemp edible retail businesses.

- c) Minn. Stat. § 152.0263, Subd. 5, regarding the use of cannabis in public places.
 - d) Minn. Stat. § 462.357, regarding the authority of a local authority to adopt zoning ordinances.
3. This Ordinance shall be applicable within the legal boundaries of the City.
 4. The City, by Resolution, has delegated cannabis retail registration authority and compliance check responsibility herein to Steele County pursuant to Minn. Stat. § 342.22 and Steele County Ordinance 2024-42.
 5. Severability. If any section, clause, provision, or portion of this ordinance is adjudged unconstitutional or invalid by a court of competent jurisdiction, the remainder of this ordinance shall not be affected thereby.
 6. Enforcement. The City Administrator and Chief of Police and his/her designees are responsible for the administration and enforcement of this ordinance, except as provided in Sec. 122.03(3)(a). Any violation of the provisions of this ordinance or failure to comply with any of its requirements constitutes a misdemeanor and is punishable as defined by law. Violations of this ordinance can occur regardless of whether or not a permit is required for a regulated activity listed in this ordinance.

Section 122.02 Definitions

1. Unless otherwise noted in this section, words and phrases contained in Minn. Stat. § 342.01 and the rules promulgated pursuant to any of these acts, shall have the same meanings in this ordinance.
2. Cannabis Cultivation: A cannabis business licensed to grow cannabis plants within the approved amount of space from seed or immature plant to mature 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 office.
3. Cannabis Retail Businesses: A retail location and the retail location(s) of mezzobusinesses with a retail operations endorsement, micro businesses with a retail operations endorsement, medical combination businesses operating a retail location, and lower-potency hemp edible retailers.
4. Cannabis Businesses: As defined in Minn. Stat. § 342.01, Subd. 14.

5. 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.
6. Day Care Facility: 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.
7. Lower-potency Hemp Edible: As defined Under Minn. Stat. 342.01, subd. 50.
8. Office of Cannabis Management: Minnesota Office of Cannabis Management, referred to as "OCM" in this ordinance.
9. Park Feature: An attraction within a public park that is regularly used by minors, including, but not limited to, a playground or athletic field.
10. 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.
11. Preliminary License Approval: OCM pre-approval for a cannabis business license for applications who qualify under Minn. Stat. § 342.17.
12. Public Place: A public place includes, but is not limited to:
 - a) All public parks and trails, playgrounds and athletic fields, Brooktree Golf Course, Steele County Fairgrounds, West Hills, Public Library, Owatonna Public Utilities facilities and any other City or County or State owned property within the City.
 - b) All school property of schools as defined in Subsection 16.
 - c) Indoor area use by the general public, including, but not limited to, restaurants, bars, any other food or liquor establishments, including decks and other outdoor service areas.
 - d) Hospitals, nursing homes, auditoriums, arenas, or gyms.
 - e) Meeting rooms; common areas of rental apartment buildings, and other places of public accommodation.

13. Exceptions to public place or place of public accommodation. A “public place” or “a place of public accommodation” does not include the following:
 - a) A private residence, including the individual’s curtilage or yard.
 - b) A private property, not generally accessible by the public, unless the individual is explicitly prohibited from consuming cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products on the property by the owner of the property; or
 - c) On the premises of an establishment or event licensed to permit on-site consumption.
14. Residential Treatment Facility: As defined under Minn. Stat. § 245.462, subd. 23.
15. Retail Registration: An approved registration issued by Steele County to a state-licensed cannabis retail business.
16. School:
 - a) Public school as defined under Minn. Stat. § 120A.05.
 - b) Nonpublic school that meets the reporting requirements under Minn. Stat. § 120A.24.
 - c) Charter school licensed by the Minnesota Department of Education.
 - d) Post secondary educational facilities, including any colleges, universities, or technical schools.
17. Smoking: Inhaling, exhaling, burning, or carrying any lighted or heated cigar, cigarette, pipe, or any other lighted or heated product containing cannabis flower, cannabis products, artificially derived cannabinoids, or hemp-derived consumer products. Smoking includes carrying or using an activated electronic delivery device for human consumption through inhalation of aerosol or vapor from the product.
18. Special Services: The exclusive allocation of city resources, including, but not limited to, city personnel, equipment, rights-of-way, property or facilities for use in conjunction with a specific event or activity, as requested by the host or sponsor of the event, or as requested by or on behalf of any person attending the event, or deemed necessary by city staff in order to maintain public safety.

19. Temporary Cannabis Event: An event lasting no more than 4 days at which cannabis products, cannabis flower, lower-potency hemp edibles, and hemp-derived consumer products may be sold and consumed and for which the organizer has a cannabis event organizer license issued by the Office of Cannabis Management.
20. Temporary Cannabis Event Organizer: An individual or an organization licensed by the State of Minnesota to hold a Temporary Cannabis Event, as described in Minn. Stat. § 342.39 and 342.40.
21. State License: An approved license issued by the State of Minnesota’s Office of Cannabis Management to a cannabis retail business.

Section 122.03 City’s Delegation of Registration Authority to Steele County

1. Pursuant to Minn. Stat. § 342.22, and Steele County Ordinance 2024-42, the City, by Resolution shall delegate to Steele County the City’s authority to register cannabis and hemp businesses and its authority to conduct compliance checks of said businesses within the City’s jurisdiction.
2. No individual or entity may operate a state-licensed cannabis business within the City without first obtaining an approved registration issued by the County.
3. In discharging its delegated authority, the County:
 - a) shall administer and enforce Steele County Ordinance 2024-42, Sec. 2 “Registration of Cannabis Businesses”;
 - b) shall conduct a preliminary compliance check prior to issuance of a cannabis retail business registration to ensure compliance with local ordinances, including local zoning ordinances and, if applicable the state fire code and building code;
 - c) shall conduct annual compliance checks at a minimum of one compliance check per calendar year of every cannabis business with a retail registration to assess if the business meets the age verification requirements and other requirements under Minn. Stat. § 342.22, and provided in Steele County Ordinance 2024-42; and
 - d) shall renew an annual registration of the state licensed cannabis retail business at the same time OCM renews the cannabis retail businesses license;

Section 122.04 Requirements of Cannabis Businesses

1. Minimum Buffer Requirements. The City shall prohibit the operation of a cannabis business within:
 - a) 1,000 feet, of any school, as measured in a straight line, from the nearest boundary line of the cannabis business to the nearest boundary line of the school.
 - b) 500 feet, as measured in a straight line, from the nearest boundary of the cannabis business to the nearest boundary line of the following:
 - i. Day Care Facility.
 - ii. Residential Treatment Facility.
 - iii. Public Parks and trails regularly used by minors, including playgrounds and athletic fields and the Steele County Fairgrounds.
 - c) The City shall prohibit the operation of a cannabis retail business within 1,000 feet of another cannabis business.
 - d) Per Minn. Stat. § 462.357 Subd. 1e, nothing herein shall prohibit an active cannabis business or a cannabis business seeking a renewal registration from continuing operation at the same site of a school, day care, residential treatment facility, or public park regularly used by minors, moves within the minimum buffer zone.
2. Insurance. No individual or entity may operate a state-licensed cannabis business within the city without first presenting a Certificate of Insurance to the City Administrator's Office as evidence of the following coverages for the location which shall meet the following minimum Limits of Liability:
 - a) Commercial General Liability (CGL)
 - i. 1.5 million each occurrence;
 - ii. \$3 million General Aggregate; and
 - iii. \$3 million Products and Completed Operations aggregate (or Product Liability)
 - b) Workers' Compensation Insurance:
 - i. As required by Minnesota state law;
 - ii. Employer's Liability Insurance;

- \$500,000 per accident
- \$500,000 disease policy limit
- \$500,000 disease each employee

c) Commercial Auto Insurance:

- i. \$1 million combined single limit including coverage for hired and non-owned vehicles.

3. Zoning and Land Use.

a) Cultivation. Cannabis businesses licensed or endorsed for cultivation are permitted uses in the following zoning districts:

- i. I-1 Light Industrial
- ii. I-2 Heavy Industrial

b) Cannabis Manufacturer. Cannabis businesses licensed or endorsed for cannabis manufacturer are permitted in the following zoning districts:

- i. I-1 Light Industrial
- ii. I-2 Heavy Industrial

c) Hemp Manufacturer. Businesses licensed or endorsed for low-potency hemp edible manufacturers are permitted in the following zoning districts:

- i. I-1 Light Industrial
- ii. I-2 Heavy Industrial

d) Wholesale. Cannabis businesses licensed or endorsed for wholesale are permitted in the following zoning districts:

- i. I-1 Light Industrial
- ii. I-2 Heavy Industrial

e) Cannabis Retail. Cannabis businesses licensed or endorsed for cannabis retail are permitted in the following zoning districts;

- i. B-2 Community Business District
- ii. B-3 Central Business District

4. Hours of Operation. Cannabis businesses are limited to retail sale of cannabis, cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products between the hours of:

- a) 8:00 a.m. to 10:00 p.m. Monday-Saturday
 - b) 10:00 a.m. to 10:00 p.m. Sunday
5. Advertising Signs. Cannabis businesses are allowed to erect or place signs on the exterior of the building or property of the business, as permitted by City Ordinance Code Chapter 153.

Section 122.05 Temporary Cannabis Events

- 1. Temporary Cannabis Event, Permit Required. Any person or organization desiring to hold a Temporary Cannabis Event in the City must first (1) be licensed by the state as a Temporary Cannabis Event Organizer and (2) obtain a Temporary Cannabis Event Permit from the City.
- 2. Temporary cannabis events are prohibited in residential districts.
- 3. Temporary cannabis events must comply with the buffer requirements described in Section 122.04.
- 4. Temporary cannabis events must comply with all requirements detailed in Minn. Stat. § 342.40. The application shall include a detailed plan addressing the requirements of Minn. Stat. § 342.40, subs. 3, 4, 5, 6, 7 and 8.
- 5. Permit Application.

Form. Application for a permit to hold a Temporary Cannabis Event must be made in writing and must contain a statement made upon oath or affirmation that the statements contained therein are true and correct to the best knowledge of the applicant and must be signed and sworn to or affirmed by the Temporary Cannabis Event Organizer. The application must contain and disclose the following:

- a) Applicant name, address, phone number.
- b) A list of all Cannabis Business, Medical Cannabis Business, or Hemp Business licenses, as those terms are defined by Minn. Stat. § 342.01, held by the applicant;
- c) Date(s) of proposed Temporary Cannabis Event;
- d) Duration of Temporary Cannabis Event, including beginning and ending times;

- e) Address of proposed Temporary Cannabis Event;
- f) Name of property owner, if different from applicant, together with the signature of the property owners on the Application beneath the statement: **“The undersigned consents to the use of his/her/their property for the event described above.”**
- g) A complete copy of the cannabis event license application, submitted to the Office of Cannabis Management pursuant to Minnesota Statutes Section 342.39 subd. 2;
- h) Type and description of the Temporary Cannabis Event including:
 - i. Whether the general public will be permitted to attend, and estimated number of persons to attend;
 - ii. Any public health plans, including supplying water to the site, solid waste collection and provision of toilet facilities, if applicable;
 - iii. Any fire prevention and emergency medical services plans, if applicable;
 - iv. Security plans;
 - v. The admission fee, donation, or other consideration to be charged or requested for admission, if applicable;
 - vi. Whether food or alcohol will be served or sold at the event;
 - vii. A detailed description of all public rights-of-way and private streets for which the applicant requests the City to restrict or alter normal parking, vehicular traffic or pedestrian traffic patterns, the nature of such restrictions or alterations, and the basis;
 - viii. A description of any services, city personnel, city equipment and city property which the applicant requests the City to provide, including the applicant’s estimate of the number and type needed, and the basis on which the estimate is made. However, the City retains sole discretion to determine the number and type of services required for the event and to decide whether to grant such request;
 - ix. Whether any sound amplification or public address system will be used or if there will be any playing of any music or musical

instruments;

x. A statement signed by the applicant agreeing to pay all fees and meet all other requirements of this Section;

xi. Applicant signature and property owner's signature, if different from applicant; and

xii. Any other information requested by the City, acting through its City Administrator or Chief of Police deemed reasonably necessary in order to determine the nature of the Temporary Cannabis Event and the extent of any Special Services required.

Time for filing. A Temporary Cannabis Event permit application must be filed with the City at least 30 days in advance of the date in which the Temporary Cannabis Event is to occur.

Permit fee. An applicant for a Temporary Cannabis Event permit must pay a nonrefundable permit fee in the amount established by the City's fee ordinance.

3. Application Review.

a) Upon receipt of a Temporary Cannabis Event permit application, the City Administrator, or their designee, shall be responsible for promptly processing the application, including conferring with City Staff and the applicant as necessary to implement the provisions of this Section, and, when required by this Section, forwarding the processed application to the City council with a recommendation to approve, approve with conditions or modifications, or deny the Temporary Cannabis Event permit application.

b) **Special Services.** The City Administrator shall work with City Staff to determine whether Special Services may be necessary, and the cost for such Special Services.

c) **Review.** When a Temporary Cannabis Event will not require any Special Services, the City Administrator may review and approve the permit application administratively. In cases where a Temporary Cannabis Event requires Special Services, the application will be presented to the City council for review.

d) **Permit Denial.** The city may deny an application for a Temporary Cannabis Event permit if it determines from a consideration of the application or other

pertinent information, that:

- i. The information contained in the application or supplemental information requested from the applicant is false or nonexistent in any material detail;
- ii. The applicant fails to supplement the application after having been notified by the City of additional information or documents or additional permitting needed;
- iii. The applicant fails to agree to abide or comply with all of the conditions and terms of the Temporary Cannabis Event permit, including payment of all costs and expenses;
- iv. The Temporary Cannabis Event would substantially or unnecessarily interfere with traffic in the City, would interfere with access to the fire station or fire hydrants, or would interfere with access to businesses or residences in the immediate vicinity of the event and there are not sufficient city resources available at the time of the event to mitigate the disruption;
- v. The Temporary Cannabis Event is of the size or nature that requires the diversion of so many law enforcement officers to properly police the event, site and contiguous areas that allowing the Temporary Cannabis Event would unreasonably deny law enforcement protection to the remainder of the City and its residents;
- vi. The proposed date and time of the Temporary Cannabis Event conflicts with a previously scheduled event and there are not available at the time of the proposed Temporary Cannabis Event sufficient city resources to provide services for both events without substantially or unnecessarily interfering with police, fire, water, public works, or other services to the City as a whole;
- vii. The location of the Temporary Cannabis Event will substantially interfere with any construction or maintenance work scheduled to take place upon or along public property or right-of-way;

- viii. The Temporary Cannabis Event would likely endanger the public safety or health;
- ix. The Temporary Cannabis Event would substantially or unnecessarily interfere with police, fire, water, public works, or other services to the City as a whole and there are not available at the time of the proposed event sufficient city resources to mitigate the disruption;
- x. The applicant fails to comply with the liability insurance requirements or the applicant's insurance lapses or is canceled;
- xi. The applicant has on prior occasions made material misrepresentations regarding the nature and extent of Special Services required for a Temporary Cannabis Event in the City or has violated the terms of a prior Temporary Cannabis Event permit.

4. Fees.

- a) Special Services Fee Deposit. If any Special Services are to be used during the Temporary Cannabis Event, the applicant may be required to pay a non-refundable Special Services fee deposit at least ten business days before the Temporary Cannabis Event. The City Administrator shall determine the Special Services fee deposit. It shall be based upon an estimate of Special Services that are necessary as determined by the City's department heads.
- b) User Fee. Upon completion of the Temporary Cannabis Event, the City may prepare a detailed account of all Special Services provided for the Temporary Cannabis Event and in such cases, will set the final user fee using the rates, fees and charges established as provided in this ordinance. The city will then provide the applicant with a copy of the detailed account of the Special Services and an invoice for the user fee, less the fee deposit. The balance of the user fee will then become due and payable immediately upon its receipt.
- c) Special Services Rates. The rates charged shall be set by the City's Fee Ordinance and set forth in the Fee Schedule.

5. Indemnification and Insurance

- a) If the Temporary Cannabis Event requires Special Services, prior to the issuance of a Temporary Cannabis Event permit, the permit applicant and authorized officer of the sponsoring organization, if any, must sign an agreement to indemnify, defend and hold the City, its officials, employees, and agents harmless from any claim that arises in whole or in part out of the Temporary Cannabis Event, except any claims arising solely out of the negligent acts or omissions of the City, its officials, employees and agents.
- b) Liability Insurance Required. The applicant must possess or obtain liability insurance to protect against loss from liability imposed by law for damages on account of bodily injury or property damage arising from the Temporary Cannabis Event. A certificate of insurance must be filed with the City prior to issuance of the Temporary Cannabis Event permit. The certificate of insurance must name the City, its officials, employees and agents as additional insureds. Insurance coverage must be maintained for the duration of the Temporary Cannabis Event. Any company hired or working on behalf of the applicant or sponsor must also present the City with a certificate of insurance naming the City, its officials, its employees, and agents as additional insureds.
- c) Minimum Limits. The insurance coverages and limits of liability shall be as required in Section 122.04, 2. "Insurance". If on-site consumption is permitted at the Temporary Cannabis Event, the policy must also include an endorsement for such consumption. The city may require additional endorsements depending upon the type of Temporary Cannabis Event and the proposed activities.
- d) Waiver or Reduction of Required Limits. The city may waive or reduce insurance requirements of this section under the following circumstances:
 - i. The applicant or officer of the sponsoring organization signs a verified statement that the insurance coverage required by this section is impossible to obtain; or
 - ii. The city determines that the insurance requirements are in excess of the reasonable risk presented by the proposed Temporary Cannabis Event.

6. Temporary Cannabis Event Regulations

- a) Location Restrictions. Temporary cannabis events are prohibited:
 - i. At, in or on any public place or a place of public accommodation, unless allowed by the City. A public place means a public park, ballparks or trails, public event centers or facilities, public street, sidewalk or right-of-ways, alleys, boulevards, publicly owned parking lots, and any other developed or undeveloped city owned property; or
 - ii. If held outdoors, on property within 1,000 feet of a school.
- b) Hours Restrictions: Temporary cannabis events shall only be held between the hours of 8:00 a.m. until 10:00 p.m.
- c) On-site consumption of cannabinoid products is permitted in an area designated by the applicant and approved by the City. Access to areas where consumption of adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products is allowed shall be restricted to individuals who are at least 21 years of age and the cannabis event organizer shall ensure that consumption of adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products within a designated consumption area is not visible from any public place.
- d) The Temporary Cannabis Event must be in compliance with the City's nuisance ordinance at all times.
- e) All Temporary Cannabis Events must follow all requirements of Minn. Stat. § 342.01, et seq.
- f) Permit Revocation. A Temporary Cannabis Event permit may be revoked by the City Administrator at any time for failure to comply with the provisions of this Section or Minn. Stat. § 342.01, et seq.

7. Enforcement.

- a) Misdemeanor. Any person who violates this Section is guilty of a misdemeanor and, upon conviction, is subject to a fine and imprisonment as prescribed by state law. Each day each violation continues or exists, constitutes a separate offense.

- b) Administrative fine: Any person who violates this Section is subject to administrative fines in an amount set in the City Fee Schedule. Each day each violation continues or exists, constitutes a separate offense.
- c) Violation of any provision of this Section shall also be grounds for revocation of the Temporary Cannabis Event Permit, denial of any future application for a Temporary Cannabis Event permit, and action against any city-issued business license held by the Temporary Cannabis Event Organizer.

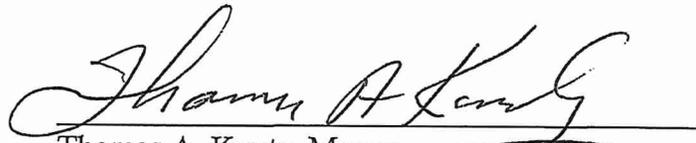
Passed and adopted this 3rd day of December, 2024, to become effective upon publication, with the following roll call vote:

Aye: Boeke, Raney, Svenby, Voss, Dotson, Burbank and Schultz

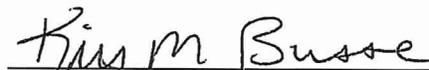
No: None

Absent: None

Approved and signed this 3rd day of December, 2024.


Thomas A. Kuntz, Mayor

ATTEST:


Kris M. Busse, City Administrator/City Clerk/Treasurer