



CITY OF MILACA  
SPECIAL CITY COUNCIL MEETING WORK SESSION  
COUNCIL AGENDA  
JANUARY 28, 2026

1. Call Meeting to Order 4:00 p.m.
2. Pledge of Allegiance
3. Roll Call- Present: Mayor-Dave Dillan\_\_\_\_ Council Members; Ken Muller\_\_\_\_ Norris Johnson\_\_\_\_  
Lindsee Larsen\_\_\_\_ Tim Poorker\_\_\_\_ Absent;\_\_\_\_\_
4. Amend Adult Use Cannabis and Cannabis Business Cultivation Ordinance-First Reading MB\_\_\_\_2<sup>nd</sup>\_\_\_\_AIF\_\_\_\_O\_\_\_\_
5. Set date for February City Council Meeting MB\_\_\_\_2<sup>nd</sup>\_\_\_\_AIF\_\_\_\_O\_\_\_\_
6. Adjournment Time\_\_\_\_\_ MB\_\_\_\_2<sup>nd</sup>\_\_\_\_AIF\_\_\_\_O\_\_\_\_

**§ 30.19 ORDER OF BUSINESS; AGENDA**

(C) Unless the Council, in its discretion, votes to consider matters not appearing on the agenda, no item of business shall be considered unless it appears on the agenda for the meeting.

## EXCERPT FROM DECEMBER 18, 2025 CITY COUNCIL MINUTES

d. Discussion – Cannabis-Mellow Fellow – Mayor Dillan stated Joe Opager, owner of Mellow Fellow, has received an opportunity to get a cannabis license and it is important to have a good, solid, person operating the business. City Attorney Damien stated the statutes keep changing. One of the changes is setbacks and the interaction with our Ordinance. The state did not make a specific definition of setbacks. As the particular statute reads now in regard to setbacks and parks, it talks about attractions within a park where minor children are present, including playgrounds and ballfields. As a city, we can be more restrictive than that and currently our Ordinance in regard to setbacks is more restrictive as we measure to the property lines of the parks. There is some conflict between a business owner and my interpretation based on the laws. I think it is important that the city try and be as clear in what we mean in our Ordinance and try to define our Ordinances. In an effort to solve not just this problem that exists with this one particular business as it could be the same issue down the road. We don't want to spot zone, we don't want to run into an issue addressing setbacks because we want to benefit one business. So, the city needs to do is to define the word "attraction" for the city and for its individual parks so it is defined as in this particular park what attractions are, such as, park, this bathroom, this playground, this ballfield, this splash pad, whatever, these attractions are within all four parks. So, the thought is, if the council can't take action, the first thing to happen would be to amend the zoning ordinance by holding a public hearing before the Planning Commission, which could be January 12. This would give the city time to publish the public hearing, I would amend the Ordinance, then it would go before the Planning Commission and then go to city council for first reading at your January meeting and then a second reading for your February meeting.

Johnson asked what the distance is now and City Attorney Damien replied 500 feet is the setback and the way the Ordinance reads is from the property line of the park to the nearest access point of the business and this particular business is I think about 470 something. But again, this should not be fixed for one business but rather for the city.

Johnson stated that he agrees with Mayor Dillan in that the city has a relationship with this particular business and business owner and that could be helpful to have a good working relationship and a responsible owner. Larsen asked City Attorney Damien if he could draft something up for the city to review, to which he agreed he would do. Damien further stated the first thing to do would be for Tammy to publish the public hearing, he would draft up an amendment to the Ordinance defining setbacks or adding attractions to the Ordinance. City Manager Pfaff stated that for the future, each park would have their own definition of attractions like swing set, playground, bandshell, Gorecki Center, etc. City Attorney Damien stated by the meeting date of the Planning Commission, there will be definitions of each park's attractions with language that if something is built in the future, that it would be designed to include that. Muller asked if we were to amend the setbacks and City Attorney stated no, we are not amending the setback numbers at all. We are not changing the portion of the setback nor are we changing the language that says for the purpose of setbacks we measure to the property lines. But, we are adding clarifying language in that section to make sure we are consistent with state statute.

Larsen questioned that in this particular business the distance is 470 feet away but if you add attraction in there, and a swing set is 600 feet away, you can never move that swing set? City Attorney stated we move nothing in the parks. Larsen asked what if we had to? City Attorney Damien stated then we do it. He further stated nothing in the way that we do this, in any shape, form or fashion, restricts the city's ability to do whatever we want to do, within the scope of the law, within any of the parks. So, if you want to build something, if you want to move something, we can. If the new distance creates a violation of setbacks because of what we've done, it makes that business a lawful, non-conforming use, which would put some restrictions on their building or expansion. Larsen stated so they are grand-fathered in and Mayor Dillan stated that was an easier way to look at it.

Mayor Dillan asked if the consensus was to move forward and council stated yes.

**CITY OF MILACA PLANNING COMMISSION MEETING MINUTES**  
**January 20, 2026**  
**6:00 P.M.**

1. OPEN PLANNING COMMISSION MEETING: Brett Freese- Committee Member (In Chairman Tolzman's absence), called meeting to order @ 6:02 p.m.
2. MEMBERS PRESENT: Roll Call:
  - a. Brett Freese, Lainy Hoskins, Jake Lepper, Joel Millam, Mitch Siemers, Alex Veurink  
ABSENT Brad Tolzman
  - b. Others Present: City Manager Tammy Pfaff, Assistant City Clerk Deloris Katke, Council Liaison Norris Johnson, City Attorney Damien F. Tovan
3. APPROVAL OF MINUTES FROM December 8, 2025:  
Committee Member Freese called for a motion to approve the minutes from December 8, 2025. Motion to approve minutes from December 8, 2025, made by Mitch Siemers, seconded by Joel Millam. No further discussion. All in favor.  
Motion passes.
4. PUBLIC HEARINGS: Opened at 6:03
5. NEW BUSINESS
  - a. **Public Hearing on Amend Ordinance #529- Define Attractions in Adult Use Cannabis and Cannabis Business and Cultivation Ordinance.**  
-No public comment.
6. PUBLIC HEARINGS: Closed at 6:03
7. NEW BUSINESS:
  - a. **Public Hearing on Amend Ordinance #529- Define Attractions in Adult Use Cannabis and Cannabis Business and Cultivation Ordinance.**  
City Attorney Damien Tovan explained to the committee that the amendment to Ordinance #529 is in response to a change in wording by the State of MN to define what constitutes an "attraction" in a city park, clarifying cannabis "retail" business, and clarifying requirements for cannabis business. Mr. Tovan noted that this likely will not be the last time the city will need to amend their ordinances related to these types of business as the State of Minnesota's requirements continue to evolve. PC Members Millam and Freese questioned how these changes could result in lawsuits or the closure of legal businesses, with Mr. Tovan addressing these questions. A motion to recommend approval of this amendment was made by PC Member Hoskins, seconded by PC Member Veurink. No further discussion. All in favor. Motion passes.
8. MISCELLANEOUS:  
-No miscellaneous business.

9. ADJOURN:

PC Member Freese called for a motion to adjourn. PC Member Hoskins made the motion to adjourn. PC Member Milliam seconded the motion. No further discussion. All In favor.

Motion passes.

Meeting adjourned at 6:20 p.m.

## EXHIBIT A



Distance from Mellow Fellow to property line of Trimble Park approximately 482 feet

## EXHIBIT B



Distance from Mellow Fellow to Attraction in Trimble Park approximately 562 feet

ORDINANCE NO. 529

AN ORDINANCE AMENDING TITLE XI BUSINESS REGULATIONS BY ADDING  
CHAPTER 122 ADULT USE CANNABIS AND CANNABIS BUSINESS AND  
CULTIVATION; AND AMENDING TITLE XV LAND USAGE BY AMENDING CHAPTER  
156 BY ADDING SECTION 200 ADULT USE CANNABIS AND CANNABIS BUSINESS  
AND CULTIVATION

**§ 156.200 PURPOSE AND INTENT**

(A) The use, possession, and cultivation of cannabis and cannabis related products has become legal in the State of Minnesota for adults over the age of twenty-one (21), and the city believes reasonable controls and regulations are required to ensure use, possession, cultivation, and consumption of such products is necessary to ensure public health, safety, comfort, convenience, and general welfare of the residence of the City of Milaca. This Ordinance shall be intended to regulate the sale, possession, use, and cultivation of cannabis and cannabis related products and cannabis related devices for the purpose of enforcing and furthering existing laws, to protect minors against the serious effects associated with the use of cannabis and cannabis related devices, and to further the official public policy of the State of Minnesota in regard to preventing young people from starting to use cannabis and cannabis related products. This Ordinance shall be construed to comply with the requirements of Minnesota Statute §342 as it is amended from time to time.

The city 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.

(B) DEFINITIONS.

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 meaning in this ordinance.

**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 OCM. Indoor Cannabis Cultivation can have up to 30,000 square feet of plan canopy, with outdoor business up to 2 acres of mature flowering plants, and no more than 4 acres.

**CANNABIS FLOWER.** "Cannabis flower" means the harvested flower, bud, leaves, and stems of a cannabis plant. Cannabis flower includes adult-use cannabis flower and medical cannabis flower. Cannabis flower does not include cannabis seed, hemp plant parts, or hemp-derived consumer products.

**CANNABIS PRODUCTS.** "Cannabis product" means any of the following:

- (1) cannabis concentrate;
- (2) a product infused with cannabinoids, including but not limited to tetrahydrocannabinol, extracted or derived from cannabis plants or cannabis flower; or
- (3) any other product that contains cannabis concentrate.

Cannabis product includes adult-use cannabis products, including but not limited to edible cannabis products and medical cannabinoid products. Cannabis product does not include cannabis flower, artificially derived cannabinoid, lower-potency hemp edibles, hemp-derived consumer products, or hemp-derived topical products.

**CANNABIS RETAIL BUSINESS.** A retail location and the retail location(s) of a mezzobusinesses with a retail operations endorsement, microbusinesses with a retail operations endorsement, medical combination businesses operating a retail location, 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.\*

**CULTIVATION.** Any activity involving the planting, growing, harvesting, drying, curing, grading or trimming of cannabis plants, cannabis flower, hemp plants or hemp plant parts.

**CULTIVATOR.** Cultivators may cultivate cannabis and package such cannabis for sale to another licensed cannabis business.

**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. Sometimes referred to as 'Day Care Center' or 'Nursery School'.

**CANNABIS DELIVERY SERVICE.** Delivery services may purchase cannabis, cannabis products, and hemp products from retailers or cannabis business with retail endorsements for transport and delivery to customers.

**CANNABIS EVENT ORGANIZER.** Event organizers may organize a temporary cannabis event lasting no more than four (4) days.

**CANNABIS MANUFACTURER.** Manufacturers may manufacture cannabis products and hemp products, and package such products for sale to a licensed cannabis retailer.

**LOWER-POTENCY HEMP EDIBLE.** As defined under Minn. Stat. §342.01 Subd. 50.

**LOWER-POTENCY HEMP EDIBLE MANUFACTURER.** Lower-potency hemp edible manufacturers may manufacture and package lower-potency hemp edibles for consumer sale, and sell hemp concentrate and lower-potency hemp edibles to other cannabis and hemp businesses.

**LOWER-POTENCY HEMP EDIBLE RETAILER.** Lower-potency hemp edible retailers may sell lower-potency hemp edibles to customers.\*

**MEDICAL CANNABIS COMBINATION BUSINESS.** Medical cannabis combination businesses may cultivate cannabis and manufacture cannabis and hemp products, and package such products for sale to customers, patients, or another licensed cannabis business. Medical cannabis combination businesses may operate up to one retail location in each congressional district. Medical cannabis combination businesses may cultivate at more than one location within other limitations on cultivation.\*

**MEZZOBUSINESS.** Mezzobusiness may cultivate cannabis and manufacture cannabis products and hemp products, and package such products for sale to customers or another licensed cannabis business. Mezzobusiness may operate up to three retail locations. Indoor business can have up to 15,000 square feet while outdoor business can have up to 1 acre and no more than 3 acres.\*

**MICROBUSINESS.** Microbusiness may cultivate cannabis and manufacture cannabis products and hemp products and package such products for sale to customers or another licensed cannabis business. Microbusiness may also operate a single retail location. Indoor business can have up to 5,000 square feet while outdoor can have up to ½ acre.\*

**OFFICE OF CANNABIS MANAGEMENT.** Minnesota Office of Cannabis Management, referred to as "OCM" in this ordinance, is the state regulatory office created to oversee the implementation and regulation of the adult-use cannabis market, the medical cannabis market and the consumer hemp industry. OCM governs the application and licensing process for cannabis and hemp businesses, specific requirements for each type of license and their respective business activities and conducts enforcement and inspection activities across the Minnesota cannabis and hemp industries.

**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 accommodation are extended, offered, sold, or otherwise made available to the public.

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

**PUBLIC PLACE.** Property that is generally open to or accessible by the public, except on those premises licensed by the State of Minnesota to permit on-site consumption. Including, but not limited to restaurants, bars, any other food or liquor establishment, hospitals, nursing homes, auditoriums, arenas, gyms, meeting rooms, common areas of rental apartment buildings, and other places of public accommodation.

**PUBLIC PROPERTY.** Property, real and personal, that is owned, managed, or controlled by the City, including, but not limited to: City buildings and all the land thereon, parking lots, parks, airport property, golf courses, pathways and trails, and city rights-of-way consisting of both the traveled portion and the abutting boulevard, sidewalks and trails, and any City personal property, such as motor vehicles, city equipment, and the like.

**RESIDENTIAL TREATMENT FACILITY.** As defined under Minn. Stat. §245.462 Subd. 23.

**RETAIL REGISTRATION.** An approved registration issued by the city to a state-licensed cannabis retail business.

**RETAILER.** Retailers may sell immature cannabis plants and seedlings, cannabis, cannabis products, hemp products, and other products authorized by law to customers and patients. May operate up to five (5) retail locations under a single license.

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

**STATE LICENSE.** An approved license issued by the State of Minnesota's Office of Cannabis Management to a cannabis retail business.

**TESTING FACILITY.** Testing facilities may obtain and test immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products from licensed cannabis businesses.

**TRANSPORTER.** Transporters may transport immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products to licensed cannabis businesses.

**WHOLESALE.** Wholesalers may purchase and/or sell immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products from another licensed cannabis business.

Wholesalers may also import hemp-derived consumer products and lower-potency hemp edibles.

\*Must be registered through Mille Lacs County.

#### **§ 156.201 AUTHORITY TO ADOPT THIS ORDINANCE.**

(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 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.

(E) This Ordinance shall be applicable to the legal boundaries of the city. The city has delegated cannabis retail registration authority to Mille Lacs County per Resolution #24-37. However, the city may adopt ordinances if Mille Lacs County has not adopted conflicting provisions. Since the city has delegated cannabis retail registration authority to Mille Lacs County, the city has included as an addendum to this Ordinance, Mille Lacs County Ordinance No. Admn-12.

#### **§ 156.202 PROCEDURES, PROCESS AND COMPLAINTS.**

(A) Within 30 days of receiving a copy of an application from the office, a local unit of government shall certify on a form provided by the office whether a proposed cannabis business complies with local zoning ordinances and, if applicable, whether the proposed business complies with the state fire code and building code. The office may not issue a license if the local unit of government informs the office that the cannabis business does not meet local zoning and land use laws. If the local unit of government does not provide the certification to the office within 30 days of receiving a copy of an application from the office, the office may issue a license.

(B) The office by rule shall establish an expedited complaint process to receive, review, and respond to complaints made by a local unit of government about a cannabis business. At a minimum, the expedited complaint process shall require the office to provide an initial response to the complaint within seven days and perform any necessary inspections within 30 days. Nothing in this paragraph prohibits a local unit of government from enforcing a local ordinance. If a local unit of government notifies the office that a cannabis business other than a cannabis retailer, cannabis microbusiness or cannabis mezzobusiness with a retail operations endorsement, lower-potency hemp edible retailer, or medical cannabis combination business operating a retail location poses an immediate threat to the health or safety of the public, the office must respond within one business day and may take any action described in section 342.19 or 342.21.

(C) 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.

### **§ 156.203 REQUIREMENTS FOR CANNABIS BUSINESS.**

(A) The city shall prohibit the operation of a cannabis business within 1,000 feet of a school (as defined in Section 156.200(B)).

(B) The city shall prohibit the operation of a cannabis business within 500 feet of a daycare (as defined in Section 156.200(B)), residential treatment facility (as defined in Section 156.200(B)), churches, synagogue, mosque, temple, or building which is used primarily for religious worship and related religious activities, libraries, recreational centers, halfway houses or of an attraction within a public park that is regularly used by minors, including a playground or athletic field.

(C) The city shall prohibit the operation of a cannabis retail business within 150 feet of another cannabis retail business.

(D) Pursuant to Minn. Stat. §462.363, nothing in this ordinance shall prohibit an active cannabis business or a cannabis business seeking registration from continuing operation at the same site if a school, daycare, residential treatment facility or attraction within a public park that is regularly used by minors moves within the minimum buffer zone.

(E) The city shall limit the number of local retail registrations for cannabis retailers, including cannabis microbusinesses and cannabis mezzobusinesses with retail endorsements, to one retail registration per 12,500 residents.

### **§156.204 ZONING AND LAND USE**

(A) Cannabis Cultivators can grow cannabis plants from seed to maturity. Cultivators are allowed to harvest, package, and label cannabis flower, seedlings and immature cannabis plants for sale to other cannabis business. Cultivators can grow up to 30,000 square feet of plant canopy indoors or up to two acres of mature flowering plants outdoors. They can sell immature cannabis plants, seedlings and cannabis flower to other cannabis businesses. Cultivation – cannabis businesses licensed or endorsed for cultivation are permitted in the following zoning districts:

#### **I-1 Light Industrial**

(B) Cannabis Manufacturers process cannabis and hemp materials into various products, such as edibles, concentrates, wax, oils, and tinctures. Manufacturers can buy cannabis flowers, cannabis products, and lower-potency hemp products from other cannabis businesses. They can purchase hemp plants and concentrates from hemp businesses licensed under chapter 18K. They turn these materials into cannabis products, lower-potency hemp edibles, and hemp-derived consumer products then package and sell them to other cannabis businesses. Cannabis Manufacturers can transport from cultivation site to manufacturing site on same premises under same license holder. They can sell cannabis concentrate, hemp concentrate, artificially derived cannabinoids, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products to other cannabis businesses. Cannabis businesses licensed or endorsed for cannabis manufacturer are permitted in the following zoning districts:

#### **I-1 Light Industrial**

(C) Lower-Potency Hemp Edible Manufacturers can produce edibles from hemp. These manufacturers can create, package, and label lower-potency hemp edibles, and sell them to cannabis businesses. Lower-Potency Hemp Edible Manufacturers can sell hemp concentrate, artificially derived

cannabinoids, and lower-potency hemp edibles to other cannabis businesses and hemp businesses. Businesses licensed or endorsed for low-potency hemp edible manufacturers are permitted in the following zoning districts:

I-1 Light Industrial

(D) Cannabis Wholesalers can buy cannabis, cannabis products, and lower-potency hemp edibles, and hemp-derived consumer products from cannabis businesses and then sell them to other cannabis and lower-potency hemp business. They can import hemp-derived consumer products and lower-potency hemp edibles that contain hemp concentrate or artificially derived cannabinoids. Cannabis wholesalers can sell immature cannabis plants and seedlings, cannabis flower, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products to cannabis microbusinesses, cannabis mezzobusinesses, cannabis manufacturers, cannabis retailers. Lower potency hemp edibles to lower-potency hemp edible retailers. Cannabis businesses licensed or endorsed for wholesale are permitted in the following zoning districts:

I-1 Light Industrial

(E) Cannabis Retailers can sell packaged cannabis products to the general public and medical patients. They can buy cannabis (including plants and seedlings), lower-potency hemp edibles, and hemp-derived consumer products from other cannabis businesses and sell them to customers. Cannabis retailers can operate up to five retail locations; however, no person, cooperative, or business may hold a license to own or operate more than one cannabis retail business in one city and three retail businesses in one county. Cannabis retailers can sell immature cannabis plants and seedlings, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and other products authorized by law to adults over 21 years of age and registered medical patients. Cannabis businesses licensed or endorsed for cannabis retail are permitted in the following zoning districts:

B-2 General Business  
I-1 Light Industrial

(F) Cannabis Transporters can move cannabis, cannabis products, lower-potency hemp edibles, and hemp-derived consumer products between businesses. They can transport immature cannabis plants and seedlings, cannabis flower, cannabis products, artificially derived cannabinoids, hemp plant parts, hemp concentrate, lower-potency hemp edibles, and hemp-derived consumer products. Cannabis transporters can transport from cannabis microbusinesses, cannabis mezzobusinesses, cannabis cultivators, cannabis manufacturers, cannabis wholesalers, lower-potency hemp manufacturers and industrial hemp growers. Cannabis transporters can transport to cannabis microbusinesses, cannabis mezzobusinesses, cannabis manufacturers, cannabis testing facilities, cannabis wholesalers, cannabis retailers, lower-potency hemp edible retailers, and medical combination businesses. Cannabis businesses licensed or endorsed for transportation are permitted in the following zoning districts:

B-2 General Business  
I-1 Light Industrial

(G) Cannabis Delivery Service can purchase cannabis, lower-potency hemp edibles, and hemp-derived consumer products from specific cannabis businesses and sell and deliver those products directly to consumers. Cannabis delivery service can sell cannabis flower, cannabis products, lower-potency

hemp edibles, and hemp-derived consumer products. – Cannabis businesses licensed or endorsed for delivery are permitted in the following zoning districts:

B-2 General Business  
I-1 Light Industrial

(H) Cannabis testing facilities can obtain and test immature cannabis plants and seedlings, cannabis flower, cannabis products, hemp plant parts, hemp concentrate, artificially derived cannabinoids, lower-potency hemp edibles, and hemp-derived consumer products from businesses licensed to produce those items. They ensure these products meet safety standards.

**Activities and products allowed:** No operating, growing, transporting, or selling activities allowed.

Cannabis testing facilities are only allowed in the I-1 Industrial District.

#### **§ 156.205 ODOR MANAGEMENT OF CANNABIS FACILITIES.**

(A) No person, tenant, occupant, or property owner shall permit the emission of cannabis odor from any source to result in detectable odors that leave the premises upon which they originated and interfere with the reasonable and comfortable use and enjoyment of another's property.

(B) Whether or not a cannabis odor emission interferes with the reasonable and comfortable use and enjoyment of a property shall be measured against the objective standards of a reasonable person of normal sensitivity.

(C) A cannabis odor emission shall be deemed to interfere with the reasonable and comfortable use and enjoyment of property if cannabis odor is detectable outside the premises.

(D) No person shall be convicted of a violation of this section unless the zoning official has delivered or posted a written warning, in the previous twelve (12) months, that conduct violating this section is occurring or has occurred.

(E) Extended grace period for licensed cannabis business. No person who receives a warning at a licensed cannabis business shall be convicted of a violation that allegedly occurred within thirty (30) days after the first warning issued pursuant to subsection (d), if all of the following conditions are met:

(1) A first warning within twelve (12) months was previously issued pursuant to subsection (D) of this section for the person's property and the subject property is licensed as a cannabis cultivation facility by the city or the state;

(2) Seven (7) or fewer days after the warning was posted or delivered, the person submitted a written document to the city manager which explained (i) why the cannabis odor emissions could not be abated within seven (7) days feasibly, and (ii) how the person planned to abate the cannabis odor emission in the following ninety (90) days;

(3) The person receiving the warning has diligently pursued to complete the plans for abating the cannabis odor emission; and

(4) The written document described in condition (2) was submitted fewer than ninety (90) days before the date of violation.

## **§156.206 - ZONING DESIGN STANDARDS FOR SPECIFIC ZONES AND USES FOR CANNABIS AND CANNABIS RELATED BUSINESSES**

### **(A) *Intent and application.***

(1) It is the intent of the community to set restrictions limiting the visibility of cannabis from the exterior of cannabis establishments meant to ensure minors are not enticed by cannabis, hemp, and their accessories, tobacco and tobacco paraphernalia, or sexually oriented businesses (as defined in Section 156.145). The purpose of these design standards is to establish a quality impression and to ensure minimum building design standards in order to protect neighboring investment.

(2) These design standards apply to all new construction, conversion of existing structures to these uses, and to any expansion of existing buildings.

(3) Exception: Conversions of existing structures to the above uses shall be exempt from subsection (B) (1).

### **(B) Materials, orientation, windows, roofs, and accessory structures.**

(1) Materials on vertical surfaces or building fascia. All building vertical surfaces, including front, side, and rear, shall have building finishes made of fire-resistant and low maintenance construction materials that may include: face brick, architectural or decorative block or concrete, stone, stucco, aluminum, or steel without exposed fasteners, and other materials that enrich the impression and appearance of the community. The color of materials shall be part of the manufacturing and construction process.

(2) Orientation. For purposes of this section, the term "front of a building" means the lineal and vertical surface facing a public street. The front of the building shall have a clearly defined entrance and shall incorporate required windows and doors. If the building abuts more than one (1) street, the zoning official will determine what is the front for purposes of window placement.

(3) Windows. The front of the building shall have a maximum of ten (10) percent of the lineal ground floor in see-through windows. Window space shall not be used for signage, but may be tinted or frosted. Cannabis or hemp products, liquor, tobacco, or related paraphernalia shall not be visible through such windows.

Exception: Sexually oriented businesses shall be no see-through windows; all windows shall be one hundred (100) percent frosted or tinted and not allowed to be used for signage.

(4) Rooftop equipment. The roof design shall provide screening of rooftop equipment as seen from any public street, alley, or residential zoning district.

(5) Ground equipment. The site design shall provide for screening of ground mounted equipment, exterior ductwork, and like equipment. Individual exterior units can be exempted if it meets the intent of the district design standards as determined by the zoning official.

(6) Trash. Exterior trash enclosures are required and shall be designed with materials similar to materials used on the principal building. Trash enclosures shall be adequate in height to screen trash containers and materials but shall not be less than six (6) feet in height. Trash enclosures must remain locked.

(7) Given the noxious smells and potential dangers related to the storage, cultivation, processing, and consumption of cannabis, cannabis business shall:

- a. Not share the same air space with other occupancies.
- b. Not have residential occupancy in the same building.
- c. Have a secure storage facility.
- d. Be solely a cannabis related business.

(8) All design standards noted in specific zone standards shall also apply.

(9) Night sky compliant structures and general exterior site lighting. All sites may be lighted to provide safety, utility, security, productivity, and enjoyment of a property after dark. Any such lighting shall minimize adverse offsite impacts such as light trespass, obtrusive glare, and effects of light pollution. All lights shall be directed toward the site and away from the public right-of-way, adjacent properties, and residential districts with fully shielded cut-off luminaires. Transparent or translucent structures shall not be interiorly lit during nighttime conditions.

## **§ 156.207 - SITE REQUIREMENTS FOR CANNABIS**

(A) Cannabis mezzobusinesses can grow, make, sell, and buy cannabis (including plants and seedlings), lower-potency hemp edibles, and hemp-derived consumer products in the I-1 Industrial district only. Limited to number of licenses regulated by Mille Lacs County.

### **Activities and products allowed:**

- **Can operate:** Up to three retail locations.
- **Can grow:** Up to 15,000 square feet of plant canopy indoors or up to one acre of mature flowering plants outdoors.
- **Can transport:** Between facilities under same license holder.
- **Can sell:** Immature cannabis plants and seedlings, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and other products authorized by law to other cannabis businesses and customers.

(B) Cannabis microbusinesses can grow, make, sell, and buy cannabis (including plants and seedlings), lower-potency hemp edibles, and hemp-derived consumer products in the I-1 Industrial district only. They can also have on-site lounges where customers can use cannabis. Limited to number of licenses regulated by Mille Lacs County.

## Activities and products allowed:

- **Can operate:** A single retail location. Can allow on-site consumption on a portion of its premises where customers can consume edible cannabis products and lower-potency hemp edibles.
- **Can grow:** Up to 5,000 square feet of plant canopy indoors or up to one-half acre of mature flowering plants outdoors.
- **Can transport:** Between facilities under same license holder.
- **Can sell:** Immature cannabis plants and seedlings, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, hemp-derived consumer products, and other products authorized by law to other cannabis businesses and customers.

(C) It is the intent of the community to set restrictions limiting the visibility of cannabis from the exterior of cannabis establishments meant to ensure minors are not enticed by cannabis, hemp, and their accessories. The purpose of these design standards is to establish a quality impression and to ensure minimum building design standards in order to protect neighboring investment.

(D) A straight-line drawing shall be prepared within thirty (30) days prior to application depicting the property lines and the structures containing any of the above listed uses. The drawing shall be reviewed by the zoning official for accuracy. For purposes of this section, a use shall be considered existing, established, or application submitted at the time an application is submitted. In the event of a dispute between the applicant and the city as to the accuracy of the drawing, the building official may order the applicant to provide a drawing with the information required under this subsection prepared by a registered land surveyor. For setback purposes, a public park or recreational area is land which has been designated for park or recreational activities, including, but not limited to, a park, playground, nature trails, swimming pool, reservoir, athletic field, basketball or tennis courts, pedestrian/bicycle paths, wilderness areas, or other similar public land within the city which is under the control, operation, or management of the city park and recreation authorities the drawing shall include distances from business of like use listed in 156.200.

(E) For the purpose of section 156.206(D), measurement shall be made in a straight line, without regard to the intervening structures or objects, from the nearest portion of the building or structure used as the part of the premises where a cannabis retail business is conducted, to the nearest portion of the building or structure of a use listed in section 156.200. In the case of a land use in section 156.200(E) where no primary structure is present, measurement shall be made to the property line. Presence of a city, county, or other political subdivision boundary shall be irrelevant for purposes of calculating and applying the distance requirements of this section. Such distance shall be measured across property lines, regardless of ownership of the property.

(F) Access to where product is stored must be resilient and strong enough to resist attempts at being broken to gain entry.

(G) Security Cameras must be installed inside and outside of business and kept for 60 days.

## §156.208 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 8 a.m. and 10

p.m. Monday-Saturday, 10 a.m. and 7 p.m. Sunday's. However, state statutes prohibit the sale of cannabis between 2 a.m. and 8 a.m., Monday through Saturday, and between 2 a.m. and 10 a.m. on Sundays per Minn. Stat. §342.13.

#### **§156.209 ADVERTISING.**

(A) May not include or appeal to those under 21 years old.  
(B) Must include proper warning statements.  
(C) May not include misleading claims or false statements.  
(D) Cannabis businesses are permitted to erect up to two fixed signs on the exterior of the building or property of the business, unless otherwise limited by city's sign ordinances under Title XV of the city code. Billboards are not allowed. Permits as required under city code must be obtained before any signage can be erected.

#### **§156.210 SALE OF LOW-POTENCY HEMP EDIBLES.**

The sale of Low-Potency Edibles is permitted, subject to the conditions within this ordinance. Low-Potency Edibles businesses are permitted in the following zoning districts:

B-2 General Business District and I-1 Light Industrial

The sale of Low-Potency Edibles is permitted:

- (A) In a Municipal Liquor Store.
- (B) In places that admit people 21 years of age or older.
- (C) In places that meet requirements of this ordinance.

Low-Potency Hemp Edibles shall be displayed behind a checkout counter where the public is not permitted or in a locked case. All lower-potency hemp edibles that are not displayed must be stored in a secure area.

#### **§156.211 SALES OF ADULT-USE CANNABIS.**

The flow of all products through the supply chain must be tracked by the state-authorized tracking system. All products sold to consumers and patients must be tested for contaminants. Home delivery is allowed by licensed businesses.

#### **§156.212 INDIVIDUALS.**

- (A) Individuals may possess or transport up to 2 ounces of flower in public.
- (B) Individuals may possess up to 2 pounds in private residence.
- (C) Individuals may possess 8 grams of concentrate.

(D) Consumption is only allowed on private property or at licensed businesses with on-site consumption endorsements. Consumption is not allowed in public.

(E) Gifting cannabis to another individual over 21 years old is allowed, subject to possession limits.

(F) Home cultivation is limited to four (4) mature and four (4) immature plants (8 total) in a single residence. Plants must be in an enclosed and locked space.

(G) Home extraction using volatile substances (e.g. butane, ethanol) is not allowed.

(H) Unlicensed sales are not allowed.

### **§156.213 LOCAL GOVERNMENT AS A CANNABIS RETAILER.**

The city may establish, own and operate one municipal cannabis retail business subject to the restrictions in this ordinance. The municipal cannabis retail store shall not be included in any limitation of the number of registered cannabis retail businesses under this ordinance. The city shall be subject to all applicable license requirements and procedures applicable to all other applicants.

### **§156.214 USE IN PUBLIC PLACES.**

No person shall use cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products in a public place or a place of public accommodation unless the premise is an establishment or an event licensed to permit on-site consumption of adult-use.

### **§156.215 TEMPORARY CANNABIS EVENTS**

(A) Any individual or business seeking to obtain a cannabis event license must provide OCM information about the time, location, layout, number of business participants, and hours of operation. A cannabis event organizer must receive local approval, including obtaining any necessary permits or licenses issued by the city before holding a cannabis event. Cannabis event organizers may allow for the sale of cannabis, lower-potency hemp edibles, and hemp-derived consumer products to customers at events. This is a temporary license that must be applied for per event. Cannabis event organizers can provide spaces for on-site consumption of adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products. Cannabis events and activities are subject to local approval and permitting. Cannabis event organizers can sell cannabis plants, adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, and hemp-derived consumer products. A cannabis event is specifically prohibited from giving away cannabis plants, cannabis flower, cannabis products, lower-potency hemp edibles or hemp-derived consumer products.

(B) *License or Permit Required for Temporary Cannabis Events.* A cannabis event organizer license entitles the license holder to organize a temporary cannabis event lasting no more than four days. A jurisdiction should determine what type of approval is consistent with their existing ordinances for events. A license or permit is required to be issued and approved by the city prior to holding a Temporary Cannabis Event.

(C) *Registration & Application Procedure.* A registration fee, as established in the city's fee schedule, shall be charged to applicants for Temporary Cannabis Events.

(D) *Application Submittal & Review.* The city shall require an application for Temporary Cannabis Events.

1. An applicant for a retail registration shall fill out an application form, as provided by the city. Said form shall include, but is not limited to:

- i. Full name of the property owner and applicant;
- ii. Address, email address, and telephone number of the applicant;
- iii. (Insert additional standards here)

2. The applicant shall include with the form:

- i. the application fee as required in fee schedule
- ii. a copy of the OCM cannabis event license application, submitted pursuant to 342.39 subd. 2.

3. The application shall be submitted to the city manager or other designee for review. If the city manager or other designee determines that a submitted application is incomplete, they shall return the application to the applicant with the notice of deficiencies.

4. Once an application is considered complete, the city manager or other designee shall inform the applicant as such, process the application fees, and city council will approve or deny the request.

5. The application fee shall be non-refundable once processed.

6. The application for a license for a Temporary Cannabis Event shall meet the following standards:

a. Cannot be within 1,000 feet of a school

b. Cannot be within 500 feet of a daycare (as defined in Section 156.200(B)), residential treatment facility (as defined in Section 156.200(B)), churches, synagogue, mosque, temple, or building which is used primarily for religious worship and related religious activities, libraries, recreational centers, halfway houses or of an attraction within a public park that is regularly used by minors, including a playground or athletic field.

c. Event must end by 10 p.m.

d. Must complete a Special Event Application

e. No alcohol consumption on site

f. Must submit a layout plan as to where sales will be located, where taste testing will be held, etc.

g. Per Ordinance #513, event cannot be held on public property.

h. If event organizer is not the owner of the property where event is held, must have written permission from owner of property to hold event

(E) A request for a Temporary Cannabis Event that meets the requirements of this Section shall be approved.

(F) A request for a Temporary Cannabis Event that does not meet the requirements of this Section shall be denied. The city manager shall notify the applicant of the standards not met and basis for denial.

(G) A copy of Minn. Stat. §342.40 Cannabis Event Organizer Operations will be attached to the Temporary Cannabis Event application for the applicant.

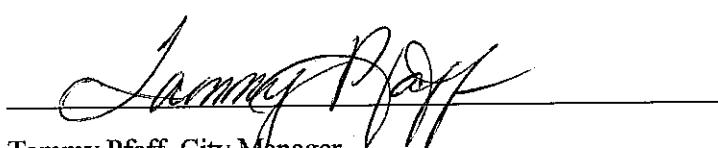
#### **§156.299 ENFORCEMENT.**

The Mille Lacs County Land Services Department will be responsible for the administration and enforcement of this ordinance. Subject to Minnesota Statute §342.22, subd. 5(e), Mille Lacs County may impose a civil penalty, as specified in the Mille Lacs County's Fee Schedule, for registration violations, not to exceed \$2,000.

Adopted this 18<sup>th</sup> day of September, 2025.

  
\_\_\_\_\_  
Mayor Dave Dillon

ATTEST:

  
\_\_\_\_\_  
Tammy Pfaff, City Manager

First Reading: 08-21-25

Second Reading: 09-18-25

Published:

## ORDINANCE NO. 554

### AN ORDINANCE AMENDING THE CITY OF MILACA ZONING ORDINANCE TITLE XV (LAND USAGE); CHAPTER 156 (ZONING); SECTION 156.200(B), SECTION 156.203 AND SECTION 156.207

Additions are indicated by underline. Deletions are indicated by ~~strikethrough~~.

THE CITY COUNCIL OF THE CITY OF MILACA, MINNESOTA DOES ORDAIN AS FOLLOWS:

Section

- \_\_\_\_\_.01 Intent
- \_\_\_\_\_.02 Amendment
- \_\_\_\_\_.03 Amendment
- \_\_\_\_\_.04 Reaffirmation

#### § \_\_\_\_\_.01 INTENT.

The city intends to amend the following sections within the zoning ordinance Title XV (Land Usage); Chapter 156 (Zoning):

1. Section 156.200 (Purpose and Intent); Subsection B (Definitions); providing for a definition of an “Attraction” within a city park that is regularly used by minors.
2. Section 156.203 cannabis business to be clarified as cannabis retail business
3. Section 156.207 (Site Requirements for Cannabis); Subsections D and E to clarify the requirements for Cannabis Businesses.

#### § \_\_\_\_\_.02 THE CITY OF MILACA ZONING ORDINANCE TITLE XV (LAND USAGE); CHAPTER 156 (ZONING); SECTION 156.200 (PURPOSE AND INTENT); SUBSECTION B (DEFINITIONS) IS HEREBY AMENDED AS FOLLOWS.

ATTRACTION REGULARLY USED BY MINORS or ATTRACTION. An attraction within a city park that is regularly used by minors includes but is not limited to the following: Warming houses; the Gorecki Center; Hockey rinks; Splash pads and Pools; Playground equipment areas; Volleyball, Skateboarding, Basketball, and outdoor sport courts; Bandshells; Ball Fields and athletic fields; Walking and Hiking trails; Park Shelters; Campsites; Disc Golf areas; Cornhole areas; Exercise equipment areas; Swing set areas; Veteran Memorials and Army Tank display areas; Park Restroom Facilities; and Archery equipment and range areas. This includes any future attractions added to any city parks.

#### § \_\_\_\_\_.03 THE CITY OF MILACA ZONING ORDINANCE TITLE XV (LAND USAGE); CHAPTER 156 (ZONING); SECTION 156.203 (REQUIREMENTS FOR CANNABIS RETAIL BUSINESS) AND SECTION 156.207 (SITE REQUIREMENTS FOR CANNABIS); SUBSECTIONS D AND E IS HEREBY AMENDED AS FOLLOWS.

### **§ 156.203 REQUIREMENTS FOR CANNABIS RETAIL BUSINESS.**

(A) The city shall prohibit the operation of a cannabis retail business within 1,000 feet of a school (as defined in Section 156.200(B)).

(B) The city shall prohibit the operation of a cannabis retail business within 500 feet of a daycare (as defined in Section 156.200(B)), residential treatment facility (as defined in Section 156.200(B)), churches, synagogue, mosque, temple, or building which is used primarily for religious worship and related religious activities, libraries, recreational centers, halfway houses or of an attraction within a public park that is regularly used by minors, including a playground or athletic field.

(C) The city shall prohibit the operation of a cannabis retail business within 150 feet of another cannabis retail business.

(D) Pursuant to Minn. Stat. §462.363, nothing in this ordinance shall prohibit an active cannabis retail business or a cannabis retail business seeking registration from continuing operation at the same site if a school, daycare, residential treatment facility or attraction within a public park that is regularly used by minors moves within the minimum buffer zone.

(E) The city shall limit the number of local retail registrations for cannabis retailers, including cannabis microbusinesses and cannabis mezzobusinesses with retail endorsements, to one retail registration per 12,500 residents.

### **§ 156.207 SITE REQUIREMENTS FOR CANNABIS**

(D) A straight-line drawing shall be prepared within thirty (30) days prior to application depicting the property lines and the structures containing any of the uses listed in Section 156.203. The drawing shall be reviewed by the City for accuracy. For purposes of this section, a use shall be considered existing or established at the time an application is submitted. In the event of a dispute between the applicant and the city as to the accuracy of the drawing, the City may order the applicant to provide a drawing with the information required under this subsection prepared by a registered land surveyor. For setback purposes, a public park or recreational area is land which has been designated for park or recreational activities, including, but not limited to, a park, playground, nature trails, swimming pool, reservoir, athletic field, basketball or tennis courts, pedestrian/bicycle paths, wilderness areas, or other similar public land within the city which is under the control, operation, or management of the city park and recreation authorities. The drawing shall include distances from uses as defined in 156.200(B).

(E) For the purpose of Section 156.207(D), measurement shall be made in a straight line, without regard to the intervening structures or objects, from the nearest entrance used as the part of the premises where a cannabis retail business is conducted, to the nearest portion of the building, structure, or attraction (as defined in Section 156.200(B)) of a use listed in Section 156.203. In the case where no building, structure, or attraction (as defined in Section 156.200(B)) is present, measurement shall be made to the property line. Presence of a city, county, or other political subdivision boundary shall be irrelevant for purposes of calculating and applying the distance requirements of this section. Such distance shall be measured across property lines, regardless of ownership of the property.

### **§ \_\_\_\_ .04 REAFFIRMATION.**

All provision of the City of Milaca Zoning Ordinance not otherwise amended herein are reaffirmed in all respects and remain in full force and effect.

Adopted this \_\_\_\_\_ day of \_\_\_\_\_, 2026.

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Mayor Dave Dillon

ATTEST:

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Tammy Pfaff, City Manager

**FIRST READING**