

**CITY COUNCIL WORK SESSION  
CITY OF RAMSEY  
ANOKA COUNTY  
STATE OF MINNESOTA**

The Ramsey City Council conducted a City Council Work Session on Tuesday, February 13, 2024, at the Ramsey Municipal Center, 7550 Sunwood Drive NW, Ramsey, Minnesota.

Members Present: Mayor Mark Kuzma  
Councilmember Chelsee Howell  
Councilmember Debra Musgrove  
Councilmember Michael Olson  
Councilmember Chris Riley  
Councilmember Dan Specht  
Councilmember Matt Woestehoff

Also Present: City Administrator Brian Hagen  
Economic Development Manager Sean Sullivan  
Community Development Director Stephanie Hanson  
Planning Manager Todd Larson

**1. CALL TO ORDER**

Mayor Kuzma called the City Council Work Session to order at 5:30 p.m.

**2. TOPICS FOR DISCUSSION**

**2.01: Review Oak Terrace Land Sale and Development Plan**

Economic Development Manager Sullivan reviewed the Staff report in regard to the Oak Terrace land sale and development plan. He reviewed the three options available, Option 1 would be to sell 12,265.7 square feet, which would bring the property into compliance and would remove the encroachment with the property line dispute and square off the lot with the adjacent parcel. Option 2 would be to sell 4520.3 square feet, which would only solve the property line dispute but would create an odd remnant that likely would lead to future encroachment by the park and its tenants. Option 3 would be to put an encroachment agreement in place to bring this into compliance. He said Staff and the developer favor Option 1.

Councilmember Olson asked if they do the partial option if the remainder of the triangle would be useful for anything.

Economic Development Manager Sullivan shared that likely anyone who would purchase that lot would not really be able to use this anyway.

Councilmember Riley noted the only thing that makes sense to him is to sell the whole thing. He said this would take care of all of the issues and it seems to be what the developer wants. He asked what the advantage would be to the City and why they would want to approve more homes.

Economic Development Manager Sullivan explained that when they looked at purchasing this property from the City, the counter proposal was to put more homes on the site due to the price of the land. He noted that if they are not comfortable with the additional homes, then they would sell them the land and they would then have the issue of what happens behind them.

Councilmember Musgrove shared she is supportive of the sale. She noted that if the developer buys this land then she is okay with them doing whatever they would like with it. She noted that the appraisal is from 2022 which seems old. She asked if the dollar amount is set or if they can have a new appraisal done to make sure this is up to the market with costs.

Economic Development Manager Sullivan shared that this appraisal was paid for by the City. He noted Staff does have a bit of a concern on whether or not they will still use this appraisal and if they feel that this amount will be fine. He added that not a lot has changed as far as the condition of the property. He noted that whether the price is higher or not, the funds will still go back into the RALF program and will not go back to the City. He added that if they do want another appraisal done this will just incur more costs.

Councilmember Musgrove asked if the RALF dollars that would get refunded are just dependent on land sales or if there is a certain amount that they will eventually owe in the end.

Economic Development Manager Sullivan noted they will be dealing with a lot more of these properties when the Highway 10 project is completed as the City owns a number of these types of properties. He explained that the RALF agreements are written with a specific procedure on how the properties will be sold. He noted if they were taken for highway purposes, then the RALF loan was what was needed to be paid. He said these properties are no longer needed for Highway 10. He added that they dispose of the land based on whatever the appraised value is and that is what it is sold for then the funds are transferred back to the RALF program.

Councilmember Musgrove asked about the pre- and post-sale in regard to taxes if these are RALF properties and if the City is paying taxes on them.

Economic Development Manager Sullivan said it depends on the use. He noted that if they are receiving lease revenue on one of these properties, then the County puts a taxable status on the areas that are receiving lease revenue and when the lease revenue is received, they then pay these taxes. He noted that this property they are discussing is not being leased and is just vacant so it is tax exempt; however, when it is sold it will go back on the tax rolls.

Mayor Kuzma asked if there are setbacks on the new houses.

Economic Development Director Sullivan shared they did look at this from a Planning perspective and noted they are looking at a five-foot setback on the boundary line. He noted this was a negotiated item with it being a park.

Planning Manager Larson shared that there are a lot of non-conformities in parks, and this matches these and does not increase the level of non-conformity.

Councilmember Specht agreed with Councilmember Riley that it makes the most sense to sell all of the land.

Mayor Kuzma said he would support this as well.

Economic Development Manager Sullivan explained the next step in this process is to give the purchase agreement to the Met Council and have them confirm whether or not the appraisal is acceptable. He noted that if something does change it will come back to the Council.

Mayor Kuzma asked if they would be able to have the purchaser pay for a new appraisal if one is needed.

Economic Development Manager Sullivan shared that he believes they would have the ability to ask the purchaser to pay for the appraisal. He noted it would be a negotiated item.

The consensus of the Council was to move forward with Option 1.

## **2.02: Adult Use and Lower-potency Hemp Edible Moratorium Discussion**

Community Development Director Hanson reviewed the Staff report concerning the adult use and low-potency hemp edible moratorium, which will expire on May 24, 2024. She shared they are not able to extend the moratorium on low-potency hemp edibles; however, they do have the ability to extend the moratorium on adult use cannabis. She shared her recommendation to extend the adult use cannabis moratorium. She added that she is working with the Office of Cannabis Management who is still developing ordinances for cities to adopt.

Councilmember Riley asked why the moratorium on the low-potency hemp edibles cannot be extended.

Community Development Director Hanson explained that the law was approved in 2022 for low-potency edibles and at this time, cities could put on moratoriums. She said they were given one year, with an extension of another year, then they are not able to go past this.

City Attorney Knaak explained that they gave cities a certain amount of time to get used to the idea of low-potency edibles and now they cannot go beyond the time they have been given.

Councilmember Woestehoff asked if the hemp derived businesses on the map show the businesses that are already registered by the State or the ones already registered by the City.

Community Development Director Hanson explained these are the ones that are registered by the State. She noted they have sent out letters to these businesses and so far eight out of the 12 businesses have registered with the City.

Mayor Kuzma asked what constitutes low-potency versus high-potency edibles.

Community Development Director Hanson said it depends on what it is derived from. She explained that the high-potency edibles are made from the flower of the plant; however, the low-potency edibles are chemicals produced with Delta-9.

Councilmember Musgrove asked about the fine that is State regulated. She asked if there is anything that the City can do with this or if it is just for the high-potency edibles.

Community Development Director Hanson said there is a fine that the City can impose on the low-potency edibles if they are not registered with the City.

Councilmember Musgrove asked if this fine has been established.

Community Development Director Hanson stated they currently do not have a fine in their fee schedule for this. She noted they have registration fees as part of the fee schedule, just not the fine.

Councilmember Musgrove asked if this is something that Staff would recommend looking at and establishing.

Community Development Director Hanson said yes.

Councilmember Olson asked if the fine for not being registered with the City is a one time fine or if it can be escalated if the business continues to sell edibles while not being registered.

Community Development Director Hanson noted she will have to dig into this more.

City Attorney Knaak noted he would look at this as being a daily penalty.

Councilmember Riley noted that they already have the registrations from the State so they know which businesses are registered through the State and asked if they are just asking them to also be registered with the City.

Community Development Director Hanson shared it is a requirement of the law that the businesses have to be registered with the State and the City. She noted the law also gives the amounts that they are able to charge for these registrations.

Councilmember Riley asked if anything is done with these registrations.

Community Development Director Hanson shared they just keep it in their records.

Councilmember Howell asked if they do not register with the City if there is any way that it would affect the City and if the State would come down at the business at all for not registering with the City.

Community Development Director Hanson said she would have to look into this. She noted that she assumes that the State would look into this as it is a requirement that these businesses also register with their city.

City Attorney Knaak shared that this issue came up at the City Attorney Conference last week. He noted that they are planning on setting up their own enforcement for this; however, it does not exist yet. He said no one seems to know how this will all work. He explained it seems like they want the cities to do all of the work without finding revenue to do this. He noted that in terms of basic enforcement they are talking about having some type of enforcement set up through the State; however, they have not hired anyone and this has no structure. He noted there are not a whole lot of answers to the questions that the City, and other cities, have.

Community Development Director Hanson shared that it is her understanding that the City will have to do compliance checks on the low-potency edible and adult use registered businesses. She noted these checks are not just for age verification but also verification of the marketing and labeling of the products. She added that the fees that can be collected for registrations are extremely low and will not be able to cover these compliance checks.

Councilmember Howell asked if they could require that a mezzobusiness has electric that is entirely renewable energy.

City Attorney Knaak shared that this question got asked at the City Attorney Conference. He noted that they would be able to do this if the business voluntarily agreed; however, there is nothing in the law that would require this of a business. He added there is a legitimate reason for concern with these businesses and their use of water and electricity.

Councilmember Howell noted that this points out the entire hypocrisy in all of this as it is paired with caring about energy which do not go together.

Councilmember Musgrove agreed. She asked if they have to have one of these businesses per a number of residents.

Community Development Director Hanson explained that they do not get to pick which businesses are allowed as the applications are made with the State first. She noted the State weeds out the applications and then approves the licenses and comes to the City to let them know, which is when the City has to sign off on it. She added that this is being looked at as part of the legislation and it is her understanding that the cities will be at the end of the State licensing process.

City Attorney Knaak added that the City will have very little input when it comes to licensing. He noted they will have input on a commercial sized operation as they would not get a pass on all of the zoning requirements, setbacks, and these kinds of things. He shared that it would make a lot of sense that a business over a certain size would require a conditional use permit.

Councilmember Musgrove asked if these businesses would still have to follow the City's regulations in regard to zoning.

Community Development Director Hanson said yes.

City Attorney Knaak explained that if a business got State approval and then brought this to the City, the State approval does not trump the City's zoning requirements. He shared that he would expect that Ramsey could get a cannabis grower interested in coming into the City.

Mayor Kuzma shared he has been reading about cities setting up their own dispensaries as profit generators for the City.

City Attorney Knaak explained that in the case of municipal liquor, this puts things in a separate category and a preferred status. He noted that the same is not the case for cannabis and the City would be treated the same as any other cannabis business.

City Administrator Hagen noted the statute is clear that a city does not match their preferred license holder.

City Attorney Knaak shared that there are national companies that do this who are very well financed as this is a mature industry in other parts of the country. He noted that the City will not know whether they are dealing with a local entrepreneur or if they are dealing with a national brand.

Community Development Director Hanson reviewed the restrictions that the City is able to set, including distance from schools and other locations that minors would frequent, hours of operation, and location of retailers. She reviewed the map of the City that showed where schools, daycares, parks, and other locations frequented by minors are located and where these businesses would not be allowed.

Councilmember Musgrove noted that there are a few daycares missing from the map, including home daycares.

Community Development Director Hanson noted they do not have a list of the home daycares.

Councilmember Musgrove asked if these home daycares will be a consideration.

City Attorney Knaak said that anyone who offers daycare services would be included in this. He noted that there is no model ordinance for this yet.

Councilmember Musgrove explained that if you take a look at the map that outlines where the schools and other similar locations are and compare it to the map of where these businesses are currently located, then some of these businesses are not in compliance. She asked if just the adult use cannabis locations are the ones that have to be a certain distance from schools and other similar locations.

Community Development Director Hanson said yes and noted that the low-potency edible businesses cannot have location restrictions on them as it is a retail operation.

Councilmember Musgrove asked if an adult use cannabis business was to get a license from the State then come into the City in a certain area, if there would be no ability for any kind of daycare development around it in the area. She noted this may be a concern when locations for these businesses are decided.

City Administrator Hagen noted that when applications come in they have to look at it given the current conditions and cannot look towards the future lost opportunities when making this decision. He added that he is not sure if they would be restricting daycare locations based on adult use cannabis locations.

Councilmember Howell asked if a certain city was heavy with daycares and they were everywhere within the city, so much so that with the allowed buffers, no adult use cannabis store would fit in this city. She asked how this would work if two businesses are supposed to be allowed per city.

Community Development Director Hanson explained that the distance buffers are not required.

City Attorney Knaak said it would be possible that the buffers would not allow any businesses; however, there is a statutory mandate that requires cities to have at least two locations.

Councilmember Musgrove noted that Anoka does not have a lot of land; however, Ramsey does. She asked if Ramsey would have to take up for the land development that Anoka cannot since Anoka has a larger population.

Community Development Director Hanson explained that cities like Anoka that are fully developed will likely only have cannabis retailers and do not have room for the growing operations. She added that growing facilities are typically in warehouses or other industrial buildings.

Councilmember Specht asked if there is anything the City can do now, zoning wise, to get ahead of this.

City Attorney Knaak explained that until any guidance comes from the State it is hard for the City to do anything about this. He noted another concern is that this is a very well financed and lobbied industry in the State right now.

City Administrator Hagen noted that Staff is interested in Council's interest in implementing buffers for these businesses and discussing what zoning districts these businesses will be allowed in.

Community Development Director Hanson said they would also like direction on limiting hours of operation for these businesses.

Councilmember Musgrove shared she would like to extend the moratorium until January and would like the maximum distance buffers to be in place. She added she would also like the businesses to close at 9:00 p.m.

Councilmember Olson agreed and said he believes they should make this as restrictive as possible as it is easier to lessen restrictions after the fact rather than trying to tighten up restrictions.

Councilmember Riley suggested using liquor store hours for these businesses.

Community Development Director Hanson shared that all liquor stores sell the low-potency edibles.

Councilmember Riley asked if the City is able to restrict the number of adult use cannabis locations.

Community Development Director Hanson said they have to have at least two locations and they can have more if the City would like.

Councilmember Riley noted that two locations seems as though it will be less than the requirement of having one location for every 12,500 residents, when the City has around 28,000 residents.

City Administrator Hagen shared that the State is allowing cities to round down the required locations.

Councilmember Specht asked if the whole business would have to close at 9:00 p.m. or if they would just have to stop selling the cannabis products.

Community Development Director Hanson said the adult use cannabis retailers would have to be closed at this time and there would also be no selling of the low-potency edibles after this time; however, the businesses selling the edibles could still be open.

Councilmember Woestehoff explained that on the FAQ from the League of Minnesota Cities there is a question about the quantity of retailers. He shared that it said if a county has one active registration for every 12,500 residents, a city within this county is not obligated to register any additional cannabis business. He asked if this is above and beyond the requirements they are discussing.

City Attorney Knaak explained that this is for much smaller counties and if there is a county that only has 10,000 residents then this county as a whole would be required to have one retailer.

Councilmember Woestehoff shared that he is fine extending the moratorium. He added that liquor store hours for these retailers make sense. He noted that he is on board with a large buffer for these locations and if the City wanted to add some parks to make the buffers more strategically located that would be great.

Councilmember Howell noted her concern with the State weeding through these licensing.

Economic Development Manager Sullivan shared that four of the 12 businesses selling low-potency edibles have not registered with the City. He asked if there is direction to get a \$2,000 fine

for not being registered with the City on the books and go fine the four businesses that have not registered.

Community Development Director Hanson said she would like to send these business letters first before taking any other action.

Councilmember Musgrove said she believes they need to get an ordinance on the books for this. She noted these businesses have a State license which tells them they have to register with the City and she does not think that the City should have to seek out these businesses to get them into compliance. She added that the State does not tell the City how many other businesses they need to have and she asked why the State is telling them how many of these adult use cannabis businesses need to be in the City.

Councilmember Specht shared that he wonders how there has become such a large lobbying group for this.

City Attorney Knaak explained that this is something that has been happening in other states and they have gotten a head start on this. He said he has never seen the State mandate something like this on cities for what should be a private business enterprise.

Community Development Director Hanson asked what zoning districts they would like to allow these businesses to be in.

City Attorney Knaak noted that they can restrict this to not be allowed to be a home occupation.

Community Development Director Hanson suggested allowing this in B-2, B-3 and industrial zoning districts.

Economic Development Manager Sullivan asked if they are going to have different zoning districts for those who are growing versus those who are retailers.

Community Development Director Hanson explained the micro and mezzobusinesses would be more industrial uses and the retail stores could be in the B-2 or B-3 district, as well as the industrial district.

Councilmember Specht asked if they could restrict these businesses to only being in the industrial district.

Community Development Director Hanson said this is pretty restrictive.

The consensus of the Council was to extend the adult use cannabis moratorium, to set up distance buffers for these locations at maximum distances from schools, daycares, and other similar locations, and have restricted hours of operations, the same as liquor stores in the City. They also agreed that these businesses can be allowed in the B-2, B-3, and industrial zoning districts.

### **3. TOPICS FOR FUTURE DISCUSSION**

**3.01: Review Future Topics/ Calendar**

Noted.

Councilmember Musgrove shared that she would like to discuss the North STAR Act at a future meeting to update their legislative agenda.

**4. MAYOR / COUNCIL / STAFF INPUT**

None.

**5. ADJOURNMENT**

The Work Session of the City Council was adjourned at 6:40 p.m.

Respectfully submitted,

---

Brian Hagen  
City Administrator

ATTEST:

---

Katie M. Schmidt  
City Clerk

Drafted by Ava Major  
*TimeSaver Off Site Secretarial, Inc.*