AGENDA
CITY COUNCIL WORK SESSION

July 22, 2024 - 6:00 PM

Lakeville City Hall, Marion Conference Room

Members of the public can participate in person at the Lakeville City Hall, Marion Conference Room, 20195 Holyoke Avenue. Members of the public may join the meeting via Teams Meeting, **Meeting ID: 276 485 596 886 or by calling Toll Number 1-323-433-2142; Conference ID: 432 130 403#.** The mayor will allow for public comments and questions at the appropriate time.

The City Council is provided background information for agenda items in advance by staff and appointed commissions, committees, and boards. Decisions are based on this information, as well as City policy, practices, input from constituents, and a council member's personal judgment.

1. Call to order, moment of silence and flag pledge
2. Citizen Comments
3. Action Item
   a. Antlers Ridge Development Contract
4. Discussion Items

30 Minutes	a.	Franchise Fees	Allyn Kuennen
20 Minutes	b.	2Q 2024 Financial Report & Finance Mid-Year Report	Julie Stahl
30 min	c.	Dunham Property Discussion	Tina Goodroad
30 min	d.	Cannabis Zoning Discussion	Tina Goodroad

5. Items for Future Discussion
6. Committee/ City Administrator Updates
7. Adjourn

Date: 7/22/2024

Antlers Ridge Development Contract

Proposed Action

Staff recommends adoption of the following motion: Move to approve the Development Contract for Antlers Ridge.

Overview

The City Council approved the final plat and resolution for Antlers Ridge on July 15, 2024. A stipulation of the resolution requires the Developer to sign a development agreement to be recorded with the final plat. The property owner signed agreements are attached.

Supporting Information

1. Signed Development Contract
2. Antlers Ridge final plat

Financial Impact: $0 **Budgeted:** No **Source:**
Envision Lakeville Community Values: A Home for All Ages and Stages of Life
Report Completed by: Kris Jenson, Planning Manager

(reserved for recording information)

DEVELOPMENT CONTRACT
(Developer Installed Improvements)

ANTLERS RIDGE

CONTRACT dated ____________________, 2024, by and between the **CITY OF LAKEVILLE**, a Minnesota municipal corporation ("City"), and **TAMARACK LAND - LAKE MARION COMMONS, LLC**, a Minnesota limited liability company (the "Developer").

1. REQUEST FOR PLAT APPROVAL. The Developer has asked the City to approve a plat for ***ANTLERS RIDGE*** (referred to in this Contract as the "plat"). The land is situated in the County of Dakota, State of Minnesota, and is legally described on Exhibit "A" attached hereto and made a part hereof.

2. CONDITIONS OF PLAT APPROVAL. The City hereby approves the plat on condition that the Developer enter into this Contract, furnish the security required by it, and record the plat with the County Recorder or Registrar of Titles within 180 days after the City Council approves the final plat.

3. RIGHT TO PROCEED. Within the plat or land to be platted, the Developer may not grade or otherwise disturb the earth or remove trees, unless a grading permit has been approved by the City Engineer following approval of a preliminary plat by the City Council, construct sewer lines, water lines, streets, utilities, public or private improvements, or any buildings until all the following conditions have been satisfied: 1) this agreement has been fully executed by both parties and filed with the City Clerk, 2) the necessary security has been received by the City, 3) the necessary insurance for the Developer and its construction contractors has been received by the City, and 4) the plat has been filed with the Dakota County Recorder or Registrar of Titles' office.

4. PHASED DEVELOPMENT. If the plat is a phase of a multi-phased preliminary plat, the City may refuse to approve final plats of subsequent phases if the Developer has breached this Contract and the breach has not been remedied. Development of subsequent phases may not proceed until Development Contracts for such phases are approved by the City. Park dedication charges referred to in this Contract are not being imposed on outlots, if any, in the plat that are designated in an approved preliminary plat for future subdivision into lots and blocks. Such charges will be calculated and imposed when the outlots are final platted into lots and blocks.

5. PRELIMINARY PLAT STATUS. If the plat is a phase of a multi-phased preliminary plat, the preliminary plat approval for all phases not final platted shall lapse and be void unless final platted into lots and blocks, not outlots, within two (2) years after preliminary plat approval.

6. CHANGES IN OFFICIAL CONTROLS. For two (2) years from the date of this Contract, no amendments to the City's Comprehensive Plan, except an amendment placing the plat in the current metropolitan urban service area, or official controls shall apply to or affect the use, development density, lot size, lot layout or dedications of the approved plat unless required by state or federal law or agreed to in writing by the City and the Developer. Thereafter, notwithstanding anything in this Contract to the contrary, to the full extent permitted by state law, the City may require compliance with any amendments to the City's Comprehensive Plan, official controls, platting or dedication requirements enacted after the date of this Contract.

7. DEVELOPMENT PLANS. The plat shall be developed in accordance with the following plans. The plans shall not be attached to this Contract. With the exception of Plans A, B, C, and F the plans may be prepared, subject to the City Engineer's approval, after entering the Contract, but before commencement of any work in the plat. The City Engineer may approve minor amendments to Plan B without City Council approval. The erosion control plan may also be approved by the Dakota County Soil and Water Conservation District. If the plans vary from the written terms of this Contract, the written terms shall control. The plans are:

Plan A - Plat

Plan B - Final Grading, Drainage, and Erosion Control Plan

Plan C - Tree Preservation Plan

Plan D - Plans and Specifications for Public Improvements

Plan E - Street Lighting Plan

Plan F - Landscape Plan

8. IMPROVEMENTS. The Developer shall install and pay for the following:

A. Sanitary Sewer System

B. Water System

C. Storm Sewer System

D. Streets

E. Concrete Curb and Gutter

F. Street Lights

G. Site Grading, Stormwater Treatment/Infiltration Basins, and Erosion Control

H. Underground Utilities

I. Setting of Iron Monuments

J. Surveying and Staking

K. Sidewalks and Trails

L. Retaining Walls

The improvements shall be installed in accordance with the City subdivision ordinance; City standard specifications for utility and street construction; and any other ordinances including Section 11-16-7 of the City Code concerning erosion and drainage and Section 4-1-4-2 prohibiting grading, construction activity, and the use of power equipment between the hours of 10 o'clock p.m. and 7 o'clock a.m. The Developer shall submit plans and specifications which have been prepared by a competent registered professional engineer to the City for approval by the City Engineer. The Developer shall instruct its engineer to provide adequate field inspection personnel to assure an acceptable level of quality control to the extent that the Developer's engineer will be able to certify that the construction work meets the approved City standards as a condition of City acceptance. In addition, the City may, at the City's discretion and at the Developer's expense, have one or more City inspectors and a soil engineer inspect the work on a full or part-time basis. The Developer, its contractors and subcontractors, shall follow all instructions received from the City's inspectors. The Developer's engineer shall provide for on-site project management. The Developer's engineer is responsible for design changes and contract administration between the Developer and the Developer's contractor. The Developer or its engineer shall schedule a pre-construction meeting at a mutually agreeable time at the City with all parties concerned, including the City staff, to review the program for the construction work.

In accordance with Minnesota Statutes 505.021, the final placement of iron monuments for all lot corners must be completed before the applicable security is released. The Developer's surveyor shall also submit a written notice to the City certifying that the monuments have been installed following site grading, utility and street construction.

9. CONTRACTORS/SUBCONTRACTORS. City Council members, City employees, and City Planning Commission members, and corporations, partnerships, and other entities in which such individuals have greater than a 25% ownership interest or in which they are an officer or director may not act as contractors or subcontractors for the public improvements identified in Paragraph 8 above.

10. PERMITS. The Developer shall obtain or require its contractors and subcontractors to obtain all necessary permits, which may include:

A. Dakota County for County Road Access and Work in County Rights-of-Way
B. MnDot for State Highway Access
C. MnDot for Work in Right-of-Way
D. Minnesota Department of Health for Watermains

E. MPCA NPDES Permit for Construction Activity

F. MPCA for Sanitary Sewer and Hazardous Material Removal and Disposal

G. DNR for Dewatering

H. City of Lakeville for Building Permits

I. MCES for Sanitary Sewer Connections

J. City of Lakeville for Retaining Walls

11. DEWATERING. Due to the variable nature of groundwater levels and stormwater flows, it will be the Developer's and the Developer's contractors and subcontractors responsibility to satisfy themselves with regard to the elevation of groundwater in the area and the level of effort needed to perform dewatering and storm flow routing operations. All dewatering shall be in accordance with all applicable county, state, and federal rules and regulations. DNR regulations regarding appropriations permits shall also be strictly followed.

12. TIME OF PERFORMANCE. The Developer shall install all required public improvements by November 30, 2025, with the exception of the final wear course of asphalt on streets. The final wear course on streets shall be installed between August 15th and October 15th the first summer after the base layer of asphalt has been in place one freeze thaw cycle. The Developer may, however, request an extension of time from the City. If an extension is granted, it shall be conditioned upon updating the security posted by the Developer to reflect cost increases and the extended completion date. Final wear course placement outside of this time frame must have the written approval of the City Engineer.

13. LICENSE. The Developer hereby grants the City, its agents, employees, officers and contractors a license to enter the plat to perform all work and inspections deemed appropriate by the City in conjunction with plat development.

14. EROSION CONTROL. Prior to initiating site grading, the erosion control plan, Plan B, shall be implemented by the Developer and inspected and approved by the City. The City may impose additional erosion control requirements if they would be beneficial. All areas disturbed by the grading operations shall be stabilized per the MPCA Stormwater Permit for Construction Activity. Seed shall be in accordance with the City's current seeding specification which may include temporary seed to provide ground cover as rapidly as possible. All seeded areas shall be fertilized, mulched, and disc anchored as necessary for seed retention. The parties recognize that time is of the essence in controlling erosion. If the Developer does not comply with the MPCA Stormwater Permit for Construction Activity or with the erosion control plan and schedule or supplementary instructions received from the City, the City may take such action as it deems appropriate to control erosion. The City will endeavor to notify the Developer in advance of any proposed action, but failure of the City to do so will not affect the Developer's and City's rights or obligations hereunder. If the Developer does not reimburse the City for any cost the City incurred for such work within ten (10) days, the City may draw down the letter of credit to pay any costs. No development, utility or street construction will be allowed and no building permits will be issued unless the plat is in full compliance with the approved erosion control plan.

The plans include a detailed erosion and sediment control plan. The Developer is responsible for meeting all the requirements of the MPCA Construction Permit. Additional erosion control measures may be required during construction as deemed necessary by City staff. Any additional measures required shall be installed and maintained by the Developer. An on-site preconstruction meeting shall be held with the City prior to the issuance of a building permit.

The MS4 Administration Fee has not been collected on the parent parcels and shall be paid with the final plat, calculated as follows:

$346,979.92	x 2%	= $6,939.60
Grading Cost Antlers Ridge	2024 Rate	MS4 Administration Fee Antlers Ridge

15. GRADING. The plat shall be graded in accordance with the approved grading development and erosion control plan, Plan "B". The plan shall conform to City of Lakeville specifications. Within thirty (30) days after completion of the grading and before the City approves individual building permits (except three (3) model home permits on lots acceptable to the Building Official), the Developer shall provide the City with an "as constructed" grading plan certified by a registered land surveyor or engineer that all storm water treatment/infiltration basins and swales, have been constructed on public easements or land owned by the City. The "as constructed" plan shall include field verified elevations of the following: a) cross sections of storm water treatment/infiltration basins; b) location and elevations along all swales, wetlands, wetland mitigation areas if any, locations and dimensions of borrow areas/stockpiles, and installed “conservation area” posts; and c) lot corner elevations and house pads, and all other items listed in City Code Section 10-3-5.NN. The City will withhold issuance of building permits until the approved certified grading plan is on file with the City and all erosion control measures are in place as determined by the City Engineer. The Developer certifies to the City that all lots with house footings placed on fill have been monitored and constructed to meet or exceed FHA/HUD 79G specifications. The soils observation and testing report, including referenced development phases and lot descriptions, shall be submitted to the Building Official for review prior to the issuance of building permits.

Before a building permit is issued, a cash escrow of $1,000.00 per lot shall be furnished to the City to guarantee compliance with the erosion control and grading requirements and the submittal of an as-built certificate of survey. Prior to the release of the required individual lot grading and erosion control security that is submitted with the building permit, an as-built certificate of survey for single family lots must be submitted to verify that the final as-built grades and elevations of the specific lot and all building setbacks are consistent with the approved grading plan for the development, and amendments thereto as approved by the City Engineer, and that all required property monuments are in place. If the final grading, erosion control and as-built survey is not timely completed, the City may enter the lot, perform the work, and apply the cash escrow toward the cost. Upon satisfactory completion of the grading, erosion control and as-built survey, the escrow funds, without interest, less any draw made by the City, shall be returned to the person who deposited the funds with the City.

Antlers Ridge contains more than one acre of site disturbance. A National Pollution Discharge Elimination System General Stormwater Permit for construction activity is required from the Minnesota Pollution Control Agency for areas exceeding one acre being disturbed by grading. A copy of the Notice of Stormwater Permit Coverage must be submitted to the City upon receipt from the MPCA.

16. CLEAN UP. The Developer shall clean dirt and debris from streets that has resulted from construction work by the Developer, home builders, subcontractors, their agents or assigns. Prior to any construction in the plat, the Developer shall identify in writing a responsible party and schedule for erosion control, street cleaning, and street sweeping.

17. OWNERSHIP OF IMPROVEMENTS. Upon completion of the work and construction required by this Contract and final acceptance by the City, the improvements lying within public easements shall become City property without further notice or action.

18. CITY ENGINEERING ADMINISTRATION, CONSTRUCTION OBSERVATION AND AS-BUILT RECORD DRAWING PREPARATION.

The Developer shall pay a fee for in-house engineering administration. City engineering administration will include monitoring of construction observation, consultation with Developer and its engineer on status or problems regarding the project, coordination for final inspection and acceptance, project monitoring during the warranty period, and processing of requests for reduction in security. Fees for this service shall be three percent (3%) of construction costs identified in the Summary of Security Requirements if using a letter of credit, assuming normal construction and project scheduling. The Developer shall pay for construction observation and as-built record drawing preparation performed by the City's in-house engineering staff or consulting engineer. Construction observation shall include part or full time inspection of proposed public utilities and street construction and will be billed on hourly rates estimated to be five percent (5%) of the estimated construction cost. Construction as-built record drawing preparation shall include field surveying, preparation of as-built record drawings and updating the City's GIS database and will be billed on hourly rates estimated to be one half of a percent (0.5%) of the estimated construction cost.

19. STORM SEWER. The Developer shall construct a public stormwater management basin within Outlot A, Antlers Ridge to provide water quality volume and rate control of stormwater runoff generated from the site. The design includes a graded, vegetated trail extending from 203rd Street and through Outlot A to provide maintenance access. Development of Antlers Ridge also includes minor grading to the existing stormwater management basin located in Outlot A, Springbrook. The stormwater management design is consistent with the City's stormwater management ordinance.

. The Developer shall construct a public storm sewer system within the development conveying runoff to the publicly owned and maintained storm sewer basins located within Outlot A, Antlers Ridge and Outlot A, Springbrook.

Draintile construction is required in areas of non-granular soils within Antlers Ridge for the street subgrade and lots. Any additional draintile construction, including perimeter draintile required for building footings, deemed necessary during construction by the City shall be the Developer's responsibility to install and finance.

The Storm Sewer Charge has not been collected on the parent parcel and will be collected with the final plat, calculated as follows:

Storm Sewer Charge Summary

Gross Area of Antlers Ridge	768,195 s.f.
Less Area of Outlot A (Wetland, Stormwater Management Basin)	(-) 267,155 s.f.
Less Area of Outlot B (Future Development)	(-) 194,121 s.f.
Less Area of Kenrick Avenue Right-of-Way	(-) 13,662 s.f.
Total Storm Sewer Charge Area	293,257 s.f.

293,257 s.f.	x $0.198/s.f.	= $58,064.89
Net Area Antlers Ridge	2024 Unit Rate	Storm Sewer Charge Antlers Ridge

The Storm Sewer Charge for Outlot B will be collected at the time it is final platted into lots and blocks, at the rate in effect at the time of final plat approval.

The Developer is eligible for credit to the Storm Sewer Charge for deeding Outlot A (wetland and buffer) to the City, calculated as follows:

3.34 acres	x $5,500/acre	= $18,370.00
Area of Wetland and Buffer Antlers Ridge	Unit Rate	Credit to Storm Sewer Charge Antlers Ridge

Final locations and sizes of all storm sewer facilities will be reviewed by City staff with the final construction plans.

20. SANITARY SEWER. The Developer shall construct and extend 8-inch public sanitary sewer within the subdivision from an existing stub located within Kensfield Trail, at the south plat boundary.

The Sanitary Sewer Availability Charge has not been collected on the parent parcel and is required with the final plat. The fee will be based on the rate in effect at the time of final plat approval, and calculated as follows:

34 units	x $327.00/unit	= $11,118.00
Total Units Antlers Ridge	2024 Unit Rate	Sanitary Sewer Availability Charge Antlers Ridge

21. WATERMAIN. Development of Antlers Ridge includes construction of public watermain. Watermain will extend within the subdivision from existing stubs located within Kensfield Trail (at the south plat boundary) and 203rd Street (at the east plat boundary).

22. CONSTRUCTION ACCESS. Construction traffic access and egress for grading, utility and street construction shall be through Kenrick Avenue. Construction traffic shall not access the site through Kensfield Trail to the south of the platted area, or 203rd Street West to the east of the platted area.

23. OVERHEAD UTILITY LINES. Existing aboveground equipment (utility lines and poles) are located along the east side of Kenrick Avenue, adjacent to the parent parcel. The Developer shall relocate and maintain the equipment underground with development along Kenrick Avenue, consistent with the City's Public Ways and Property Ordinance. There are no undergrounding requirements with Antlers Ridge, but undergrounding requirements for future additions of the Antlers Ridge preliminary plat will be reviewed at the time Outlot B is final platted into lots and blocks.

24. KENRICK AVENUE IMPROVEMENTS. When Outlot B, Antlers Ridge is platted into lots and blocks, the Developer shall construct a dedicated northbound right turn lane and dedicated southbound left turn bypass lane for turning movements onto 203rd Street from Kenrick Avenue. The Developer must obtain a permit from MnDOT for any work required to take place within MnDOT right-of-way. The final design will be reviewed with the construction plans.

25. KENSFIELD TRAIL IMPROVEMENTS. The Developer shall extend Kensfield Trail, and construct a concrete sidewalk along one side within a 66-foot wide right-of-way. The Developer shall receive a credit to the cash requirements from the City in the amount of $4,351.60 for the construction of sidewalk improvements outside of the plat boundary.

26. 203RD STREET IMPROVEMENTS. The Developer shall extend 203rd Street, and construct a concrete sidewalk along one side within a 60-foot-wide right-of-way. The Developer shall receive a credit to the cash requirements from the City in the amount of $2,297.00 for constructing sidewalk improvements outside of the plat boundary.

The Developer shall construct a temporary Cul-de-Sac at the west end of 203rd Street and provide to the City a temporary turnaround easement in a recordable form approved by the City and provide a $3,000.00 security for the future removal and restoration. The Developer shall install “Future Street” extension signs and barricades at the end of the roadway.

27. RETAINING WALLS. The Developer shall construct privately owned and maintained retaining walls. All modular block retaining walls constructed as part of the subdivision grading plan must meet MN/DOT requirements. A registered engineer must design any retaining wall that has a combined height greater than four feet (4'). The building official must approve the retaining wall plans and each retaining wall is subject to issuance of a separate building permit. The Developer must construct the walls prior to the issuance of building permits. The Developer shall provide an encroachment agreement in a recordable form approved by the City with the final plat for the retaining walls proposed within drainage and utility easements. The retaining walls will be owned and maintained by the Antlers Ridge HOA. The Developer shall post a $221,737.50 security with the final plat for construction of the retaining walls.

28. PARKS, TRAILS, AND SIDEWALKS. The Developer shall construct five-foot wide concrete public sidewalks with pedestrian curb ramps along one side of 203rd Street and Kensfield Trail.

The Park Dedication requirement has not been collected on the parent parcel and shall be satisfied through a cash contribution with the final plat, calculated as follows:

34 units	x $3,929.00	= $133,586.00
Total Units Antlers Ridge	2024 Unit Rate	Park Dedication Fee Antlers Ridge

The park dedication requirement for Oultot B will be collected at the time Outlot B is final platted into lots and blocks through a cash contribution at the rate in effect at the time of final plat approval.

29. TRAFFIC CONTROL SIGNS AND STREET LIGHT OPERATION COSTS. The Developer shall pay a cash fee in the amount of $1,425.00 for traffic control signs with the final plat. If traffic control signs are installed in frost conditions, the Developer shall pay an additional $150.00 for each traffic control sign location.

The Developer shall pay a cash fee for one-year of streetlight operating expenses with the final plat, calculated as follows:

34 units	x $40.48/unit	= $1,376.32
Total Units Antlers Ridge	2024 Rate	Streetlight Operating Fee Antlers Ridge

30. ENVIRONMENTAL RESOURCES EXPENSES. The Developer shall pay a cash fee for one-year of environmental resources management expenses with the final plat, calculated as follows:

34 units	x $59.16/unit	x 0.50	= $1,005.72
Total Units Antlers Ridge	2024 Rate	Utility Factor	Environmental Resources Fee Antlers Ridge

31. LANDSCAPING. Trees that are chosen by the Developer or property owner cannot cause a public nuisance, such as cotton producing trees, or trees that may become a public hazard due to insect infestation or weak bark. The minimum deciduous tree size shall be two and one-half (2½) inches caliper, balled and burlapped. Evergreen trees must be at least eight feet (8') tall. The trees may not be planted in the right-of-way. The Developer or lot purchaser shall sod the front yard, boulevard, and side yards to the rear of the structure on every lot. Weather permitting, the trees, sod, and seed shall be planted within sixty (60) days after a home has received a certificate of occupancy. Before a building permit is issued, a cash escrow of $1,000.00 per lot shall be furnished the City to guarantee compliance with the landscaping requirements. If the landscaping is not completed in a timely manner, the City may enter the lot, perform the work, and apply the cash escrow toward the cost. Upon satisfactory completion of the landscaping the escrow funds, without interest, less any draw made by the City, shall be returned to the person who deposited the funds with the City. All trees shall be warranted to be alive, of good quality, and disease free for twelve (12) months after planting. Any replacements shall be warranted for twelve (12) months from the time of planting. The Developer or property owner is responsible for contacting the City when all the landscaping has been installed to set up an inspection. Fifty percent (50%) of the security will be released when all the landscaping has been installed and inspected by City staff and the remaining fifty percent (50%) will be released one year after the landscaping inspection and any warranty work has been completed.

Landscaping shall be installed in accordance with the approved landscape plan. The Developer shall post a $36,400.00 landscaping security at the time of final plat approval to ensure that the landscaping is installed in accordance with the approved plan.

32. TREE PRESERVATION. The Tree Preservation Plan identifies 888 total trees on site and proposes to save 322 trees (36%). Prior to removals, the tree protection or silt fence line must be installed by the Developer. Minor changes to the development plans may result in additional removals or saves based on location or condition of the tree.

All “save” trees that are damaged or removed will require replacement at a ratio of 2:1 as per the Lakeville Subdivision Ordinance. Significant trees, as identified in the Lakeville Subdivision Ordinance, shall be protected and preserved through termination of all grading and construction activities.

33. WETLANDS. A wetland delineation was completed for the site by Midwest Natural Resources Inc. The Notice of Application was sent out 8/9/21. No adverse comments were received. Based on the information provided in the report dated 7/16/2021 and site visit, the wetland delineation for the area outlined in the report has been determined to be acceptable for use in implementing the Wetland Conservation Act.

One wetland was identified on the site. No wetland impacts are proposed with the preliminary plat. The wetland and required buffer will be placed in a City-owned outlot and dedicated with the final plat. The Developer is responsible for installing 10 Natural Area Signs along the south side of Outlot A.

34. SPECIAL PROVISIONS. The following special provisions shall apply to plat development:

A. Implementation of the recommendations listed in the July 10, 2024, Planning Report, and July 10, 2024, Engineering Report.

B. The site shall be developed in accordance with the final plat plans approved by the City Council.

C. Before the City signs the final plat, the Developer shall convey Outlot A to the City by warranty deed, free and clear of any and all encumbrances.

D. A Homeowners Association must be established for the maintenance of the building exteriors and the ownership and maintenance of the common area lots. Prior to the issuance of building permits for the site, the Developer must submit Homeowners Association documents for review and approval by the City Attorney as well as proof of recording of the documents and conveyances of common areas lots to the Homeowners Association. The common area lots are as follows:

- Lot 17, Block 1
- Lot 11, Block 2
- Lot 9, Block 3

E. The twin-home dwelling units shall be reviewed by the City for compliance with Zoning Ordinance requirements prior to issuance of building permits.

F. All common areas and boulevards must be irrigated.

G. Prior to City Council approval of the final plat, the Developer shall furnish a boundary survey of the proposed property to be platted with all property corner monumentation in place and marked with lath and a flag. Any encroachments on or adjacent to the property shall be noted on the survey. The Developer shall post a $3,900.00 security for the final placement of interior subdivision iron monuments at property corners. The security was calculated as follows: 39 lots/outlots at $100.00 per lot/outlot. The security will be held by the City until the Developer's land surveyor certifies that all irons have been set following site grading and utility and street construction. In addition, the certificate of survey must also include a certification that all irons for a specific lot have either been found or set prior to the issuance of a building permit for that lot.

H. The Developer shall pay a cash fee for the preparation of addressing, property data, and City base map updating. This fee is $90.00 per lot/outlot for a total charge of $3,510.00.

I. The Developer shall be responsible for the cost of street light installation consistent with a street lighting plan approved by the City. Before the City signs the final plat, the Developer shall post a security for street light installation consistent with the approved plan. The estimated amount of this security is $4,800.00 and consists of four (4) post-top street lights at $1,200.00 each.

J. The Developer is required to submit the final plat in electronic format. The electronic format shall be either AutoCAD.DWG file or a .DXF file. All construction record drawings (e.g., grading, utilities, streets) shall be in electronic format in accordance with standard City specifications.

35. SUMMARY OF SECURITY REQUIREMENTS. To guarantee compliance with the terms of this Contract, payment of real estate taxes including interest and penalties, payment of special assessments, payment of the costs of all public improvements, and construction of all public improvements, the Developer shall furnish the City with a cash escrow, or letter of credit, in the form attached hereto, from a bank ("security") for $1,187,073.59. The amount of the security was calculated as follows:

CONSTRUCTION COSTS:

A. Sanitary Sewer	$132,508.80
B. Watermain	161,921.15
C. Storm Sewer/Draintile	232,816.61
D. Streets	235,131.00
E. Grading/Erosion Control and Vegetation Establishment	61,601.00
CONSTRUCTION SUB-TOTAL	**$823,978.56**

OTHER COSTS:

A. Developer's Design (3.0%)	$24,719.36
B. Developer's Construction Survey (2.5%)	20,599.46
C. City Legal Expenses (Est. 0.5%)	4,119.89
D. City Construction Observation (Est. 5.0%)	41,198.93
E. Developer's Record Drawings (0.5%)	4,119.89

F.	Retaining Walls	221,737.50
G.	Natural Area Signs	1,500.00
H.	Landscaping	36,400.00
I.	Street Lights	4,800.00
J.	Lot Corners/Iron Monuments	3,900.00
OTHER COSTS SUB-TOTAL		**$363,095.03**
TOTAL SECURITIES:		**$1,187,073.59**

This breakdown is for historical reference; it is not a restriction on the use of the security. The bank shall be subject to the approval of the City Administrator. The City may draw down the security, on five (5) business days written notice to the Developer, for any violation of the terms of this Contract or without notice if the security is allowed to lapse prior to the end of the required term. If the required public improvements are not completed at least thirty (30) days prior to the expiration of the security, the City may also draw it down without notice. If the security is drawn down, the proceeds shall be used to cure the default. Upon receipt of proof satisfactory to the City that work has been completed and financial obligations to the City have been satisfied, with City approval the security may be reduced from time to time by ninety percent (90%) of the financial obligations that have been satisfied. Ten percent (10%) of the amounts certified by the Developer's engineer shall be retained as security until all improvements have been completed, all financial obligations to the City satisfied, the required "as constructed" plans have been received by the City, a warranty security is provided, and the public improvements are accepted by the City Council. The City's standard specifications for utility and street construction outline procedures for security reductions.

36. SUMMARY OF CASH REQUIREMENTS. The following is a summary of the cash requirements under this Contract which must be furnished to the City prior to the City Council signing the final plat:

A.	Temporary Cul-de-Sac Removal/Restoration	$3,000.00
B.	Park Dedication	133,586.00
C.	Sanitary Sewer Availability Charge	11,118.00
D.	Storm Sewer Charge	58,064.89
E.	MS4 Administration Fee	6,939.60

F.	Traffic Control Signs	1,425.00
G.	Street Light Operating Fee	1,376.32
H.	Environmental Resources Expenses	1,005.72
I.	Property Data and Asset/Infrastructure Management Fee	3,510.00
J.	City Engineering Administration (3% for letters of credit)	24,719.36
TOTAL CASH REQUIREMENTS		**$244,744.89**
CREDITS TO CASH REQUIREMENTS		
Storm Sewer Charge Credit (Outlot A)		$18,370.00
Kenfield Trail Sidewalk Construction Credit		4,351.60
203rd Street Sidewalk Construction Credit		2,297.00
SUBTOTAL – CREDITS TO CASH REQUIREMENTS		$25,018.60
TOTAL CASH REQUIREMENTS		$219,726.29

37. WARRANTY. The Developer warrants all improvements required to be constructed by it pursuant to this Contract against poor material and faulty workmanship. The warranty period for streets is one year. The warranty period for underground utilities is two years and shall commence following completion and acceptance by the City. The one year warranty period on streets shall commence after the final wear course has been installed and accepted by the City. The Developer shall post maintenance bonds in the amount of twenty-five percent (25%) of final certified construction costs to secure the warranties. The City shall retain ten percent (10%) of the security posted by the Developer until the maintenance bonds are furnished to the City or until the warranty period expires, whichever first occurs. The retainage may be used to pay for warranty work. The City's standard specifications for utility and street construction identify the procedures for final acceptance of streets and utilities.

38. RESPONSIBILITY FOR COSTS.

A. Except as otherwise specified herein, the Developer shall pay all costs incurred by it or the City in conjunction with the development of the plat, including but not limited to Soil and Water Conservation District charges, legal, planning, engineering and construction observation inspection expenses incurred in connection with approval and acceptance of the plat, the preparation of this Contract, review of construction plans and documents, and all costs and expenses incurred by the City in monitoring and inspecting development of the plat.

B. The Developer shall hold the City and its officers, employees, and agents harmless from claims made by itself and third parties for damages sustained or costs incurred resulting from plat approval and development. The Developer shall indemnify the City and its officers, employees, and agents for all costs, damages, or expenses which the City may pay or incur in consequence of such claims, including attorneys' fees.

C. The Developer shall reimburse the City for costs incurred in the enforcement of this Contract, including engineering and attorneys' fees.

D. The Developer shall pay, or cause to be paid when due, and in any event before any penalty is attached, all special assessments referred to in this Contract. This is a personal obligation of the Developer and shall continue in full force and effect even if the Developer sells one or more lots, the entire plat, or any part of it.

E. The Developer shall pay in full all bills submitted to it by the City for obligations incurred under this Contract within thirty (30) days after receipt. If the bills are not paid on time, the City may halt plat development and construction until the bills are paid in full. Bills not paid within thirty (30) days shall accrue interest at the rate of eighteen percent (18%) per year. Additionally, the Developer shall pay in full all bills submitted to it by the City prior to any reductions in the security for the development.

F. In addition to the charges and special assessments referred to herein, other charges and special assessments may be imposed such as but not limited to City or MCES sewer availability charges ("SAC"), City water connection charges, City sewer connection charges, and building permit fees.

39. DEVELOPER'S DEFAULT. In the event of default by the Developer as to any of the work to be performed by it hereunder, the City may, at its option, perform the work and the Developer shall promptly reimburse the City for any expense incurred by the City, provided the Developer, except in an emergency as determined by the City, is first given notice of the work in default, not less than forty-eight (48) hours in advance. This Contract is a license for the City to act, and it shall not be necessary for the City to seek a Court order for permission to enter the land. When the City does any such work, the City may, in addition to its other remedies, assess the cost in whole or in part.

40. MISCELLANEOUS.

A. The Developer represents to the City that the plat complies with all city, county, metropolitan, state, and federal laws and regulations, including but not limited to: subdivision ordinances, zoning ordinances, and environmental regulations. If the City determines that the plat does not comply, the City may, at its option, refuse to allow construction or development work in the plat until the Developer does comply. Upon the City's demand, the Developer shall cease work until there is compliance.

B. Third parties shall have no recourse against the City under this Contract.

C. Breach of the terms of this Contract by the Developer shall be grounds for denial of building permits, including lots sold to third parties.

D. If any portion, section, subsection, sentence, clause, paragraph, or phrase of this Contract is for any reason held invalid, such decision shall not affect the validity of the remaining portion of this Contract.

E. Grading, curbing, and one lift of asphalt shall be installed on all public and private streets prior to issuance of any building permits, except three (3) model homes on lots acceptable to the Building Official. Approval of an administrative permit in compliance with Chapter 27 of the City's zoning ordinance is required prior to the construction of any model homes.

F. If building permits are issued prior to the acceptance of public improvements, the Developer assumes all liability and costs resulting in delays in completion of public improvements and damage to public improvements caused by the City, Developer, its contractors, subcontractors, material men, employees, agents, or third parties. No sewer and water connections or inspections may be conducted and no one may occupy a building for which a building permit is issued on either a temporary or permanent basis until the streets needed for access have been paved with a bituminous surface and the utilities are accepted by the City Engineer.

G. The action or inaction of the City shall not constitute a waiver or amendment to the provisions of this Contract. To be binding, amendments or waivers shall be in writing, signed by the parties and approved by written resolution of the City Council. The City's failure to promptly take legal action to enforce this Contract shall not be a waiver or release.

H. This Contract shall run with the land and may be recorded against the title to the property. In the event this Contract is recorded, upon request by Developer, the City covenants to provide a recordable Certificate of Completion within a reasonable period of time following the request, upon the completion of the work and responsibilities required herein, payment of all costs and fees required and compliance with all terms of the Contract. A release of this Contract may be provided in the same manner and subject to the same conditions as a Certificate of Completion provided there are no outstanding or ongoing obligations of Developer under the terms of this Contract. The Developer covenants with the City, its successors and assigns, that the Developer is well seized in fee title of the property being final platted and/or has obtained consents to this Contract, in the form attached hereto, from all parties who have an interest in the property; that there are no unrecorded interests in the property being final platted; and that the Developer will indemnify and hold the City harmless for any breach of the foregoing covenants.

I. Insurance. **Developer and Contractor shall provide a copy of the Development Contract to their insurance professional for verification that the certificate of insurance is in compliance with the requirements of the Development Contract.** Prior to execution of the final plat, Developer and its general contractor shall furnish to the City a certificate of insurance showing proof of the required insurance required under this Paragraph. Developer and its general contractor shall take out and maintain or cause to be taken out and maintained until six (6) months after the City has accepted the public improvements, such insurance as shall protect Developer and its general contractor and the City for work covered by the Contract including workers' compensation claims and property damage, bodily and personal injury which may arise from operations under this Contract, whether such operations are by Developer and its general contractor or anyone directly or indirectly employed by either of them. The minimum amounts of insurance shall be as follows:

Commercial General Liability (or in combination with an umbrella policy)
$2,000,000 Each Occurrence
$2,000,000 Products/Completed Operations Aggregate
$2,000,000 Annual Aggregate

The following coverages shall be included:

Premises and Operations Bodily Injury and Property Damage
Personal and Advertising Injury
Blanket Contractual Liability
Products and Completed Operations Liability

Automobile Liability
$2,000,000 Combined Single Limit – Bodily Injury & Property Damage
Including Owned, Hired & Non-Owned Automobiles

Workers Compensation
Workers' Compensation insurance in accordance with the statutory requirements of the State of Minnesota, including Employer's Liability with minimum limits are as follows:

- *$500,000 – Bodily Injury by Disease per employee*
- *$500,000 – Bodily Injury by Disease aggregate*
- *$500,000 – Bodily Injury by Accident*

The Developer's and general contractor's insurance must be "Primary and Non-Contributory".

All insurance policies (or riders) required by this Contract shall be (i) taken out by and maintained with responsible insurance companies organized under the laws of one of the states of the United States and qualified to do business in the State of Minnesota, (ii) shall name the City, its employees and agents as additional insureds (CGL and umbrella only) by endorsement which shall be filed with the City and (iii) shall identify the name of the plat. <u>A copy of the endorsement must be submitted with the certificate of insurance.</u>

Developer's and general contractor's policies and Certificate of Insurance shall contain a provision that coverage afforded under the policies shall not be cancelled without at least thirty

(30) days' advanced written notice to the City, or ten (10) days' notice for non-payment of premium.

An Umbrella or Excess Liability insurance policy may be used to supplement Developer's or general contractor's policy limits on a follow-form basis to satisfy the full policy limits required by this Contract.

J. Indemnification. To the fullest extent permitted by law, Developer agrees to defend, indemnify and hold harmless the City, and its employees, officials, and agents from and against all claims, actions, damages, losses and expenses, including reasonable attorney fees, arising out of Developer's negligence or its performance or failure to perform its obligations under this Contract. Developer's indemnification obligation shall apply to Developer's general contractor, subcontractor(s), or anyone directly or indirectly employed or hired by Developer, or anyone for whose acts Developer may be liable. Developer agrees this indemnity obligation shall survive the completion or termination of this Contract.

K. Each right, power or remedy herein conferred upon the City is cumulative and in addition to every other right, power or remedy, express or implied, now or hereafter arising, available to City, at law or in equity, or under any other agreement, and each and every right, power and remedy herein set forth or otherwise so existing may be exercised from time to time as often and in such order as may be deemed expedient by the City and shall not be a waiver of the right to exercise at any time thereafter any other right, power or remedy.

L. The Developer may not assign this Contract without the written permission of the City Council. The Developer's obligation hereunder shall continue in full force and effect even if the Developer sells one or more lots, the entire plat, or any part of it, until the City's issuance of a Certificate of Completion and Release.

M. Retaining walls that require a building permit shall be constructed in accordance with plans and specifications prepared by a structural or geotechnical engineer licensed by the State of Minnesota. Following construction, a certification signed by the design engineer shall be filed with the Building Official evidencing that the retaining wall was constructed in accordance with the approved plans and specifications. All retaining walls identified on the development plans and by special conditions referred to in this Contract shall be constructed before any other building permit is issued for a lot on which a retaining wall is required to be built.

N. Should the Developer convey any lot or lots in the Development to a third party, the City and the owner of that lot or those lots may amend this Development Contract or other city approvals or agreements for development or use of those lots without the approval or consent of the Developer or other lot owners in the Development. Private agreements between the owners of lots within the Development for shared service or access and related matters necessary for the efficient use of the Development shall be the responsibility of the lot owners and shall not bind or restrict City authority to approve applications from any lot owner in the Development.

41. NOTICES. Required notices to the Developer shall be in writing, and shall be either hand delivered to the Developer, its employees or agents, or mailed to the Developer by certified mail at the following address: Attn: Dale Willenbring, Tamarack Land - Lake Marion Commons, LLC, 712 Vista Blvd Suite 303, Waconia, MN 55387. Notices to the City shall be in writing and shall be either hand delivered to the City Administrator, or mailed to the City by certified mail in care of the City Administrator at the following address: Lakeville City Hall, 20195 Holyoke Avenue, Lakeville, Minnesota 55044.

[The remainder of this page has been intentionally left blank.
Signature pages follow.]

CITY OF LAKEVILLE

BY: ____
Luke M. Hellier, Mayor

(SEAL)

AND ____
Ann Orlofsky, City Clerk

STATE OF MINNESOTA)
)ss.
COUNTY OF DAKOTA)

The foregoing instrument was acknowledged before me this ________ day of ______________, 2024, by Luke M. Hellier and by Ann Orlofsky, the Mayor and City Clerk of the City of Lakeville, a Minnesota municipal corporation, on behalf of the corporation and pursuant to the authority granted by its City Council.

____
NOTARY PUBLIC

DEVELOPER:
TAMARACK LAND - LAKE MARION COMMONS, LLC

BY: Dale Willenbring
Dale Willenbring
Its: Authorized Representative

STATE OF MINNESOTA)
)ss.
COUNTY OF Carver)

The foregoing instrument was acknowledged before me this 17th day of July, 2024, by Dale Willenbring the Authorized Representative of **Tamarack Land – Lake Marion Commons, LLC**, a Minnesota limited liability company, on behalf of said entity.

A Broecker
NOTARY PUBLIC

ABIGAIL E BROECKER
NOTARY PUBLIC - MINNESOTA
My Comm. Exp. Jan. 31, 2028

DRAFTED BY:
CAMPBELL, KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, MN 55121
Telephone: 651-452-5000
AMP/smt

MORTGAGE HOLDER CONSENT
TO
DEVELOPMENT CONTRACT

SECURITY BANK & TRUST CO., organized and existing under the laws of the State of Minnesota, which holds:

1. A Mortgage executed by Tamarack Land – Lake Marion Commons, LLC, a Minnesota limited liability company, in favor of Security Bank & Trust Co., dated December 29, 2021, filed January 7, 2022, with the Office of the County Recorder, Dakota County, Minnesota, as Document No. **3516827**, in the principal sum of $715,000.00;

And

2. Modification of Mortgage executed by Tamarack Land – Lake Marion Commons, LLC, a Minnesota limited liability company, in favor of Security Bank & Trust Co., dated January 17, 2023, filed January 19, 2023 with the Office of the County Recorder, Dakota County, Minnesota, as Document No. **3573793**;

And

3. Modification of Mortgage executed by Tamarack Land – Lake Marion Commons, LLC, a Minnesota limited liability company, in favor of Security Bank & Trust Co., dated February 7, 2024, filed February 8, 2024 with the Office of the County Recorder, Dakota County, Minnesota, as Document No. **3619569**;

on all or part of the subject property, the development of which is governed by the foregoing Development Contract, agrees that the Development Contract shall remain in full force and effect even if it forecloses on its mortgage.

Dated this _____ day of ____________, 2024.

[*Remainder of this page is intentionally left blank.*
Signature page follows.]

SECURITY BANK & TRUST CO.

By:________________________________
________________________ [print name]
Its ____________________ [title]

STATE OF MINNESOTA)
)ss.
COUNTY OF ___________)

The foregoing instrument was acknowledged before me this _____ day of ________________, 2024, by ___________________________, the ____ of **SECURITY BANK & TRUST CO.**, organized and existing under the laws of the State of Minnesota, on behalf of said entity.

____
NOTARY PUBLIC

DRAFTED BY:
CAMPBELL KNUTSON
Professional Association
Grand Oak Office Center I
860 Blue Gentian Road, Suite 290
Eagan, Minnesota 55121
651-452-5000
AMP/smt

EXHIBIT "A"
TO
DEVELOPMENT CONTRACT

Legal Description of Property Being Final Platted as
ANTLERS RIDGE

That part of the Northeast Quarter of the Northwest Quarter of Section 25, Township 114, Range 21, Dakota County, Minnesota, described as follows: Commencing at the southeast corner thereof; thence West 1320 feet; thence North 988.7 feet; thence East 440.6 feet; thence South 245.7 feet; thence East 879.4 feet; thence South 743 feet, to the place of beginning, EXCEPTING THEREFROM the following described parcels:

Parcel 1: Commencing at a point 350 feet North and 1.50 feet East of the southwest corner of the Northeast Quarter of the Northwest Quarter of Section 25, Township 114, Range 21; thence North 330 feet; thence East 199.5 feet; thence South 330 feet; thence West 199.5 feet to the place of beginning.

Parcel 2: Commencing at the southeast corner of the Northeast Quarter of the Northwest Quarter of said Section 25; thence West along the South line of the Northeast Quarter of said Section 869.00 feet to the point of beginning of the tract to be described herein; thence continuing West along the said South line 451.00 feet; thence North and parallel with the East line of the Northeast Quarter of the Northwest Quarter of said Section, 290.00 feet; thence East and parallel with the South line of the Northeast Quarter of said Section 451.00 feet; thence South and parallel with the East line of the Northeast Quarter of Northwest Quarter of said Section 290.00 feet to the point of beginning.

Parcel 3: That part of the Northeast Quarter of the Northwest Quarter of Section 25, Township 114, Range 21, Dakota County, Minnesota, described as follows: Commencing at a point on the East line of the Northeast Quarter of the Northwest Quarter of said Section 25, distant 577.00 feet South of the northeast corner of said Northeast Quarter of the Northwest Quarter; said point being at the southeast corner of the Registered Property described on Certificate of Title No. 57052 in Volume 35, Page 382 of the records in the office of the Registrar of Titles in and for Dakota County, Minnesota; thence South 89 degrees 59 minutes 26 seconds West, assumed bearing, parallel with the North line of said Northeast Quarter of the Northwest Quarter and along the South line of said Registered Property a distance of 879.40 feet to the point of beginning; thence North 00 degrees 27 minutes 31 seconds East along the West line of said Registered Property a distance of 245.70 feet; thence South 89 degrees 59 minutes 26 seconds West parallel with the North line of said Northeast Quarter of Northwest Quarter and along the South line of said Registered Property a distance of 394.80 feet to the easterly right-of-way line of Interstate Highway No. 35 (formerly Trunk Highway No. 65) as laid out and constructed; thence South 01 degrees 21 minutes 02 seconds West along said right-of-way line a distance of 221.76 feet to the point where said right-of-way line deflects West; thence North 88 degrees 38 minutes 58 seconds West along said right-of-way line a distance of 22.50 feet to the point where said right-of-way line deflects South; thence South 01 degrees 21 minutes 02 seconds West along said right-of-way line a distance of 86.61 feet to a point on a line 680.00 feet North of the South line of said Northeast Quarter of the Northwest Quarter when measured along a line parallel with the South line of said Northeast Quarter of the Northwest Quarter; thence South 89 degrees 58 minutes 08 seconds East along a line parallel with the West line of said Northeast Quarter of the Northwest Quarter a distance of 422.09 feet to a point on a line that bears South 00 degrees 27 minutes 31 seconds West from the point of beginning; thence North 00 degrees 27 minutes 31 seconds East a distance of 62.24 feet to the point of beginning according to the Government Survey thereof, Dakota County, Minnesota.

Abstract Property


ANTLERS RIDGE
THE ORIENTATION OF THIS BEARING SYSTEM IS BASED ON THE EAST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 SEC 25, TWP. 114, RGE. 21, WHICH IS ASSUMED TO HAVE A BEARING OF SOUTH 00°14'22" WEST.
NO MONUMENT SYMBOL SHOWN AT ANY STATUTE REQUIRED LOCATION, INDICATES A PLAT MONUMENT THAT WILL BE SET AND WHICH SHALL BE IN PLACE WITHIN ONE YEAR OF THE FILING OF THE PLAT. SAID MONUMENTS SHALL BE 1/2 INCH X 14 INCH IRON MONUMENTS MARKED BY LICENSE NUMBER 42299.
DENOTES FOUND CAST IRON MONUMENT
DENOTES FOUND 1/2 INCH IRON MONUMENT MARKED BY LICENSE NUMBER 42299 UNLESS OTHERWISE NOTED.
DENOTES 1/2 INCH BY 14 INCH IRON PIPE MONUMENT SET AND MARKED BY LICENSE NUMBER 42299
(deed) DENOTES BEARING / DISTANCE FROM DEED.
(meas.) DENOTES MEASURED BEARING / DISTANCE
VICINITY MAP
NO SCALE
KENRICK AVE
KENSINGTON WAY
SITE
205TH ST W
KENSFIELD TRL
INT 35
SECTION 25, TWP. 114, RGE. 21
DAKOTA COUNTY, MINNESOTA
DETAIL A
DETAIL B
KENRICK AVENUE
EXCEPTION
OUTLOT A
OUTLOT B
DRAINAGE AND UTILITY EASEMENT OVER ALL OF OUTLOT B
INSET
SHEET 3 OF 3 SHEETS
203RD STREET WEST
KENSFIELD TRAIL
INTERSTATE 35
SULIVAN'S FIRST ADDITION TO MARION HEIGHTS
VILLAGE SECOND ADDITION
SPRINGBROOK
CIC NO. 340 SPRINGBROOK CONDOMINIUMS
N89°53'07"E 45.70
S89°59'26"W (deed)
N89°53'07"E (meas.) 879.40
N89°54'42"E 240.65
N89°54'42"E 199.50
N89°54'42"E 454.05
S89°54'42"W 869.00
1320 (deed)
S00°14'22"W
743 (deed)
742.63 (meas.)
N00°14'22"E 290.00
N00°31'53"E 330.02 (meas.) 330 (deed)
N00°31'53"E 697.77
S01°14'58"W (meas.) S01°21'02"W (deed) 86.61
N88°38'58"W (deed)
N88°45'02"W (meas.) 22.50
N00°14'22"E (meas.) N00°27'31"E (deed) 62.22 (meas.) 62.24 (deed)
NORTH LINE OF THE SOUTH 680.00 FEET OF THE NE 1/4 OF THE NW 1/4
NORTH LINE OF THE SOUTH 350.00 FEET OF THE NE 1/4 OF THE NW 1/4
POINT 350FT N. OF SW CORNER OF THE NE 1/4 OF THE NW 1/4 AND 1.5FT EAST OF W LINE OF NE 1/4 OF NW 1/4
LINE PARALLEL WITH S LINE OF NE 1/4 OF NW 1/4
Drainage and utility easement per Doc. No. 1267072
PARALLEL WITH THE EAST LINE OF THE NE 1/4 OF THE NW 1/4
SW CORNER OF THE NE 1/4 OF THE NW 1/4
NE CORNER OF THE NE 1/4 OF THE NW 1/4
S 1/4 CORNER SEC. 25, TWP 114, RGE. 21
Scale in Feet
EXHIBIT C
PIONEERengineering
CIVIL ENGINEERS LAND PLANNERS LAND SURVEYORS LANDSCAPE ARCHITECTS

ANTLERS RIDGE

INSET

SEE SHEET 2 OF 3 SHEETS

THE ORIENTATION OF THIS BEARING SYSTEM IS BASED ON THE EAST LINE OF THE NORTHEAST 1/4 OF THE NORTHWEST 1/4 SEC 25, TWP. 114, RGE. 21, WHICH IS ASSUMED TO HAVE A BEARING OF SOUTH 00°14'22" WEST.

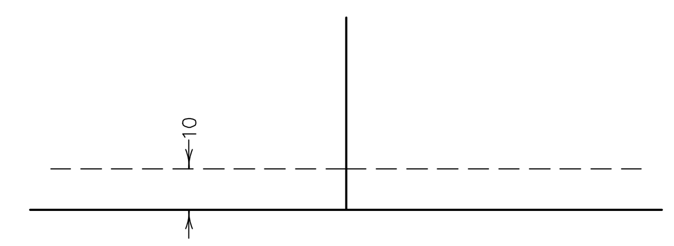
NO MONUMENT SYMBOL SHOWN AT ANY STATUTE REQUIRED LOCATION, INDICATES A PLAT MONUMENT THAT WILL BE SET AND WHICH SHALL BE IN PLACE WITHIN ONE YEAR OF THE FILING OF THE PLAT. SAID MONUMENTS SHALL BE 1/2 INCH X 14 INCH IRON MONUMENTS MARKED BY LICENSE NUMBER 42299.

◉ DENOTES FOUND CAST IRON MONUMENT

● DENOTES FOUND 1/2 INCH IRON MONUMENT MARKED BY LICENSE NUMBER 42299 UNLESS OTHERWISE NOTED.

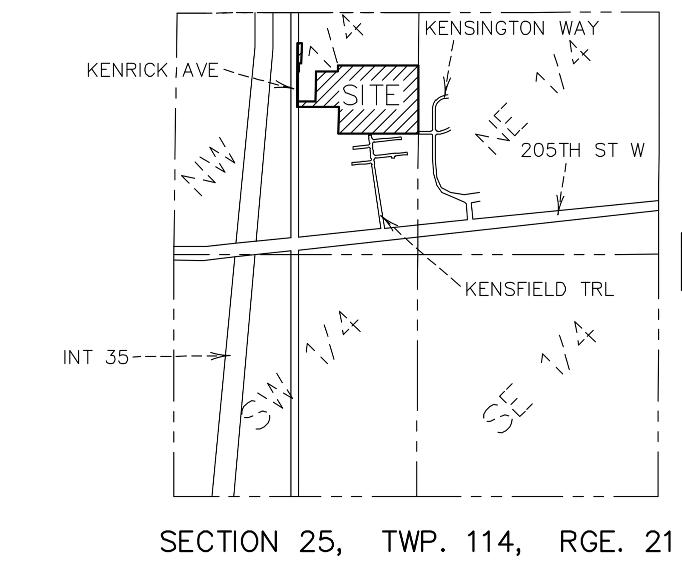
○ DENOTES 1/2 INCH BY 14 INCH IRON PIPE MONUMENT SET AND MARKED BY LICENSE NUMBER 42299

DRAINAGE AND UTILITY EASEMENTS ARE SHOWN THUS:

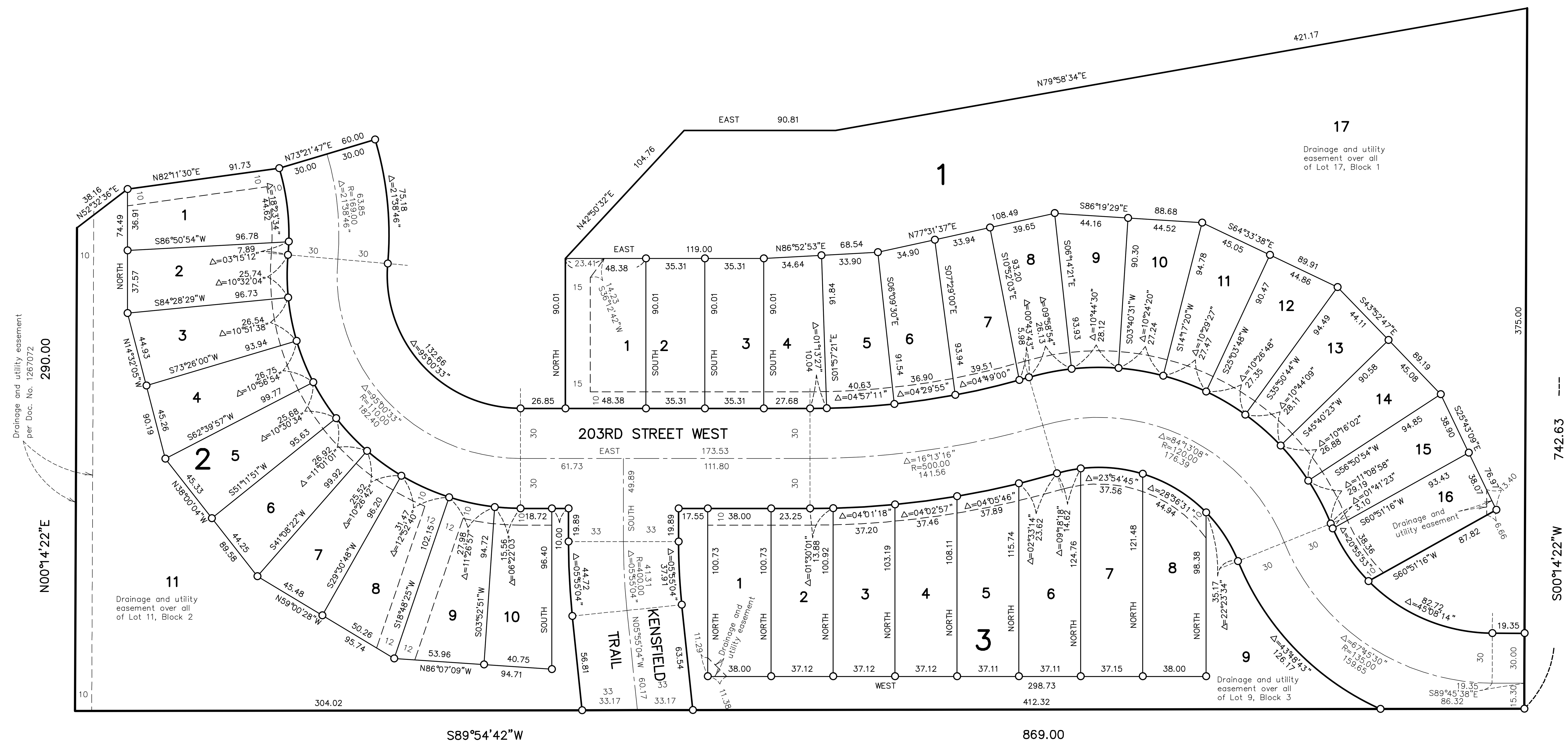


Being 10 feet in width and adjoining right of way unless otherwise indicated on the plat.

VICINITY MAP
NO SCALE



SECTION 25, TWP. 114, RGE. 21
DAKOTA COUNTY, MINNESOTA



40 20 0 40
Scale in Feet

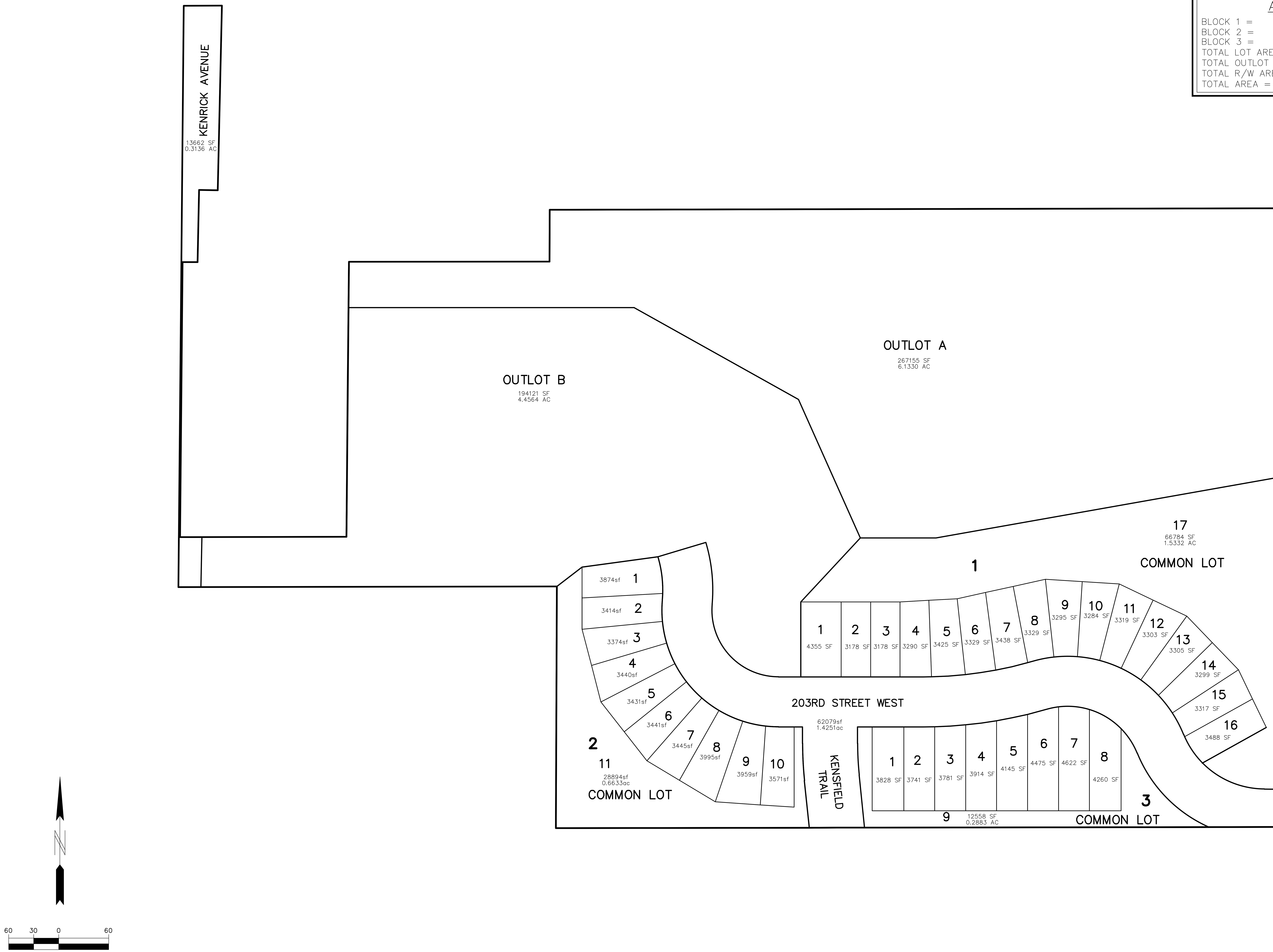
PIONEERengineering
CIVIL ENGINEERS LAND PLANNERS LAND SURVEYORS LANDSCAPE ARCHITECTS

ANTLERS RIDGE

AREA SKETCH

AREA SUMMARY

BLOCK 1 =	120,916 SF.	2.78 AC.
BLOCK 2 =	64,837 SF.	1.49 AC.
BLOCK 3 =	45,323 SF.	1.04 AC.
TOTAL LOT AREA =	231,176 SF.	5.31 AC.
TOTAL OUTLOT AREA =	461,276 SF.	10.59 AC.
TOTAL R/W AREA =	75,743 SF.	1.73 AC.
TOTAL AREA =	768,195 SF.	17.63 AC.



PIONEERengineering

CIVIL ENGINEERS LAND PLANNERS LAND SURVEYORS LANDSCAPE ARCHITECTS

Date: 7/22/2024

Franchise Fees

Proposed Action

No formal action required. Staff seeks Council direction on further action.

Overview

The implementation of gas and electric franchise fees was previously reviewed at the February and April City Council work sessions. At the April work session, the City Council directed staff to prepare a final recommendation for the implementation of the gas and electric franchise fees, including a schedule for the public hearing process and a communications plan.

Staff will be available at the July 22nd work session to review these materials and to discuss the attached information.

Supporting Information

1. Franchise Fee Packet Materials 7-16-24

Financial Impact: **Budgeted:** No **Source:**
Envision Lakeville Community Values: Good Value for Public Service
Report Completed by: Allyn Kuennen, Assistant City Administrator

Franchise Fees

City Council Work Session

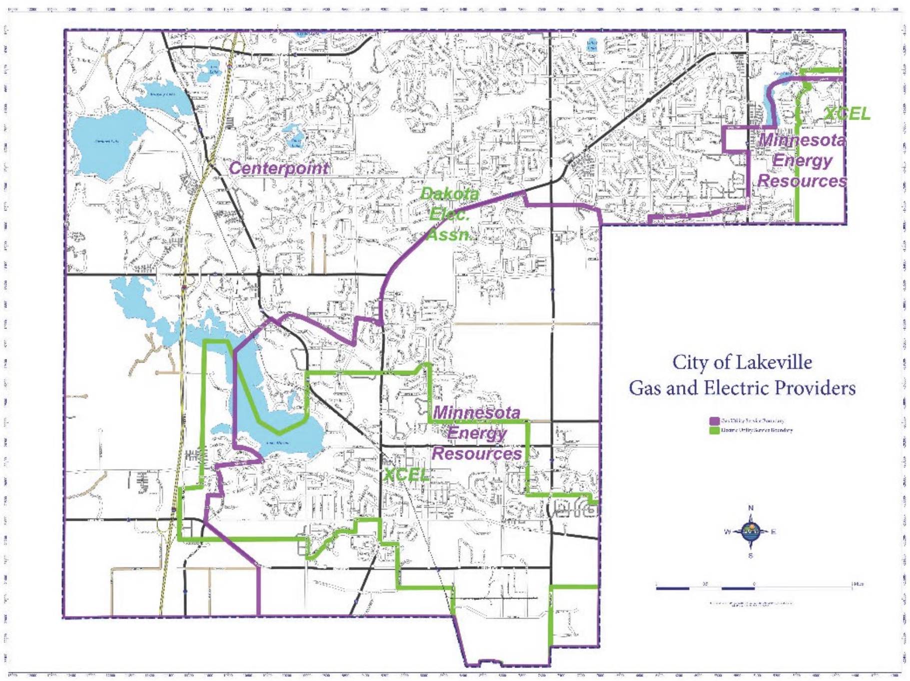
July 22, 2024

Lakeville, Minnesota—*Positioned to Thrive*

Overview

- Under **Minnesota Statute 216B.36**, cities can impose a fee on utility companies that use the public rights-of-way to deliver service
- The City of Lakeville has franchise agreements with all four utility providers:
  - CenterPoint Energy
  - Minnesota Energy Resources Company
  - Xcel Energy
  - Dakota Electric Association

City of Lakeville Gas and Electric Providers



Structuring Franchise Fees

- Each service provider has unique customer classifications to differentiate pricing for residential and various commercial and industrial customers
- A fixed charge could be applied to all users regardless of type
- However, most cities use a tiered approach because residential, commercial, and industrial customers' consumption vary greatly, making it difficult to implement a flat fee with equitable impact

Electric Franchise Fee Classification	Gas Franchise Fee Classification
Residential	Residential
Small Commerical/Industrial – Non Demand Franchise Fee	Commercial/Industrial, Small Volume A Franchise Fee
Small Commercial/Industrial - Demand Franchise Fee	Commerical/Industrial, Small Volume B Franchise Fee
Large Commerical Electric Franchise Fee	Commerical/Industrial, Small Volume C Franchise Fee
	Commercial/Industrial, Small Volume Duel Fuel A & B
	Commercial/Industrial, Large Volume Duel Fuel A & B

Comparable Cities Rates

City	ELECTRIC Franchise Fees					GAS Franchise Fees						
	Residential Electric	Small Com/Ind Non Demand	Small Com/Ind Demand	Large Com/Ind	Effective Date	Residential Gas	Less than 1,500 therms/yr	Com/Ind B 1,500 > or < 5,000 therms/yr	Com/Ind C > 5,000 therms/yr	Com/Ind, Small Volume Duel Fuel A & B	Com/Ind, Large Volume Duel Fuel A & B	Effective Date
Apple Valley	2%	2%	2%	2%	6/24/2004	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Blaine	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Bloomington	$5.95	$ 11.90	$ 63.00	$182.00	1/1/2024	$5.95	$ 11.90	$ 11.90	$ 63.00	$ 63.00	$ 182.00	1/1/2024
Brooklyn Park	$7.00	$ 7.50	$ 45.00	$160.00	3/1/2016	$7.00	$ 6.50	$ 20.00	$ 70.00	$ 160.00	$ 160.00	3/1/2016
Burnsville	$4.00	$ 12.00	$ 40.00	$180.00	9/1/2020	$4.00	$ 12.00	$ 40.00	$180.00	$ 180.00	$ 180.00	9/1/2020
Coon Rapids	4%	4%	4%	4%	1/1/1992	4%	4%	4%	4%	4%	4%	1/1/1992
Eagan	$1.85	$ 10.00	$ 10.00	$ 20.00	6/1/2023	$1.85	$ 10.00	$ 10.00	$ 10.00	$ 10.00	$ 20.00	6/1/2023
Eden Prairie	$6.50	$ 8.50	$ 20.50	$ 89.50	4/1/2018	$6.50	$ 8.50	$ 20.50	$ 89.50	$ 89.50	$ 89.50	4/1/2018
Edina	$3.55	$ 71.00	$ 71.00	$ 71.00	1/1/2024	$3.55	$ 6.00	$ 17.00	$ 71.00	$ 71.00	$ 71.00	1/1/2024
Maple Grove	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Minnetonka	$4.50	$ 4.50	$ 13.50	$ 45.00	1/1/2019	$4.50	$ 4.50	$ 13.50	$ 45.00	$ 45.00	$ 45.00	1/1/2019
Plymouth	$3.53	$ 5.31	$ 17.71	$ 70.85	3/11/2024	$3.53	$ 5.31	$ 17.71	$ 70.85	$ 70.85	$ 70.85	3/11/2024
St. Louis Park	$6.75	$ 12.00	$ 48.00	$148.50	6/1/2021	$6.75	$ 6.75	$ 12.00	$ 48.50	$ 48.50	$ 148.50	6/1/2021
Woodbury	$3.25	$ 3.50	$ 23.00	$ 90.00	1/1/2022	$1.75	$ 10.00	$ 10.00	$100.00	$ 90.00	$ 55.00	1/1/2022
Average	**$4.69**	**$ 14.62**	**$ 35.17**	**$105.69**		**$4.54**	**$ 8.15**	**$ 17.26**	**$ 74.79**	**$ 82.79**	**$ 102.19**	

Possible Fee Structures

ELECTRIC Franchise Fees								GAS Franchise Fees												
# Res	#A	#B	#C	Res	A-Small Comm / Indust - Non-Demand	B-Small Comm / Indust - Demand	C-Large Comm	# Res	# D	#E	#F	#H	Res	D-Comm/ Indust, Small Vol.A	E-Comm/ Indust, Small Vol.B	F-Comm/ Indust, Small Vol.C	G-Comm/ Indust, Small Vol.Dual Fuel A & B	H-Comm/ Indust, Large Vol. Dual Fuel A & B	Total Annual Revenues
28,858	1720	207	180	$ 2	$ 10	$ 30	$ 100	26792	510	523	189	4	$ 2	$ 10	$ 30	$ 30	$ 30	$ 100	$ 2,154,840
				$ 4	$ 14	$ 32	$ 110						$ 4	$ 14	$ 32	$ 32	$ 32	$ 110	$ 3,641,616
				$ 6	$ 16	$ 35	$ 120						$ 6	$ 16	$ 35	$ 35	$ 35	$ 120	$ 5,085,900
				$ 12	$ 20	$ 40	$ 120						$ 12	$ 20	$ 40	$ 40	$ 40	$ 120	$ 9,254,880

Funding Targets

Financial Targets	Annual Levy Required FY2025	FY2026	FY2027	FY2028	FY2029	2025 - 2029 Total
(1) Pavement Management *	$ 2,130,500	$ 2,194,415	$ 2,194,415	$ 2,260,247	$ 2,260,247	$ 11,039,824
(2) Public Safety Training Facility **	$ 1,116,613	$ 1,116,613	$ 1,116,613	$ 1,116,613	$ 1,116,613	$ 5,583,067
(3) Fire Station Remodels/Builds ***	$ 2,372,803	$ 2,372,803	$ 2,372,803	$ 3,768,251	$ 3,768,251	$ 14,654,913
(4) Building Maintenance Fund *	$ 150,000	$ 150,000	$ 150,000	$ 150,000	$ 175,000	$ 775,000
(5) Veh/Equip Rplcmt Fund *	$ 500,000	$ 1,500,000	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 8,000,000

* Current funding source is Operating Levy

** Current funding source is bonding ($16M) or additional grants. Total project is $21M-$24M, $7M fed grant secured; constr in 2025

*** FD Option D3 - Curr funding source is bonding ($44M in 2025, $20M in 2028). 2024 Renovation costs (Stn1 & 4) total $389K (from Bldg fund-Psfty Aid)

Construction Timeline	2025	2026	2027	2028	2029	2025-2029
Public Safety Training Facility **	$16,000,000					$ 16,000,000
Fire Station Remodels/Builds ***	$26,000,000	$18,000,000		$20,000,000		$ 64,000,000

Funding Targets – Costs/Timelines

- FiRST Training Facility
  - Dec 2024 – Final Design
  - Feb 2025 – Bidding/Negotiation
  - April 2025 – Construction Starts
  - April 2026 – Construction Ends
  - May-June 2026 – Closeout
  - July 2026 – Open to Agencies

Total Cost	$24,707,572
State of MN	($7,170,000)
Federal grant	($800,000)
Alternatives	$1,055,036
City Contribution	**$17,792,608**

Funding Targets – Costs/Timelines

- Fire Station Remodels/Builds
  - Spring 2024 – FS4 remodel (1st 6 FT)
  - Fall 2024 – FS1 remodel (2nd 6 FT)
  - 2025 – Combine #2 + #4 = New #5
  - 2026 – Pause #3/#1 remodels as eval #5
  - 2027 – Sell or repurpose #2
  - 2027– Fully renovate #3 ($18M)
  - 2028 – Fully renovate #1 ($20M)
  - 2029 – Use #4 for equipment/personnel during renovations. Evaluate sale or reuse when all projects are completed.

Total Cost	$64M
2025 Bonds	$26M
2027 Bonds	$18M
2028 Bonds	$20M

POC fire models are typical in smaller MN jurisdictions. Volunteer fire departments across America are under severe stress to train, retrain, and deploy a sufficient level of volunteer personnel due to changing socioeconomics. For growing communities like Lakeville, investment in fire services are necessary to meet the needs of the growth.

Property Tax Levy vs. Franchise Fee

Annual Levy increase	2025	2026	2027	2028	2029	2030
$450K Residential	$ 115.32	$ 164.28	$ 164.28	$ 218.78	$ 218.78	$ 218.78
$1M Commercial/Indust	$ 493.31	$ 702.76	$ 702.76	$ 935.47	$ 935.47	$ 935.47
$4M Commercial/Indust	$ 2,030.89	$ 2,893.15	$ 2,893.15	$ 3,851.19	$ 3,851.19	$ 3,851.19
Franchise Fees						
	Per Mo Fee	Annual Cost				
Residential	$ 12.00	$ 144.00				
$1M Commercial/Indust	$ 70.00	$ 840.00				
$4M Commercial/Indust	$ 240.00	$ 2,880.00				

- 4.4% of Lakeville's tax base is Exempt from property taxes – this is taxable market value of $603M that is not realized for the city ($134M of this is city-owned).

Exempted Rate Classes

If cities want to exempt some of their municipal accounts, they exempt the entire rate classifications below:

- Public Street Lighting (Xcel & Dakota)
- Municipal Pumping – Non-Demand & Demand (Xcel only)
- Civil defense sirens (Xcel & Dakota)

one account	multiple meters	one fee assessed
multiple accounts	multiple meters at different rates	more than one fee assessed
one account	multiple rate classifications combined into one	one fee assessed, at largest applicable rate to a single rate classification
more than one premise		more than one fee assessed, each premise (address) will be assessed

Next Steps

- Amend current franchise agreements in place
- Adopt an ordinance for each service provider to enact the fee
- Notify the Minnesota Public Utility Commission, allow time for the utility companies to implement the fees
- The new revenue is collected by the utility providers from their customers along with their normal billing procedures
- Service providers transfer funds to the City on a quarterly basis

Timeline

- June 26 – Finance Committee – review rates/structure, input on communication strategy
- July 22 – Council Work Session – approve rates and to move forward, review communication strategy
- Aug 20 – Draft notices to utility companies of Proposed Ordinance (90 days prior to Council adoption)
- Aug – Sept – Oct – Communication to residents & businesses
- Nov 18 – Public Hearing and Adopt Ordinance
    - send written notice with copy of adopted Ordinance to utility companies by certified mail
- Nov – Dec – Jan – Feb – Communications to residents & businesses
- March 1, 2025 – Effective date of Ordinance with Franchise Fees

Communication and Engagement Plan: Franchise Fees for Electric and Gas

Owner: Tierney Helmers, City of Lakeville Communications

Objective:

Under Minnesota Statute 216B.36, cities can impose a fee on utility companies that use public rights-of-way to deliver services. These fees can supplement city funds for projects and can be used instead of a tax levy. Lakeville will enter into franchise agreements with four utility providers: CenterPoint Energy, Minnesota Energy Resources, Xcel Energy, and Dakota Electric. Other nearby cities of similar size already have franchise fee rates in place, which are comparable to the proposed rates in Lakeville.

Once the City Council approves the agreements and the utility companies are notified, we need to launch a communications plan to educate the public and businesses about franchise fees. This plan will explain what franchise fees are, how they compare to tax levies, their intended uses, the different fee levels, and when they will take effect.

Schedule:

Begin communicating with residents and businesses from August 2024 to February 2025. The ordinance with franchise fees will take effect on March 1, 2025, and will appear on bills starting that date.

Duration:

This campaign will begin in August and continue until the fees take effect. We will maintain an updated webpage and address questions as they arise by adding new materials, posts, or updates to the website, including FAQs.

Key Messages:

- Why are franchise fees considered the best option?
    - Minnesota State Statute permits cities to use franchise fees instead of tax levies because utilities are allowed to use public rights-of-way.
    - The fee is distributed equally among all users on a tiered approached based on usage.
- Why a franchise fee vs. a tax levy?
    - With a franchise fee everyone pays a flat fee, rather than a tax levy, which varies based on property value and affects everyone differently.
    - With a franchise fee everyone pays their fair share including tax exempt properties who typically don't contribute taxes to support public safety and city infrastructure services.
- How will the franchise fees be used by the city?
    - The City of Lakeville has grown significantly, leading to an increased demand for Public Safety services, especially fire services, which has become a key focus for the city.
    - Revenues generated by this flat franchise fee will be allocated to Public Safety, specifically the Fire and Police Departments.
    - Transitioning to a full-time firefighting staff involves substantial costs for building modifications, improvements, and constructing new facilities.

Campaign Goals:

- **Inform the Public:** Educate residents and businesses about the new franchise fees, including what they are, why they are being implemented, and how they compare to tax levies.
- **Ensure Transparency:** Provide clear and accessible information about the different fee levels, their intended uses, and the effective date.
- **Engage the Community:** Address questions and concerns promptly through updated materials, posts, and FAQs on the website.
- **Facilitate Smooth Implementation:** Ensure residents and businesses are well-prepared for the new fees appearing on bills starting March 1, 2025.

Strategy:

1. **Initial Announcement (August 2024):**
   - Launch the campaign with a clear, comprehensive announcement about the new franchise fees, their purpose, and how they will be implemented.
   - Distribute the announcement through multiple channels including the city website, social media, City News newsletter and newspaper ad.
2. **Consistent Communication:**
   - Regularly update the city's website with new materials, FAQs and posts to keep the information current and address emerging questions.
   - Use social media platforms to share key information and direct the public to the city's website for detailed explanations.
3. **Feedback Mechanism:**
   - Create a location where residents and businesses can submit questions and concerns on the dedicated webpage for a few months leading up to the launch.
   - Monitor feedback and update the communication materials accordingly to address common queries.
4. **Ongoing Updates (August 2024 - February 2025):**
   - Continue to share information.
5. **Final Push (February 2025):**
   - Intensify communication efforts in the final month leading up to the effective date.
   - Ensure all residents and businesses are reminded of the upcoming change and are aware of where to find information.
6. **Post-Implementation Support (March 2025 and beyond):**
   - Continue to monitor and respond to inquiries as the franchise fees appear on bills.
   - Update the community on the impact and benefits of the franchise fees as they are realized.

Campaign Components:

- [ ] Messaging package
- [ ] Schedule
- [ ] Cable Channel:
  - PSAs

- [ ] Medium:
    - Create unique and eye-catching GIFs and promo videos
    - Create static social posts

- [ ] Website:
    - Create page, include FAQs, charts with costs, chart with levy vs. flat fee
    - Emulate parts of other city's pages

- [ ] Social Media:
    - Twitter
    - Facebook
    - Nextdoor
    - Instagram

- [ ] Newspaper:
    - Put information in bi-weekly advertisement

- [ ] City News newsletter
    - Create multiple articles (first starts in August edition)

Date: 7/22/2024

2Q 2024 Financial Report & Finance Mid-Year Report

Proposed Action
No formal action required. For discussion only.

Overview
The attached financial report and analysis offers readers a narrative overview of the financial activities of the City for the 2nd quarter of 2024. Staff will also give a short presentation on the Finance Departments' first half 2024 activities.

Supporting Information
1. 2024 2nd Qtr Financial Report

Financial Impact: $ **Budgeted:** Yes **Source:** General, Communications, Liquor, Utility funds
Envision Lakeville Community Values: Good Value for Public Service
Report Completed by: Julie Stahl, Finance Director

FINANCIAL HIGHLIGHTS:

The following financial report and analysis offers readers a narrative overview of the financial activities of the City for the six-month period ended June 30, 2024. This report includes the General Fund, Communications Fund, Liquor Fund and Utility Operating Funds. The readers are encouraged to consider the information presented here in conjunction with the unaudited financial statements attached to this report, the adopted budget, and the five-year Capital Improvement Plan.

❖ **General Fund - Revenues**

❖ *Property tax revenues.*

- Tax payments from Dakota County are received in two installments in June and December. The General fund property tax revenues are anticipated to be $29.8 million for 2024.

❖ *Licenses and Permits.*

- Building permit revenues are within budget estimates through the second quarter. The following chart shows how the number of permits issued in the second quarter compared to the same period in 2023 and the 2024 adopted budget:

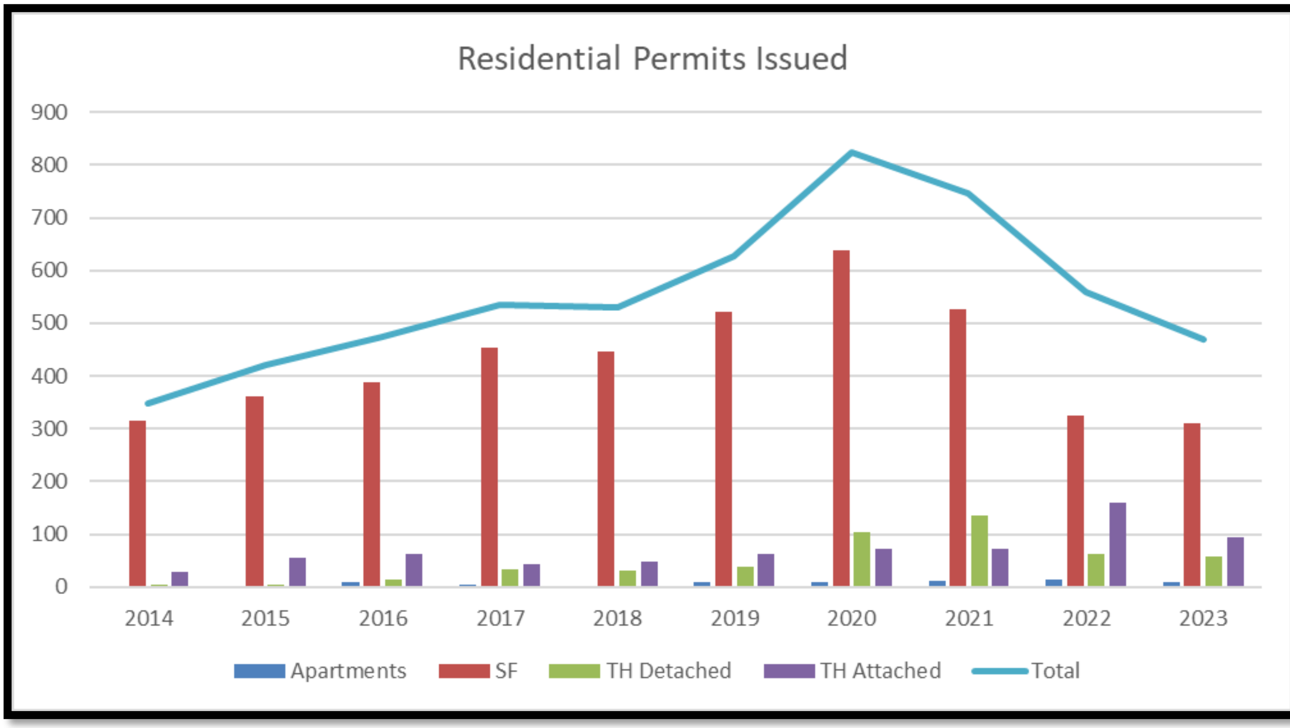
Permit Type	YTD 2nd Quarter 2023	2024 Adopted Budget	YTD 2nd Quarter 2024
Single Family	175	300	162
Townhome	49	140	57
Apartments (Units)	5 (156 units)	2 (243 units)	0
Commercial	5	4	1
Industrial	1	2	1

- Year-to-date permits issued through July 16, 2024 are as follows:
  - Single Family – 170
  - Townhome – 59

FINANCIAL HIGHLIGHTS (continued):

❖ *Historical Building Permits*

- As shown in the chart below building permits for single family had record breaking years in 2019, 2020 and 2021. Permits are trending to a steady growth as seen in years past. The mix of permit types is changing to include a mix of townhomes and apartment complexes.



❖ *Intergovernmental.*

- Revenues comprised of police and fire aid and various grants are typically received in the third and fourth quarters.

❖ *Charges for Services*

- *General government services* are in line with the budget and higher than the previous year. $89,000 has been received for fiscal agent fees from Dakota 911 and Lakeville Arenas which is up $2,300 over the previous year.

- *Public Safety* revenues are in line with the budget. Security services are down slightly compared to the same time in 2023. SRO contributions are up from 2023 due to changes in staffing of the SRO Officers. The current fire contract with Eureka Township expires at the end of 2024. City staff are working on a renewal and updating fees to be consistent with state formula guidance and reflecting the fulltime firefighters that have been added. The 2024 fee of $51,825 was billed out in June of the current year.

FINANCIAL HIGHLIGHTS (continued):

- *Public works* revenues are based mainly on summer construction projects and year-to-date revenues are at 50% of the annual budget. Engineering developer contract administration is recognized as revenue when collected with the development contract. This contract administration revenue is up about $30,000 from the same period a year ago due to more and larger developments in 2024.

- *Parks and Recreation* revenues are down $16,061 from the prior year. Recreation programs are under budget estimates (at 47%) as most programs are held in the summer.

❖ *Court Fines.*
- Revenues from court fines ($123,000) represent 51 percent of the budget estimates and are down $800 from the same period in 2023. Court fine revenues and the membership fees paid to the Dakota 911 are both impacted by the number of CAD calls. Moderate increases are anticipated.

❖ General Fund - Expenditures

Total expenditures are roughly $1 million greater than 2Q 2023 and are 46 percent of the 2024 budget. Factoring in the $682K of Transfers-In recorded in 2023 makes for a $1.6M comparative difference. General Fund staff overhead allocations for Communications and Enterprise funds are now shown as expenditure reductions within the various General Fund departments rather than Transfers-In.

❖ *Personnel.* Expenditures for the second quarter for personnel are at 46 percent of the 2024 budget. Numerous employee vacancies and transitions have resulted in lower cost than expected.

❖ *Motor Fuels.* Motor fuels through June 30 are at 42 percent of the 2024 Budget. Fuel expense is $61,000 less than the same period in 2023 as fuel costs continue to fluctuate. The City does have a contract for fuel prices in place to mitigate some of the price increases.

❖ *Street Chemicals.* 2024 salt purchases are $25,000 lower than the same period in 2023 and are at 79 percent of the annual budget. Purchases at the end of the 2023-2024 winter season will be stored at the central maintenance facility and will be utilized in the late fall if needed. Current salt storage is at capacity and staff does not anticipate needing to replenish any reserves in 2024.

❖ *Utilities.* Electric costs are $44,000 lower than for the same period in 2023. Energy saving improvements in lighting are contributing to the decrease. Natural gas costs are $27,000 lower than the same period in 2023. Combined electric and natural gas costs are at 23 percent of budget.

❖ *Mayor and Council.* Expenditures are consistent with the same period in 2023.

FINANCIAL HIGHLIGHTS (continued):

- **General Fund - Expenditures (continued)**

  - *City Administration.* Expenditures are lower than prior year due to community survey and update to the Envision Lakeville report that occurred in 2023.

  - *City Clerk.* Expenditures are higher compared to the prior year due to the election in the current year. The County billed for election equipment costs in the second quarter of 2024.

  - *Legal.* Legal fees are 53 percent of the budget. Expenditures are slightly higher than the same period in 2023.

  - *Community and Economic Development.* Expenditures are 49 percent of budget and slightly lower than the previous year. The departments Community and Economic Development and Planning have consolidated starting in 2024.

  - *Inspections.* Second quarter salaries are within budget and lower than the previous year due to transition between Building Officials. Contractual electrical inspections are higher by $49,000 over the prior year which correlates to the increase in permit revenues.

  - *General Government Facilities.* Salaries are down over the same period in 2023 resulting from employee transitions and vacancies in 2024. Commodities and other charges and services are under the budget but are expected to be within the adopted 2024 budget.

  - *Finance Department.* Personnel costs are in line with budget and slighter higher than the same period in 2023 due to step increases. Commodities are under the prior year and budget due to equipment for temporary staff to assist with the ERP in 2023. Other charges and services are higher than 2023 but are expected to be within the 2024 adopted budget.

  - *Information Technology.* Overall expenditures are at 39% of the adopted 2024 budget. Timing of annual maintenance agreements can impact the expense comparison each year.

  - *Human Resources.* Personnel costs are lower than budget (46%) and lower than the same period in 2023 due to transition costs. Professional fees are lower than the prior year due to ERP-related transition costs for upgrading NEOGOV and beginning the setup of the UKG time and attendance software in the first quarter of 2023.

FINANCIAL HIGHLIGHTS (continued):

- ❖ *Police.* Personnel services are within budget and higher than the previous year by $673K due to new staff additions that were approved in the 2023 and 2024 budgets.

- ❖ *Fire*. Personnel services are under budget (at 36%) and higher than the previous year by $245K due to the addition of 6 full-time firefighters at the end of the second quarter. Firefighter pay is contingent on the number of fire calls during the year and is expected to fluctuate as the department continues to expand into a hybrid model of both paid on call and full-time staff. Commodities are lower than prior year due to acquisition of wireless headsets (14) and a chest compression device in first quarter of 2023.

- ❖ *Engineering/GIS.* Personnel services are below budget estimates (at 32%) due to employee vacancies and transition as the department continues to fill the vacancies. This is contributing to the increase in professional engineering fees needed to complete projects.

- ❖ *Forestry.* Personnel services are within budget estimates and higher than the previous year due to new staff transitioning through steps.

- ❖ *Construction Services.* Personnel services are below budget at 35% due to employee vacancies.

- ❖ *Streets.* Personnel services are within budget and lower than the prior year due to decreases in overtime cost related to snow events. Commodities are under the prior year due to less chemicals purchased at the end of the 2023/2024 winter season. All unused chemicals are stored for use in the fall. The salt storage is currently at capacity.

- ❖ *Parks.* Personnel services are slightly over budget due to the retirement and transition of Park and Recreation directors. Overall expenditures are within budget at 49%.

- ❖ *Recreation and Arts Center.* Expenses are within budget in the second quarter but are exceeding the prior year. Arts Center expenses are exceeding the prior year due to added costs associated with the Art Board Grant awarded in 2023 and employee transitions in the first quarter.

❖ **Communications Fund**

- ❖ Revenues from Franchise fees are received on a quarterly basis. They are typically received by the end of the month following the quarter. Revenues continue to be lower than historical and have trended down $38,000 from the prior year as there are other options for residents to utilize for their entertainment.

- ❖ Expenditures are over budget estimates and are up $42,000 over the same period in 2023 with the addition of the City's printed newsletter.

❖ **Liquor Fund**

- ❖ Sales through the second quarter amounted to $10.5 million which is a 0.40 percent increase over the same period in 2023. Increase in customer count and additional rentals at the Emporium Room are accounting for the increase. Gross profit is at 28.7 % in 2024 versus 27.4% in 2023.
- ❖ Total operating expenditures are at 52% of budget appropriations and are lower than the same period in 2023.

- ❖ 2024 Transfers include a $500,000 transfer to the Equipment Fund; $400,000 to the Debt Service Fund for the police station bonds (final maturity - February 2032); $350,500 to the Debt Service Fund for the Keokuk Liquor Store; $30,000 for the 2024 fireworks; $239,000 in operating transfers and $60,000 to the Technology Fund.

- ❖ Capital outlay consists of a tenant improvement at Heritage, parking lot mill and overlay and rooftop unit replacements at Galaxie, exterior sign replacement at Kenrick and exterior sign and landscaping for the Emporium Room at Keokuk liquor store.

❖ **Water Fund**

- ❖ Water revenues are low in the second quarter which is typical for the second quarter and is also slightly higher than the same period in 2023. There was an increase in customer base and an increase of 29,000 gallons billed compared to the same period in 2023. A new water rate structure went into effect February 1, 2023. The new rate structure promotes water conservation and created an equitable structure in which lower volume users end up paying less.

- ❖ Operating expenditures are under budget estimates (at 35%).

- ❖ The following projects are planned as part of the 2024 major maintenance budget. The gross project amounts are shown below:
  - Water meter replacement residential & commercial - $100,000
  - Watermain replacements - $655,000
  - Water tower cleaning, inspection, repairs $1,245,000
  - Well and pump rehabilitations - $350,000
  - Chlorine scrubber and water production- $452,500

❖ **Sewer Fund**

- ❖ Sewer revenues are exceeding budget expectations and are up over the same period in 2023. Similar to water revenues, sewer revenues increased as a result of the increased customer base.

- ❖ Disposal charges paid to Metropolitan Council of Environmental Services increased 6.8 percent over the 2023 rates and are projected to be $5.4 million for 2024.

- ❖ Operating expenditures are below budget estimates (at 48%).

- ❖ The following projects are planned as part of the 2024 major maintenance budget. The gross project amounts are shown below:
  - Sewer line improvements - $375,000
  - I/I mitigation repairs -$825,000
  - Lift station rehabilitation - $70,000

FINANCIAL HIGHLIGHTS (continued):

- **Street Lighting Fund**

  - Revenues are exceeding budget and are up over the same period in 2023 due to increase in customer base.

  - Streetlight rates did not increase for 2024.

  - Expenditures are under budget appropriations (at 47%).

  - No major maintenance projects planned for 2024.

- **Environmental Resources Fund**

  - Revenues are in line with budget estimates and are slightly lower than the same period in 2023. Environmental Resources rates did not increase in 2024.

  - Intergovernmental grant revenues are budgeted at $609,346 for several restorations budgeted as follows:

    - Aquatic invasive species – Dakota County funding $45,000
    - Urban water conservation program – Met Council funding - $9,346
    - CP 24-XX Greenridge Park Water quality improvements - $500,000
    - Lake management treatments – DNR funding - $55,000

    The request for funding will be made once the final contract payments are made.

  - Personnel expenditures are higher than budget due to new employee transitioning between steps. Contractual expenditures are tracking below budget estimates and are typical for the second quarter. Various projects are still currently in progress or have not been started resulting in lower expenses compared to the budget.

Unaudited

General Fund
Summary Statement of Revenues, Expenditures and Changes in Fund Balances
For the Six Month Period Ended June 30, 2024

	2024 Adopted Budget	2024 Amended Budget	6/30/2024 Actual	Variance from Amended Budget Positive (Negative)	Actual Percent	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
Revenues								
General property taxes	$ 29,821,150	$ 29,821,150	$ 13,531,159	$ (16,289,991)	45.4%	$ 11,917,882	$ 1,613,277	113.5%
Licenses and permits	3,262,810	3,262,810	1,683,637	(1,579,173)	51.6%	2,049,155	(365,518)	82.2%
Intergovernmental	1,596,841	1,596,841	119,322	(1,477,519)	7.5%	55,040	64,282	216.8%
Charges for services	3,095,470	3,231,470	1,576,876	(1,654,594)	48.8%	1,696,876	(120,000)	92.9%
Court fines	240,000	240,000	123,331	(116,669)	51.4%	124,109	(778)	99.4%
Investment income	311,190	311,190	155,595	(155,595)	50.0%	80,560	75,035	193.1%
Miscellaneous	48,124	48,124	73,859	25,735	153.5%	47,645	26,214	155.0%
Total revenues	38,375,585	38,511,585	17,263,779	(21,247,806)	44.8%	15,971,267	1,292,512	108.1%
Expenditures								
Mayor and Council	138,400	138,400	58,611	79,789	42.3%	62,999	4,388	93.0%
Committees and Commissions	135,989	135,989	15,349	120,640	11.3%	53,971	38,622	28.4%
City Administration	647,060	647,060	290,930	356,130	45.0%	356,189	65,259	81.7%
City Clerk	359,100	359,100	164,161	194,939	45.7%	88,082	(76,079)	186.4%
Legal Counsel	87,000	87,000	46,080	40,920	53.0%	31,202	(14,878)	147.7%
Community and Econ. Developmer	1,205,148	1,205,148	585,395	619,753	48.6%	593,921	8,526	98.6%
Inspections	2,013,354	2,013,354	888,541	1,124,813	44.1%	943,766	55,225	94.1%
General Government Facilities	731,407	731,407	290,458	440,949	39.7%	335,945	45,487	86.5%
Finance	1,375,778	1,375,778	575,151	800,628	41.8%	574,477	(674)	100.1%
Information Systems	1,063,469	1,063,469	412,295	651,174	38.8%	498,539	86,244	82.7%
Human Resources	944,856	944,856	400,650	544,206	42.4%	424,733	24,083	94.3%
Insurance	250,000	250,000	137,500	112,500	55.0%	125,000	(12,500)	110.0%
Police	15,580,253	15,580,253	7,715,023	7,865,230	49.5%	6,872,657	(842,366)	112.3%
Fire	3,519,424	3,519,424	1,336,999	2,182,425	38.0%	1,117,942	(219,057)	119.6%
Engineering	1,206,320	1,206,320	368,846	837,474	30.6%	522,238	153,392	70.6%
Forestry	597,159	597,159	237,917	359,242	39.8%	163,139	(74,778)	145.8%
Construction Services	622,584	622,584	214,709	407,875	34.5%	245,486	30,777	87.5%
Streets	4,461,925	4,461,925	2,096,383	2,365,543	47.0%	2,349,894	253,512	89.2%
Parks	3,734,783	3,734,783	1,826,824	1,907,959	48.9%	1,607,543	(219,281)	113.6%
Recreation	1,056,799	1,056,799	483,043	573,756	45.7%	408,505	(74,538)	118.2%
Arts Center	984,762	984,762	645,925	338,837	65.6%	498,034	(147,891)	129.7%
Other	250,000	250,000	-	250,000	0.0%	-	-	0.0%
Total expenditures	40,965,570	40,965,570	18,790,789	22,174,781	45.9%	17,874,262	(916,527)	105.1%
Excess (deficiency) of revenues over expenditures	(2,589,985)	(2,453,985)	(1,527,010)	926,975		(1,902,995)	375,985	
Other financing sources (uses)								
Transfer from other funds	1,276,571	1,276,571	-	(1,276,571)	0.0%	681,999	(681,999)	0.0%
Transfer to other funds	(215,000)	(215,000)	(215,000)	-	100.0%	(2,353,880)	2,138,880	9.1%
Total other financing sources (uses)	1,061,571	1,061,571	(215,000)	(1,276,571)		(1,671,881)	1,456,881	12.9%
Net change in fund balance	(1,528,414)	(1,392,414)	(1,742,010)	(349,596)		(3,574,876)	1,832,866	
Beginning fund balance	21,669,326	22,161,712	22,373,042	211,330		22,007,407	365,635	
Committed	(20,000)	-						
Ending fund balance	$ 20,120,912	$ 20,769,298	$ 20,631,032	$ (138,266)		$ 18,432,531	$ 2,198,501	
Adj fund balance, Dec 31 (net of re	*$ 20,120,912*	*$ 20,097,847*	*$ 20,495,334*			*$ 18,296,833*		
Net change in fund balance percent	(7.1%)	(6.3%)	(7.8%)			(16.2%)		
Ratio: Fund balance to CY expendi	49.1%	49.1%						
Ratio: Fund balance to NY expendi	46.7%	46.6%						
Expense Summary:								
Personnel services	*30,700,340*	*30,700,340*	*14,229,153*	*16,471,187*	46.3%	*13,388,736*	*(840,417)*	*106.3%*
Commodities	*2,371,189*	*2,371,189*	*1,185,815*	*1,185,374*	50.0%	*1,396,832*	*211,017*	*84.9%*
Other charges and services	*7,822,296*	*7,822,296*	*3,341,793*	*4,480,503*	42.7%	*3,015,014*	*(326,779)*	*110.8%*
Capital outlay	*71,745*	*71,745*	*34,028*	*37,717*	*47.4%*	*73,680*	*39,652*	*46.2%*
	40,965,570	*40,965,570*	*18,790,789*	*22,174,781*	*45.9%*	*17,874,262*	*(916,527)*	*105.1%*

General Fund
Schedule of Expenditures

Expenditures	2024 Adopted Budget	2024 Amended Budget	6/30/2024 Actual	Variance from Adopted Budget Positive (Negative)	Actual Percent	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
Mayor and Council								
Personnel services	$ 60,379	$ 60,379	$ 28,255	$ 32,124	47%	$ 29,228	$ 973	96.7%
Commodities	50	50	-	50	0%	140	140	0.0%
Other charges and services	77,971	77,971	30,356	47,615	39%	33,631	3,275	90.3%
Total	138,400	138,400	58,611	79,789	42%	62,999	4,388	93.0%
Committees/Commissions								
Personnel services	74,289	74,289	2,404	71,885	3%	3,095	691	77.7%
Commodities	2,500	2,500	-	2,500	0%	-	-	0.0%
Other charges and services	59,200	59,200	12,945	46,255	22%	50,876	37,931	25.4%
Total	135,989	135,989	15,349	120,640	11%	53,971	38,622	28.4%
City Administration								
Personnel services	579,819	579,819	266,716	313,103	46%	277,517	10,801	96.1%
Commodities	2,550	2,550	3,553	(1,003)	139%	1,037	(2,516)	342.6%
Other charges and services	64,691	64,691	20,661	44,030	32%	76,106	55,445	27.1%
Capital outlay	-	-	-	-	0%	1,529	1,529	0.0%
Total	647,060	647,060	290,930	356,130	45%	356,189	65,259	81.7%
City Clerk								
Personnel services	265,956	265,956	86,875	179,081	33%	72,273	(14,602)	120.2%
Commodities	5,420	5,420	10,083	(4,663)	186%	13	(10,070)	77561.5%
Other charges and services	87,724	87,724	67,203	20,521	77%	15,796	(51,407)	425.4%
Capital outlay	-	-	-	-	0%	-	-	0.0%
Total	359,100	359,100	164,161	194,939	46%	88,082	(76,079)	186.4%
Legal Counsel								
Other charges and services	87,000	87,000	46,080	40,920	53%	31,202	(14,878)	147.7%
Community and Economic Development								
Personnel services	1,070,370	1,070,370	528,486	541,884	49%	495,189	(33,297)	106.7%
Commodities	2,566	2,566	1,045	1,521	41%	680	(365)	153.7%
Other charges and services	132,212	132,212	55,864	76,348	42%	98,052	42,188	57.0%
Capital outlay	-	-	-	-	0%	-	-	0.0%
Total	1,205,148	1,205,148	585,395	619,753	49%	593,921	8,526	98.6%
Inspection								
Personnel services	1,506,687	1,506,687	682,785	823,902	45%	788,400	105,615	86.6%
Commodities	16,796	16,796	5,728	11,068	34%	5,769	41	99.3%
Other charges and services	455,626	455,626	200,028	255,598	44%	118,115	(81,913)	169.4%
Capital outlay	34,245	34,245	-	34,245	0%	31,482	31,482	0.0%
Total	2,013,354	2,013,354	888,541	1,124,813	44%	943,766	55,225	94.1%

(continued)

General Fund
Schedule of Expenditures

Expenditures (continued)	2024 Adopted Budget	2024 Amended Budget	6/30/2024 Actual	Variance from Adopted Budget Positive (Negative)	Actual Percent	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
General Government Facilities								
Personnel services	$ 449,966	$ 449,966	$ 190,110	$ 259,856	42%	$ 210,119	$ 20,009	90.5%
Commodities	26,477	26,477	7,474	19,003	28%	9,270	1,796	80.6%
Other charges and services	254,964	254,964	92,874	162,090	36%	116,556	23,682	79.7%
Capital outlay	-	-	-	-	0%	-	-	0.0%
Total	731,407	731,407	290,458	440,949	40%	335,945	45,487	86.5%
Finance								
Personnel services	1,051,698	1,051,698	492,870	558,828	47%	494,895	2,025	99.6%
Commodities	2,300	2,300	732	1,568	32%	2,147	1,415	34.1%
Other charges and services	321,780	321,780	81,549	240,232	25%	75,901	(5,648)	107.4%
Capital outlay	-	-	-	-	0%	1,534	1,534	0.0%
Total	1,375,778	1,375,778	575,151	800,628	42%	574,477	(674)	100.1%
Information Technology								
Personnel services	535,051	535,051	193,669	341,382	36%	238,049	44,380	81.4%
Commodities	5,500	5,500	542	4,958	10%	1,231	689	44.0%
Other charges and services	522,918	522,918	218,084	304,834	42%	257,660	39,576	84.6%
Capital outlay	-	-	-	-	0%	1,599	1,599	0.0%
Total	1,063,469	1,063,469	412,295	651,174	39%	498,539	86,244	82.7%
Human Resources								
Personnel services	663,735	663,735	303,885	359,850	46%	323,794	19,909	93.9%
Commodities	1,800	1,800	625	1,175	35%	628	3	99.5%
Other charges and services	279,321	279,321	95,497	183,824	34%	100,311	4,814	95.2%
Capital outlay	-	-	643	(643)	0%	-	(643)	0.0%
Total	944,856	944,856	400,650	544,206	42%	424,733	24,083	94.3%
Insurance								
Other charges and services	250,000	250,000	137,500	112,500	55%	125,000	(12,500)	110.0%
Police								
Personnel services	12,706,216	12,706,216	6,354,655	6,351,561	50%	5,682,004	(672,651)	111.8%
Commodities	477,229	477,229	230,753	246,476	48%	194,716	(36,037)	118.5%
Other charges and services	2,396,808	2,396,808	1,129,615	1,267,193	47%	992,925	(136,690)	113.8%
Capital outlay	-	-	-	-	0%	3,012	3,012	0.0%
Total	15,580,253	15,580,253	7,715,023	7,865,230	50%	6,872,657	(842,366)	112.3%
Fire								
Personnel services	2,924,016	2,924,016	1,061,456	1,862,560	36%	816,965	(244,491)	129.9%
Fire Relief Contribution/State Aid	-	-	13,000	(13,000)	0%	2,000	(11,000)	650.0%
Commodities	229,321	229,321	74,299	155,022	32%	139,762	65,463	53.2%
Other charges and services	366,087	366,087	188,244	177,843	51%	159,215	(29,029)	118.2%
Capital outlay	-	-	-	-	0%	-	-	0.0%
Total	3,519,424	3,519,424	1,336,999	2,182,425	38%	1,117,942	(219,057)	119.6%

(continued)

Unaudited

General Fund
Schedule of Expenditures

Expenditures (continued)	2024 Adopted Budget	2024 Amended Budget	6/30/2024 Actual	Variance from Adopted Budget Positive (Negative)	Actual Percent	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
Engineering								
Personnel services	$ 999,808	$ 999,808	$ 323,180	$ 676,628	32%	$ 447,962	$ 124,782	72.1%
Commodities	8,270	8,270	2,688	5,582	33%	2,793	105	96.2%
Other charges and services	198,242	198,242	42,978	155,264	22%	54,796	11,818	78.4%
Capital outlay	-	-	-	-	0%	16,687	16,687	0.0%
Total	1,206,320	1,206,320	368,846	837,474	31%	522,238	153,392	70.6%
Forestry								
Personnel services	241,011	241,011	$ 114,731	$ 126,280	48%	$ 105,737	$ (8,994)	108.5%
Commodities	8,058	8,058	3,245	4,813	40%	1,744	(1,501)	186.1%
Other charges and services	348,090	348,090	119,941	228,149	34%	55,658	(64,283)	215.5%
Capital outlay	-	-	-	-	0%		-	0.0%
Total	597,159	597,159	237,917	359,242		163,139	(74,778)	
Construction Services								
Personnel services	592,484	592,484	208,969	383,515	35%	227,116	18,147	92.0%
Commodities	12,350	12,350	3,424	8,926	28%	2,088	(1,336)	164.0%
Other charges and services	17,750	17,750	2,316	15,434	13%	16,282	13,966	14.2%
Capital outlay	-	-	-	-	0%	-	-	0.0%
Total	622,584	622,584	214,709	407,875	34%	245,486	30,777	87.5%
Streets								
Personnel services	2,860,065	2,860,065	1,353,809	1,506,256	47%	1,411,621	57,812	95.9%
Commodities	1,104,220	1,104,220	573,744	530,476	52%	822,485	248,741	69.8%
Other charges and services	497,640	497,640	168,830	328,811	34%	115,788	(53,042)	145.8%
Capital outlay	-	-	-	-	0%	-	-	0.0%
Total	4,461,925	4,461,925	2,096,383	2,365,543	47%	2,349,894	253,512	89.2%
Parks								
Personnel services	2,674,592	2,674,592	1,418,137	1,256,455	53%	1,223,055	(195,082)	116.0%
Commodities	356,919	356,919	171,427	185,492	48%	153,661	(17,766)	111.6%
Other charges and services	703,272	703,272	237,260	466,012	34%	230,827	(6,433)	102.8%
Capital outlay	-	-	-	-	0%	-	-	0.0%
Total	3,734,783	3,734,783	1,826,824	1,907,959	49%	1,607,543	(219,281)	113.6%
Recreation								
Personnel services	620,185	620,185	299,847	320,338	48%	284,882	(14,965)	105.3%
Commodities	47,108	47,108	12,839	34,269	27%	15,118	2,279	84.9%
Other charges and services	389,506	389,506	170,357	219,149	44%	108,505	(61,852)	157.0%
Capital outlay	-	-	-	-	0%	-	-	0.0%
Total	1,056,799	1,056,799	483,043	573,756	46%	408,505	(74,538)	118.2%
Arts Center								
Personnel services	574,013	574,013	305,314	268,699	53%	254,835	(50,479)	119.8%
Commodities	61,755	61,755	83,614	(21,859)	135%	43,550	(40,064)	192.0%
Other charges and services	311,494	311,494	223,612	87,882	72%	181,812	(41,800)	123.0%
Capital outlay	37,500	37,500	33,385	4,115	89%	17,837	(15,548)	187.2%
Total	984,762	984,762	645,925	338,837	66%	498,034	(147,891)	129.7%

CITY OF LAKEVILLE, MINNESOTA
Special Revenue - Communications Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
For the Six Month Period Ended June 30, 2024

	2024 Adopted Budget	6/30/2024 Actual	Variance	Percent of Budget	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
Revenues							
Licenses franchise fee	$ 624,649	$ 272,774	$ (351,875)	43.7%	$ 311,285	$ (38,511)	87.6%
PEG Fees	44,098	19,957	(24,141)	45.3%	22,897	(2,940)	87.2%
Other	2,000	-	(2,000)		-	-	
Investment income	6,643	4,328	(2,315)	65.2%	8,802	(4,474)	49.2%
Total revenues	677,390	297,059	(380,331)	43.9%	342,984	(45,925)	86.6%
Expenditures - General government							
Personnel services	490,096	273,775	216,321	55.9%	256,792	(16,983)	106.6%
Commodities	12,082	6,069	6,013	50.2%	2,439	(3,630)	248.8%
Other charges and services	181,259	99,590	81,669	54.9%	62,566	(37,024)	159.2%
Capital outlay	11,500	6,155	5,345	53.5%	21,419	15,264	28.7%
Total expenditures	694,937	385,589	309,348	55.5%	343,216	(42,373)	112.3%
Excess (deficiency) of revenues over expenditures	(17,547)	(88,530)	(70,983)	504.5%	(232)	(70,751)	#######
Other financing (uses) - Transfers							
To General Fund (expense allocations)	(86,493)	-	86,493	0.0%	(41,106)	41,106	0.0%
To Technology Fund (expense allocations)	(7,300)	(7,300)	-	100.0%	(6,400)	(900)	114.1%
Total other financing (uses)	(93,793)	(7,300)	86,493	7.8%	(47,506)	40,206	15.4%
Net change in fund balance	(111,340)	(95,830)	15,510		(47,738)	(48,092)	
Beginning fund balance	1,328,652	1,384,988	56,336		1,408,331	(23,343)	
Ending fund balance	$ 1,217,312	$ 1,289,158	$ 71,846		$ 1,360,593	$ (71,435)	

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Liquor Fund
Statement of Revenues, Expenditures and Changes in Working Capital
For the Six Month Period Ended June 30, 2024

	2024 Adopted Budget	6/30/2024 Actual	Variance	Percent of Budget	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
Sales and cost of sales							
Sales	$ 23,455,234	$ 10,551,714	$ (12,903,520)	45.0%	$ 10,506,055	$ 45,659	100.4%
Rentals and events	45,000	-	45,000	0.0%	-	-	0.0%
Cost of sales	17,232,321	7,525,869	9,706,452	43.7%	7,624,386	98,517	98.7%
Gross profit	6,267,913	3,025,845	(3,242,068)	48.3%	2,881,669	144,176	105.0%
Gross profit %	26.7%	28.7%			27.4%		
Operating expenses							
Personnel services	2,778,136	1,506,382	1,271,754	54.2%	1,336,204	(170,178)	112.7%
Commodities	100,655	40,344	60,311	40.1%	56,645	16,301	71.2%
Other charges and services	1,538,815	769,338	769,477	50.0%	769,421	83	100.0%
Total operating expenses	4,417,606	2,316,064	2,101,542	52.4%	2,162,270	(153,794)	107.1%
Operating income	1,850,307	709,781	(1,140,526)	38.4%	719,399	(9,618)	98.7%
Non-operating revenue (expense)							
Investment income	38,200	14,524	(23,676)	38.0%	13,725	799	105.8%
Miscellaneous	50,000	-	(50,000)	0.0%	-	-	0.0%
Capital outlay acquisitions	(309,000)		309,000	0.0%	(50,259)	50,259	0.0%
Debt Principal Payments	(260,000)	(260,000)	-	100.0%	(245,000)	(15,000)	106.1%
Transfers in (out)							
General Fund	(239,036)	-	239,036	0.0%	(104,143)	104,143	0.0%
General Fund - Fireworks	(30,000)	-	30,000	0.0%	(15,000)	15,000	0.0%
Debt Service:							
Tax Abatement - Keokuk	(350,500)	(284,650)	65,850	81.2%	(278,750)	(5,900)	102.1%
CIP Bonds-Police Station	(400,000)	(400,000)	-	100.0%	(400,000)	-	100.0%
Capital Projects:							
Equipment Fund	(500,000)	(500,000)	-	100.0%	(500,000)	-	100.0%
Technology Fund	(59,500)	(59,500)	-	100.0%	(44,900)	(14,600)	132.5%
Total non-operating (net)	(2,059,836)	(1,489,626)	570,210	72.3%	(1,624,327)	134,701	91.7%
Net change in net position	(209,529)	(779,845)	(570,316)		(904,928)	125,083	
Beginning net position	12,982,615	12,869,553	(113,062)		12,950,878	(81,325)	
Ending net position	$ 12,773,086	$ 12,089,708	$ (683,378)		$ 12,045,950	$ 43,758	

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Utility Fund Water Operation
Statement of Revenues, Expenditures and Changes in Working Capital
For the Six Month Period Ended June 30, 2024

	2024 Adopted Budget	6/30/2024 Actual	Variance	Percent of Budget	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
Operating revenues							
User charges for services	$ 9,063,671	$ 2,266,341	$ (6,797,330)	25.0%	$ 2,143,926	$ 122,415	105.7%
Other	75,000	187,711	112,711	250.3%	44,304	143,407	423.7%
Total operating revenue	9,138,671	2,454,052	(6,684,619)	26.9%	2,188,230	265,822	-305.5%
Operating expenses							
Personnel services	1,592,257	801,742	790,515	50.4%	275,997	(525,745)	290.5%
Commodities	826,758	287,077	539,681	34.7%	149,086	(137,991)	192.6%
Other charges and services	1,919,761	826,887	1,092,874	43.1%	398,689	(428,198)	207.4%
Major Maintenance	1,497,500	101,157	1,396,343	6.8%	61,163	(39,994)	165.4%
Total operating expenses	5,836,276	2,016,862	3,819,414	34.6%	884,935	(1,131,927)	227.9%
Operating income (loss)	3,302,395	437,190	(2,865,205)		1,303,295	(866,105)	
Non-operating revenue (expense)							
Investment income	57,325	59,708	2,383	104.2%	14,309	45,399	417.3%
Misc - Utility rebates/Other	-	-	-	0.0%	-	-	0.0%
Disposal of assets	(10,000)	-	10,000	0.0%	-	-	0.0%
Capital outlay	(1,365,217)	-	1,365,217	0.0%	-	-	0.0%
Bond proceeds	-	-	-	0.0%	-	-	0.0%
Debt Service	(1,266,513)	(472,834)	793,679	37.3%	(1,084,081)	611,247	43.6%
Transfers (out)	(803,776)	-	803,776	0.0%	(521,215)	521,215	0.0%
Total non-operating (net)	(3,388,181)	(413,126)	2,975,055		(1,590,987)	1,177,861	
Net change in net position	(85,786)	24,064	109,850		(287,692)	311,756	-8.4%
Beginning net position	121,224,124	120,650,435	(573,689)		112,760,859	7,889,576	107.0%
Ending net position	$ 121,138,338	$ 120,674,499	$ (463,839)		$ 112,473,167	8,201,332	107.3%

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Utility Fund Sanitary Sewer Operation
Statement of Revenues, Expenditures and Changes in Working Capital
For the Six Month Period Ended June 30, 2024

	2024 Adopted Budget	6/30/2024 Actual	Variance	Percent of Budget	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
Operating revenue							
User charges for services	$ 8,635,692	$ 4,576,398	$ (4,059,294)	53.0%	$ 4,335,766	$ 240,632	105.5%
Operating expenses							
Personnel services	948,691	555,580	393,111	58.6%	411,216	(144,364)	135.1%
Commodities	95,020	62,987	32,033	66.3%	39,247	(23,740)	160.5%
Other charges and services	616,863	661,348	(44,485)	107.2%	132,795	(528,553)	498.0%
Disposal charges	5,381,750	2,690,874	2,690,876	50.0%	2,513,595	(177,279)	107.1%
Major maintenance projects	1,200,000	7,200	1,192,800	0.6%	-	(7,200)	0.0%
Total operating expenses	8,242,324	3,977,989	4,264,335	48.3%	3,096,853	(881,136)	128.5%
Operating income (loss)	393,368	598,409	205,041		1,238,913	(640,504)	48.3%
Non-operating revenue (expense)							
Intergovernmental State aid	-	-	-	0.0%	-	-	0.0%
Investment income	37,574	-	(37,574)	0.0%	45,593	(45,593)	0.0%
Disposal of assets	(10,000)	-	10,000	0.0%	-	-	0.0%
Debt service	(71,750)	(65,000)	6,750	90.6%	(70,833)	5,833	91.8%
Transfers in	33,266	-	(33,266)	0.0%	33,002	(33,002)	0.0%
Transfers (out)	(259,045)	(60,192)	198,853	23.2%	(60,192)	-	100.0%
Total non-operating (net)	(269,955)	(125,192)	144,763	46.4%	(52,430)	(72,762)	238.8%
Net change in net position	123,413	473,217	349,804		1,186,483	(713,266)	39.9%
Beginning net position	70,686,655	74,695,435	4,008,780		71,325,863	3,369,572	104.7%
Ending net position	$ 70,810,068	$ 75,168,652	$ 4,358,584		$ 72,512,346	$ 2,656,306	103.7%

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Utility Fund Street Light Operation
Statement of Revenues, Expenditures and Changes in Working Capital
For the Six Month Period Ended June 30, 2024

	2024 Adopted Budget	6/30/2024 Actual	Variance	Percent of Budget	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
Operating revenue							
User charges for services	$ 1,194,563	$ 636,354	$ (558,209)	53.3%	$ 610,827	$ 25,527	104.2%
Operating expenses							
Personnel services	23,081	11,570	11,511	50.1%	9,675	(1,895)	119.6%
Commodities	23	122	(99)	529.1%	33	(89)	368.8%
Other charges and services	994,727	462,932	531,795	46.5%	430,658	(32,274)	107.5%
Major Maintenance	-	-	-	0.0%	-	-	0.0%
Total operating expenses	1,017,831	474,623	543,208	46.6%	440,366	(34,257)	107.8%
Operating income (loss)	176,732	161,731	(15,001)		170,461	(8,730)	94.9%
Non-operating revenue (expense)							
Investment income	8,204	5,881	(2,323)	71.7%	6,688	(807)	87.9%
Debt service	(50,242)	(45,000)	5,242	89.6%	(45,792)	792	98.3%
Transfers in (out) - General Fund	(10,512)	-	10,512	0.0%	(2,743)	2,743	0.0%
Total non-operating (net)	(52,550)	(39,119)	13,431	74.4%	(41,847)	2,728	93.5%
Net change in net position	124,182	122,611	(1,571)		128,614	(6,003)	95.3%
Beginning net position	1,092,614	940,928	(151,686)		911,947	28,981	103.2%
Ending net position	$ 1,216,796	$ 1,063,539	$ (153,257)		$ 1,040,561	$ 22,978	102.2%

CITY OF LAKEVILLE, MINNESOTA
Enterprise - Utility Fund Environmental Resources Operation
Statement of Revenues, Expenditures and Changes in Working Capital
For the Six Month Period Ended June 30, 2024

	2024 Adopted Budget	6/30/2024 Actual	Variance	Percent of Budget	Comparative 6/30/2023 Actual	Comparative Variance from 2023 Actual Positive (Negative)	
Revenues							
User charges for services	$ 1,911,708	$ 992,368	$ (919,340)	51.9%	$ 994,877	$ (2,509)	99.7%
Total revenues	1,911,708	992,368	(919,340)	51.9%	994,877	(2,509)	-92.4%
Expenditures - Public works							
Personnel services	557,371	303,407	253,964	54.4%	255,056	(48,351)	119.0%
Commodities	57,100	30,186	26,914	52.9%	16,421	(13,765)	183.8%
Other charges and services	1,897,107	153,456	1,743,651	8.1%	718,650	565,194	21.4%
Total expenditures	2,511,578	487,049	2,024,529	19.4%	990,127	503,078	49.2%
Operating income (loss)	(599,870)	505,319	1,105,189		4,750	500,569	######
Non-operating revenue (expense)							
Intergovernmental	609,346	-	(609,346)	0.0%	(150)	150	0.0%
Investment income	16,097	7,593	(8,504)	47.2%	6,160	1,433	123.3%
Capital outlay	(31,898)	-	31,898	0.0%	-	-	0.0%
Transfers in (out)							
General Fund	(241,025)	-	241,025	0.0%	(304,563)	304,563	0.0%
Storm Sewer Infrastucture Fund	-	-	-	0.0%	-	-	0.0%
Building Fund	(220,000)	(220,000)	-	100.0%	-	(220,000)	0.0%
Equipment Fund	(40,500)	(40,500)	-	100.0%	(40,500)	-	100.0%
Technology Fund	(10,792)	(10,792)	-	100.0%	(6,800)	(3,992)	158.7%
Water Operating Fund	15,000	-	(15,000)	0.0%	-	-	0.0%
Sanitary sewer operations	(33,266)	-	33,266	0.0%	(33,002)	33,002	0.0%
Total other financing (uses)	62,962	(263,699)	(326,661)	-418.8%	(378,855)	115,156	69.6%
Net change in net position	(536,908)	241,620	778,528		(374,105)	615,725	-64.6%
Beginning net position	3,804,641	3,663,270	(141,371)		3,303,690	359,580	110.9%
Ending net position	$ 3,267,733	$ 3,904,890	$ 637,157		$ 2,929,585	$ 975,305	133.3%

Date: 7/22/2024

Dunham Property Discussion

Proposed Action

Provide direction to staff on proposed bsuiness operations on Dunham properties

Overview

Bob Dunham and family members own properties located south of County Road 70 and north of 215th Street totaling 79.68 acres where they have farmed and operated a metal recycling business and wood recycling business (zoned O-P, Office Park district). They also own an additional 39.89 acres zoned I-1, Light Industrial (farmland plus non-conforming trailer storage) located south of 215th Street. Over the years, recycling-related businesses have evolved to meet the needs of their customers to find solutions for wood waste and food waste. As these uses have expanded, the underlying zoning and necessary permits have not been in place to allow the businesses to grow in conformance with zoning ordinances. Over the past several months, staff have been meeting with Mr. Dunham and his engineer to learn more about what the family is currently doing on site, their customer base, the benefits of this type of recycling and how we can possibly find a solution by moving operations south of 215th Street with appropriate zoning in place to allow these uses.

Summary of Uses:

The wood recycling business involves taking wood that local and regional businesses (such as pallets from Uponor and Anderson Windows) need to dispose of. The wood is put through a grinding machine and sold for animal bedding, fuel, and tree mulch (sold to Scott's). This recycling effort keeps the wood waste out of the landfills. While most of the recycled wood product is sold, there are residual amounts that need to decompose on site. Mr. Dunham is requesting to have the ability to continue to compost the remaining wood, mixed with grass and leaves, in an area of 200 cubic yards through a county license. The existing wood recycling operation has operated under a county license for over 20 years, but the windrow composting is not currently licensed.

The food waste business involves receiving bulk packaged food (vegetables in metal or plastic containers), de-packaging the food and processing it for livestock feed. The food is loaded into dumpsters and removed from the site. The residual liquid can be mixed with the wood to speed up the wood decomposition. This de-packaging effort keeps the food waste out of the landfill. This use is currently not operating under any city permits or county license. The de-packaging equipment is located within an existing pole building (property north of 215th Street). The county is aware of the operation and would like to get them licensed, but the use first needs to be operating in conformance with the City. The county has described the Dunham operation as the best de-packager system/equipment the county has ever seen.

Site Plan:

Mr. Dunham has contracted with Kimley-Horn to prepare a site for the property south of 215th Street. This property includes a gas pipeline easement and the west branch of South Creek with increased setbacks and floodplain that limits the construction limits on the site for any future use. The site plan includes proposed locations to move the wood waste and food waste processing businesses. The first move is proposed in spring 2025 and would include construction of two hoop sheds to store wood related to the wood processing operation (currently located outdoors north of 215th Street). A building for this business is also being proposed in the future. Moving the wood processing to the northeast corner of the site will result in the removal of the non-conforming trailers.

The second move proposes to relocate the food de-packaging operation in spring 2026. This includes construction of a 25,400 square foot building to enclose three food de-packaging machines. The site plan includes bunkers to store final products for retail sales (similar to what you would see at a landscape business). The Dunham family is requesting a composting area for wood that would include mixing of grass and leaves and the use of liquid by-product from the food de-packaging to provide fuel for the decomposition. Composting of wood remnants and liquid by-product would be conducted in windrows on an asphalt pad and aerated to control odor. The resulting product would be sold as fertilizer with retail product stored in bunkers.

Mr. Dunham and his engineer will be in attendance at the meeting to answer questions about the current business operations and proposed relocations.

Next steps

There are many steps to consider should these businesses be deemed acceptable to relocate to the Dunham property south of 215th Street. First, if council was open to allowing these existing non-conforming uses to continue- but in a manner that conformed to city code, Dakota County and State licensing and city zoning would need to be amended to allow these uses as a conditional or interim use with standards. Second, the property south of 215th Street would need to be amended and included in the current MUSA area. Third, during the interim, Mr. Dunham has requested consideration of an IUP on the current site so the food de-packaging can be considered legal and obtain applicable licenses so that the business can continue, leading up to the bigger investment in moving the operation to the southern property. Allowing the food de-packaging could be done through an IUP (which would require a text amendment) with standards and sunset timeline. Mr. Dunham also requests an IUP to allow wood composting through a limited Dakota County license (under 200 cubic yards) on the northern site until the operation is moved south. This use could also be considered with an IUP and sunset timeline.

Benefits

The local and regional benefit to these uses is the recycling of products and reduction is landfill waste. Area businesses are looking for solutions to dispose of wood and food products, while landfills are limiting their intake. Moving the Dunham operations south of 215th Street, to the I-1 zoned properties, will result in investments that include enclosing much of the outdoor operations and into an area with far less visibility than the current operation fronting County Road 70 on the north property. The Dunham's, through this move, would be required to invest in improvements to 215th Street (a possibility via an assessment along with other abutting owners). The northern property could then be available for sale under the O-P zoning district.

Council Consideration

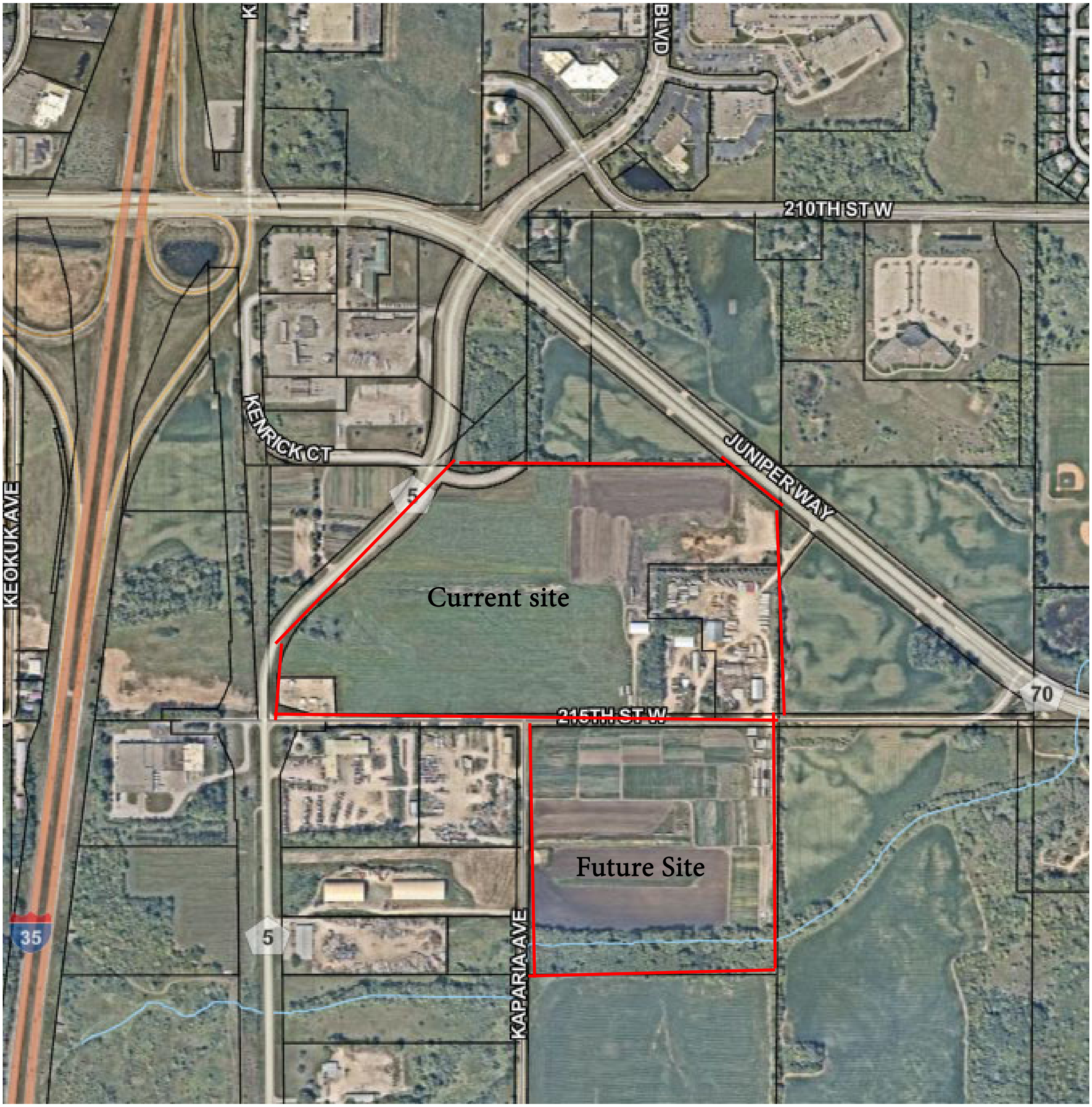
Staff is requesting council's input as to A) If these current non-conforming uses would be acceptable on the proposed future site, with the addition of new zoning amendments as either a conditional or interim use. B) Would the council consider an IUP for the current site to allow the continuation of the de-packaging and limited composting as staff works through zoning and MUSA amendments and the Dunham's submit required plans for approval to move operations south of 215th Street.

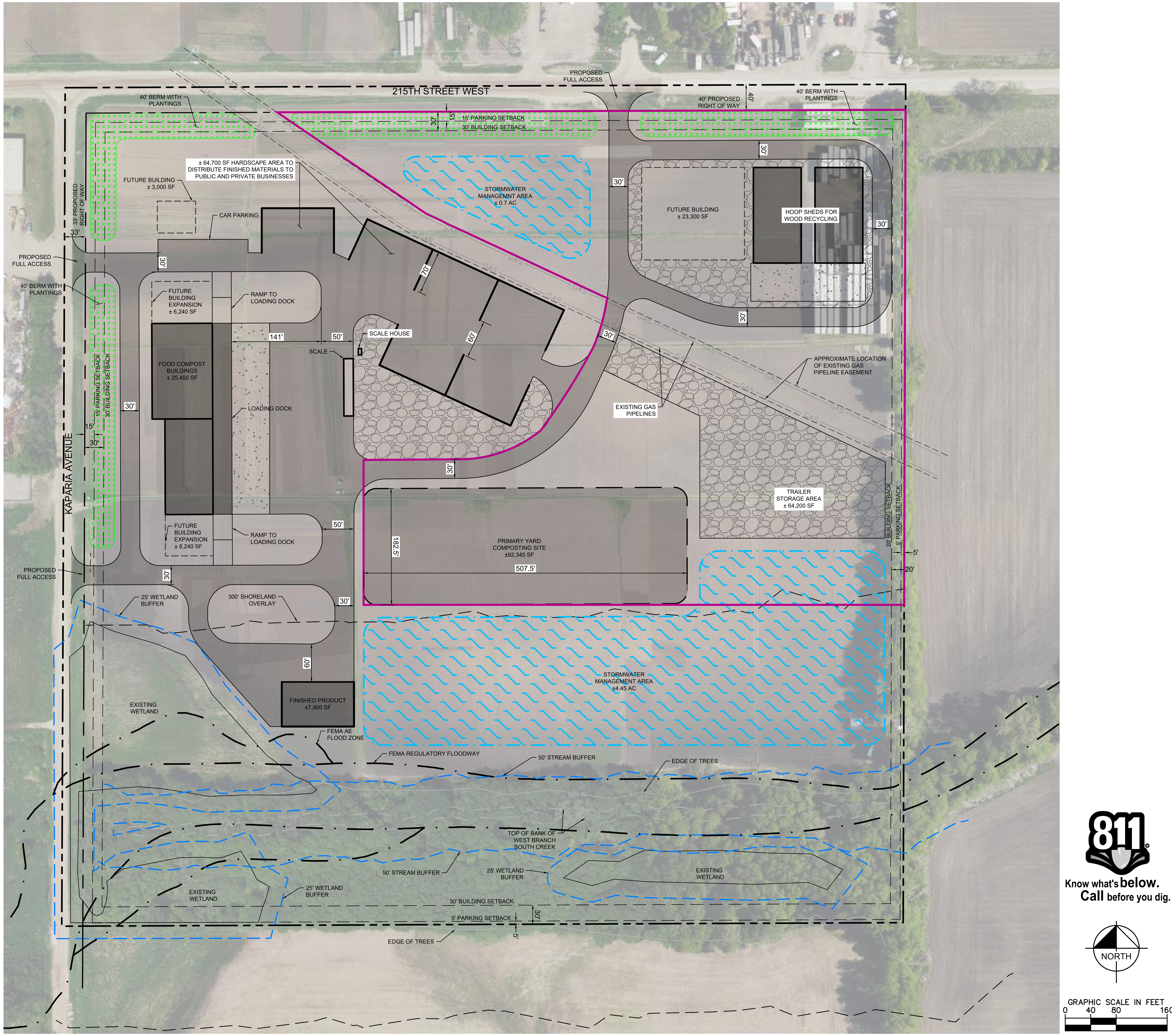
Supporting Information

1. Location Map
2. 2024-0509 Dunham Site Sketch Plan
3. Site Sketch Plan-Site Concept- North

Financial Impact: $0 **Budgeted:** No **Source:**
Envision Lakeville Community Values: Diversified Economic Development
Report Completed by: Tina Goodroad, Community Development Director

Location Map





LEGEND

- PROPERTY LINE
- SETBACK LINE
- EASEMENT LINE
- PHASE 1 BOUNDARY
- HEAVY DUTY ASPHALT PAVEMENT
- STORM WATER AREA
- GRAVEL
- HEAVY DUTY CONCRETE

SITE PLAN NOTES

1. NO SITE ITEMS ARE TO BE PLACED SOUTH OF WEST BRANCH SOUTH CREEK TO AVOID IMPACTS TO THE PFO AND PEM WETLANDS DENOTED BY THE WESTWOOD WETLAND REPORT.

2. PER 7035.2855 OF MINNESOTA ADMINISTRATIVE RULES, THE STORAGE OF SOLID WASTE BEFORE BENEFICIAL REUSE, WHICH INCLUDES RECYCLABLE MATERIALS AND UNADULTERATED WOOD, MUST COMPLY WITH THE FOLLOWING LOCATIONAL REQUIREMENTS:

   2.1. THE LOCATIONAL STANDARDS IN PART 7035.2555 MUST BE MET.
   2.2. THE STORAGE AREA MUST NOT BE LOCATED IN AN AREA CHARACTERIZED BY KARST FEATURES, INCLUDING SINKHOLES, CAVES, AND DISAPPEARING STREAMS.
   2.3. THE STORAGE AREA, INCLUDING ANY UNDERLYING LINER, MUST BE LOCATED ENTIRELY ABOVE THE HIGH WATER TABLE.

3. PER 7035.2836 OF MINNESOTA ADMINISTRATIVE RULES, SOURCE SEPARATED ORGANIC MATERIAL COMPOST (FOOD COMPOST) MUST COMPLY WITH THE FOLLOWING LOCATIONAL REQUIREMENTS.

   3.1. WITHIN LOCATIONS DESCRIBED IN PART 7035.2555.
   3.2. ON A SITE WITH KARST FEATURES INCLUDING SINKHOLES, DISAPPEARING STREAMS, AND CAVES.
   3.3. WITHIN FIVE VERTICAL FEET OF THE WATER TABLE.
   3.4. UNLESS A DIFFERENT DISTANCE IS SPECIFIED BY A LOCAL UNIT OF GOVERNMENT BY ORDINANCE, WITHIN 500 FEET HORIZONTAL SEPARATION DISTANCE AS MEASURED FROM THE CLOSEST EDGE OF ALL COMPOST ACTIVITIES TO THE CLOSEST EDGE OF A PROPERTY BOUNDARY OF THE NEAREST RESIDENCE, PLACE OF BUSINESS, OR PUBLIC AREA, SUCH AS PARKS, WILDLIFE AREAS, AND PUBLIC BUILDINGS, EXCEPT:
      3.4.1. UPON APPROVAL OF THE COMMISSIONER, OPERATIONAL MODIFICATIONS, GEOGRAPHIC FEATURES, OR OTHER NATURAL OR MAN-MADE PHYSICAL CHARACTERISTICS THAT REDUCE NUISANCE CONDITIONS, SUCH AS NOISE, LITTER, AND ODOR, MAY BE USED TO REDUCE THE 500-FOOT HORIZONTAL SEPARATION DISTANCE.
      3.4.2. ADJACENT COMMERCIAL ACTIVITIES OPERATED BY THE FACILITY OWNER ARE EXCLUDED FROM THE 500-FOOT HORIZONTAL SEPARATION REQUIREMENT FOR THE OWNER'S RESIDENCE OR PLACE OF BUSINESS.

4. 7035.2555 LOCATIONAL STANDARDS:
   4.1. AN OWNER OR OPERATOR MAY NOT LOCATE A NEW SOLID WASTE MANAGEMENT FACILITY IN A FLOODPLAIN.
   4.2. AN OWNER OR OPERATOR MAY NOT ESTABLISH OR CONSTRUCT A SOLID WASTE MANAGEMENT FACILITY IN THE FOLLOWING AREAS:
      4.2.1. WITHIN A SHORELAND OR WILD AND SCENIC RIVER LAND USE DISTRICT GOVERNED BY CHAPTERS 6105 AND 6120
      4.2.2. WITHIN A WETLAND
      4.2.3. WITHIN A LOCATION WHERE EMISSIONS OF AIR POLLUTANTS WOULD VIOLATE THE AMBIENT AIR QUALITY STANDARDS IN CHAPTERS 7005,7007, 7009, 7011, 7017, 7019, AND 7028 AND PARTS 7023.0100 TO 7023.0120

PROPERTY SUMMARY

TOTAL PROPERTY AREA	37.91 AC / 1,651,533 SF

SITE DATA

EXISTING ZONING	INDUSTRIAL 1 SHORELAND OVERLAY RURAL/AG OVERLAY
PROPOSED ZONING	INDUSTRIAL 1
PROPOSED LAND USE	COMPOSTING AND RECYCLING
PARKING SETBACKS	SIDE/REAR = 5' RIGHT OF WAY = 15'
BUILDING SETBACKS	FRONT = 40' SIDE = 20' REAR = 30' RIGHT OF WAY = 30'

No.	REVISIONS	DATE	BY

Kimley»Horn

767 EUSTIS STREET, SUITE 100, ST. PAUL, MN 55114
PHONE: 651-645-4197
WWW.KIMLEY-HORN.COM

KHA PROJECT	161140000
DATE	05/09/2024
SCALE	AS SHOWN
DESIGNED BY	AMW
DRAWN BY	AMW
CHECKED BY	KJO

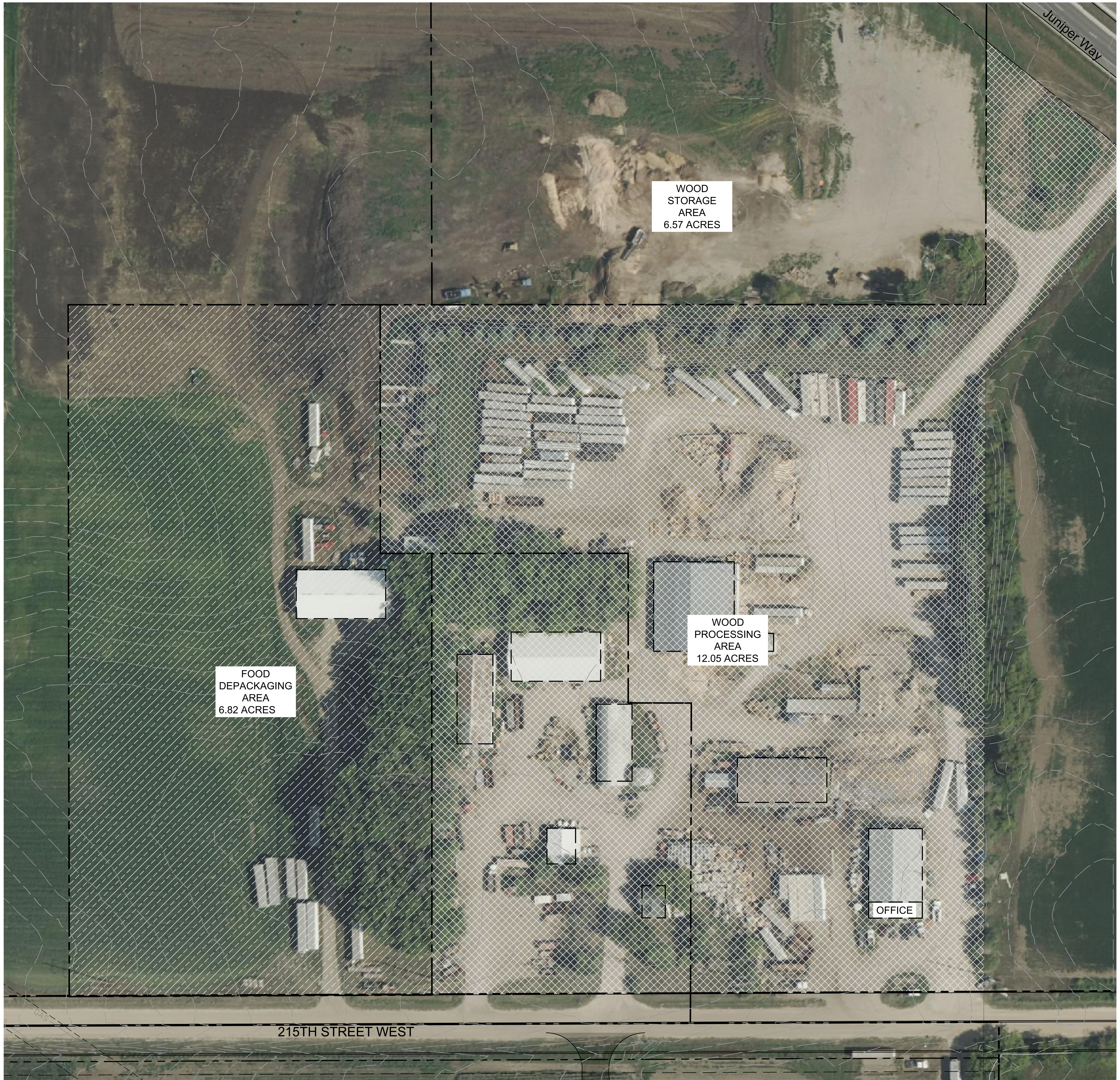
SITE SKETCH PLAN

PRELIMINARY - NOT FOR CONSTRUCTION

DUNHAM ENTERPRISE
PREPARED FOR
DUNHAM INC.
LAKEVILLE MN

SHEET NUMBER
EX 2

K:\TWC_LDEV\Dunham Enterprise\Dunham Enterprise\3 Design\CAD\Exhibits\Site Sketch Plan.dwg May 09, 2024 - 8:38am



LEGEND

- PROPERTY LINE
- SETBACK LINE
- EASEMENT LINE
- PHASE 1 BOUNDARY
- WOOD PROCESSING AREA
- FOOD DEPACKING AREA

SITE PLAN NOTES

1. NO SITE ITEMS ARE TO BE PLACED SOUTH OF WEST BRANCH SOUTH CREEK TO AVOID IMPACTS TO THE PFO AND PEM WETLANDS DENOTED BY THE WESTWOOD WETLAND REPORT.

2. PER 7035.2855 OF MINNESOTA ADMINISTRATIVE RULES, THE STORAGE OF SOLID WASTE BEFORE BENEFICIAL REUSE, WHICH INCLUDES RECYCLABLE MATERIALS AND UNADULTERATED WOOD, MUST COMPLY WITH THE FOLLOWING LOCATIONAL REQUIREMENTS:

   2.1. THE LOCATIONAL STANDARDS IN PART 7035.2555 MUST BE MET.
   2.2. THE STORAGE AREA MUST NOT BE LOCATED IN AN AREA CHARACTERIZED BY KARST FEATURES, INCLUDING SINKHOLES, CAVES, AND DISAPPEARING STREAMS.
   2.3. THE STORAGE AREA, INCLUDING ANY UNDERLYING LINER, MUST BE LOCATED ENTIRELY ABOVE THE HIGH WATER TABLE.

3. PER 7035.2836 OF MINNESOTA ADMINISTRATIVE RULES, SOURCE SEPARATED ORGANIC MATERIAL COMPOST (FOOD COMPOST) MUST COMPLY WITH THE FOLLOWING LOCATIONAL REQUIREMENTS.

   3.1. WITHIN LOCATIONS DESCRIBED IN PART 7035.2555.
   3.2. ON A SITE WITH KARST FEATURES INCLUDING SINKHOLES, DISAPPEARING STREAMS, AND CAVES.
   3.3. WITHIN FIVE VERTICAL FEET OF THE WATER TABLE.
   3.4. UNLESS A DIFFERENT DISTANCE IS SPECIFIED BY A LOCAL UNIT OF GOVERNMENT BY ORDINANCE, WITHIN 500 FEET HORIZONTAL SEPARATION DISTANCE AS MEASURED FROM THE CLOSEST EDGE OF ALL COMPOST ACTIVITIES TO THE CLOSEST EDGE OF A PROPERTY BOUNDARY OF THE NEAREST RESIDENCE, PLACE OF BUSINESS, OR PUBLIC AREA, SUCH AS PARKS, WILDLIFE AREAS, AND PUBLIC BUILDINGS, EXCEPT:
      3.4.1. UPON APPROVAL OF THE COMMISSIONER, OPERATIONAL MODIFICATIONS, GEOGRAPHIC FEATURES, OR OTHER NATURAL OR MAN-MADE PHYSICAL CHARACTERISTICS THAT REDUCE NUISANCE CONDITIONS, SUCH AS NOISE, LITTER, AND ODOR, MAY BE USED TO REDUCE THE 500-FOOT HORIZONTAL SEPARATION DISTANCE.
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      4.2.1. WITHIN A SHORELAND OR WILD AND SCENIC RIVER LAND USE DISTRICT GOVERNED BY CHAPTERS 6105 AND 6120
      4.2.2. WITHIN A WETLAND
      4.2.3. WITHIN A LOCATION WHERE EMISSIONS OF AIR POLLUTANTS WOULD VIOLATE THE AMBIENT AIR QUALITY STANDARDS IN CHAPTERS 7005,7007, 7009, 7011, 7017, 7019, AND 7028 AND PARTS 7023.0100 TO 7023.0120

PROPERTY SUMMARY	
TOTAL PROPERTY AREA	79.68 AC / 3,470,862 SF
SITE DATA	
EXISTING ZONING	INDUSTRIAL 1 SHORELAND OVERLAY RURAL/AG OVERLAY
PROPOSED ZONING	INDUSTRIAL 1
PROPOSED LAND USE	COMPOSTING AND RECYCLING
PARKING SETBACKS	SIDE/REAR = 5' RIGHT OF WAY = 15'
BUILDING SETBACKS	FRONT = 40' SIDE = 20' REAR = 30' RIGHT OF WAY = 30'

811 Know what's **below.** **Call** before you dig.

NORTH

GRAPHIC SCALE IN FEET
0 30 60 120

PRELIMINARY - NOT FOR CONSTRUCTION

No.	REVISIONS	DATE	BY

Kimley»Horn

767 EUSTIS STREET, SUITE 100, ST. PAUL, MN 55114
PHONE: 651-645-4197
WWW.KIMLEY-HORN.COM

KHA PROJECT 161140000
DATE 07/01/2024
SCALE AS SHOWN
DESIGNED BY AMW
DRAWN BY AMW
CHECKED BY KJO

SITE SKETCH PLAN

DUNHAM ENTERPRISE
PREPARED FOR
DUNHAM INC.
LAKEVILLE MN

SHEET NUMBER
EX 2

K:\TWC_LDEV\Dunham Enterprise\Dunham Enterprise\3 Design\CAD\Exhibits\Site Sketch Plan.dwg July 16, 2024 - 9:04am

Date: 7/22/2024

Cannabis Zoning Discussion

Proposed Action

Provide direction to staff on how to proceed with zoning cannabis uses/businesses+

Overview

Legalization of cannabis was signed into law on May 30, 2023 (Chapter 342 of MN Law). Commercial growing, processing, and retail sales will fall under the regulation of the new state Office of Cannabis Management (OCM) who will likely begin licensing in early 2025. Special pre-approval (2024 legislation) will be conducted this summer for verified social equity applicants for the following license types: microbusiness, mezzobusiness, cultivator, retailer, wholesaler, transporter, testing facility and delivery service. Social equity applicants with license pre-approval may begin growing cannabis prior to adoption of final OCM rules but no retail sales can take place until final rules are adopted.

The OCM will be responsible for all commercial regulations including licensing, split between cultivation, manufacture, distribution, and retail (see Guide for Local Governments). Cities are responsible for registration. If the business has a valid state license, passes the compliance checks, and has paid all the fees and taxes, the city must issue the registration. State statute requires that a city must issue at least one registration per 12,500 residents. For Lakeville, this means up to six registrations. This includes retail licenses that come with microbusiness (allowed one retail) or mezzobusiness (allowed up to 3 retail) licenses. The council should discuss whether it wants to cap the licenses at six or allow for additional.

Due to the changes made to the law in the 2024 legislative session, we need to update our ordinances and City Code to include a registration process (based on a model ordinance prepared by the OCM) and amendments to the Zoning Code to include license types in districts.

Municipal regulations are generally preempted. Cities may not ban use (except in public spaces as the city has already done), possession, or transportation. Cities cannot prohibit businesses from operating if licensed by the state. However, cities do have a role when it comes to zoning. Cannabis businesses are viewed as any other type of legal business, subject to the City's general zoning regulations. A condition of obtaining a full-strength retail license will be demonstrating compliance with local zoning regulations. Local ordinances can be adopted to regulate reasonable restrictions on the time, place, and manner of operation of a cannabis business.

The statute also specifically mentions distance limits that may be incorporated into ordinances: 1,000 feet from a school and 500 feet from a daycare, residential treatment facility or "attraction within a public park that is regularly used by minors: like a playground, playfield, etc." These limitations are not required but an option. When we discussed limitations in January, the council suggested 500 feet from schools (see attached map).

Zoning

Staff is asking the city council to confirm appropriate zoning districts for cultivation, manufacture, distribution/transporting, wholesaler and retail locations (dispensaries) and whether the uses should be permitted or conditional. A table has been created with the license types and zoning districts with suggested permitted or conditional uses. When we discussed in January, direction was given for retail license types to be a conditional use but it was not clear if the industrial related license types including cultivation, manufacturing, wholesaler, transporting, testing should be permitted or conditional.

Staff is looking for council input regarding allowing retail sales in the two Mixed Use Districts (M-1, I-35 corridor) and M-2 (Cedar Ave corridor).

The I-1, Light Industrial and I-2, General Industrial zoning districts allow for manufacturing, warehouse, wholesale type uses as permitted uses. Cultivation/manufacturing of cannabis is typically conducted internally due to temperature control requirements. However, staff recommends discussing the use of greenhouse structures, which would require amendments to design requirements in the industrial districts. Council input is sought if the license types for the industrial districts should be permitted (as shown on the table) or conditional use. We would also like to discuss whether outdoor growing would be considered. A license for outdoor cultivation would be limited to 2 acres.

Finally, input on whether the council supports cultivation, manufacturing, wholesale and transport in the O-P Office Park district or if the council prefers to limit them to only I-1 and I-2?

City Code

An amendment to the City Code will be required to include definitions, registration process, compliance process, renewal or suspension of registration, details on any limits we create on registrations, and overview of requirements related to zoning. A model ordinance is included in the guide (attached). We will prepare this amendment at the same time as the zoning amendments.

Staff is seeking City Council input at this time so that zoning ordinances can be updated for an August public hearing.

- Review license type, suggested districts and provide input on whether these license types be permitted, conditional, or accessory?
- Does the council want to use the distance limitations as last discussed – 500 feet from schools?
- Does the council want to limit retail licenses to six?

Supporting Information
1. Minnesota OCM LG Guide
2. Cannabis Dispensary Restrictions (Schools 500ft)
3. Cannabis Zoning table

Financial Impact: $0 **Budgeted:** No **Source:** **Envision Lakeville Community Values:** Safety Throughout the Community **Report Completed by:** Tina Goodroad, Community Development Director

MINNESOTA
OFFICE OF CANNABIS MANAGEMENT

A Guide for Local Governments on Adult-Use Cannabis

Version 1 - June 2024

Table of Contents

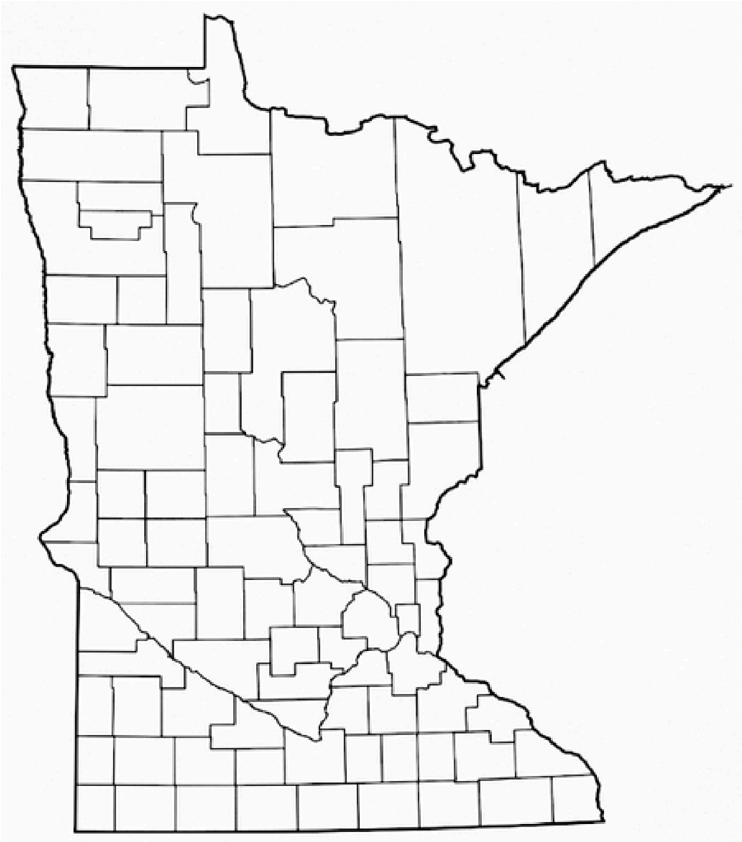
Introduction

This guide serves as a general overview of **Minnesota's new adult-use cannabis law**, and how **local governments** can expect to be involved. The guide also provides important information about Minnesota's new Office of Cannabis Management (OCM), and the office's structure, roles, and responsibilities. While medical cannabis continues to play an important role in the state's cannabis environment, this guide is primarily focused on the adult-use cannabis law and marketplace.

The following pages outline the variety of cannabis business licenses that will be issued, provide a broad summary of important aspects of the adult-use cannabis law, and cover a wide range of expectations and authorities that relate to local governments. This guide also provides best practices and important requirements for developing a local cannabis ordinance.

Chapter 342 of Minnesota law was established by the State Legislature in 2023 and was updated in 2024. Mentions of "adult-use cannabis law" or "the law" throughout this guide refer to Chapter 342 and the changes made to it.

As of this guide's date of publication, state regulations governing the adult-use cannabis market have not yet been published—**this document will be updated** when such regulations become effective.



This guide is not a substitute for legal advice, nor does it seek to provide legal advice. Local governments and municipal officials seeking legal advice should consult an attorney.

About OCM

Minnesota's **Office of Cannabis Management** 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. Housed within OCM are the **Division of Medical Cannabis** (effective July 1, 2024), which operates the medical cannabis program, and the **Division of Social Equity**, which promotes development, stability, and safety in communities that have experienced a disproportionate, negative impact from cannabis prohibition and usage.

MINNESOTA
OFFICE OF CANNABIS MANAGEMENT

OCM, through Chapter 342, is tasked with establishing rules and policy and exercising its regulatory authority over the Minnesota cannabis industry. In its duties, OCM is mandated to:

- Promote public health and welfare.
- Protect public safety.
- Eliminate the illicit market for cannabis flower and cannabis products.
- Meet the market demand for cannabis flower and cannabis products.
- Promote a craft industry for cannabis flower and cannabis products.
- Prioritize growth and recovery in communities that have experienced a disproportionate, negative impact from cannabis prohibition.

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.

License Types

Minnesota law allows for **13** different types of business licenses, each fulfilling a unique role in the cannabis and hemp supply chain. In addition to license types below, OCM will also issue endorsements to license holders to engage in specific activities, including producing, manufacturing, and sale of medical cannabis for patients.

Microbusiness

Microbusinesses 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.

Mezzobusiness

Mezzobusinesses 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 also operate up to three retail locations.

Cultivator

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

Manufacturer

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

Retailer

Retailers may sell immature cannabis plants and seedlings, cannabis, cannabis products, hemp products, and other products authorized by law to customers and patients.

Wholesaler

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.

License Types (continued)

Transporter

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

Testing Facility

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

Event Organizer

Event organizers may organize a temporary cannabis event lasting no more than four days.

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.

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.

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.

Each license is subject to further restrictions on allowable activities. Maximum cultivation area and manufacturing allowances vary by license type. Allowable product purchase, transfer, and sale between licensees are subject to restrictions in the law.

The Adult-Use Cannabis Law

Minnesota's new adult-use cannabis law permits the personal use, possession, and transportation of cannabis by those 21 years of age and older, and allows licensed businesses to conduct cultivation, manufacturing, transport, delivery, and sale of cannabis and cannabis products.

For Individuals

- **Possession limits**:
  - Flower - 2 oz. in public, 2 lbs. in private residence
  - Concentrate - 8 g
  - Edibles (including lower-potency hemp) - 800 mg THC
- **Consumption** only allowed on private property or at licensed businesses with on-site consumption endorsements. Consumption not allowed in public.
- **Gifting** cannabis to another individual over 21 years old is allowed, subject to possession limits.
- **Home cultivation** is limited to four mature and four immature plants (eight total) in a single residence. Plants must be in an enclosed and locked space.
- **Home extraction** using volatile substances (e.g., butane, ethanol) is not allowed.
- **Unlicensed sales** are not allowed.

For Businesses

- **Advertising**:
  - May not include or appeal to those under 21 years old.
  - Must include proper warning statements.
  - May not include misleading claims or false statements.
  - Billboards are not allowed.
- 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.

The Cannabis Licensing Process

An applicant will take the following steps to proceed from application to active licensure. As described, processes vary depending on social equity status and/or whether the type of license being sought is capped or uncapped in the general licensing process.

License Preapproval: Early Mover Process for Social Equity Applicants

The license preapproval process is a one-time application process available for verified social equity applicants. State law requires OCM to open the application window on July 24, 2024, and close the window on August 12, 2024. The preapproval process is available for the following license types, and all are capped in this process: microbusiness, mezzobusiness, cultivator, retailer, wholesaler, transporter, testing facility, and delivery service.

Preapproval steps:

1. Applicant's social equity applicant (SEA) status verified.
2. Complete application and submit application fees.
3. Application vetted for minimum requirements by OCM.
4. Application (if qualified) entered into lottery drawing.
5. If selected in lottery, OCM completes background check of selected applicant and issues license preapproval.
6. Applicant with license preapproval* submits business location and amends application accordingly.
7. OCM forwards completed application to local government.
8. Local government completes certification of zoning compliance.
9. OCM conducts site inspection.
10. When regulations are adopted, license becomes active, operations may commence.

*For social equity applicants with license preapproval for microbusiness, mezzobusiness, or a cultivator license, they may begin growing cannabis plants prior to the adoption of rules if OCM receives approval from local governments in a form and manner determined by the office. This is only applicable to cultivation and does not authorize retail sales or other endorsed activities of the licenses prior to the adoption of rules.

The Cannabis Licensing Process (cont.)

The general licensing process will align with the adoption of rules and OCM will share more information about the timing of general licensing process. The general licensing process includes social equity applicants and non-social equity applicants.

General Licensing: Cultivator, Manufacturer, Retailer, Mezzobusiness

1. Complete application and submit application fees.
2. Application vetted for minimum requirements by OCM.
3. Application (if qualified) entered into lottery drawing.
4. If selected in lottery, OCM completes background check of selected applicant and issues preliminary approval.
5. Applicant with preliminary approval submits business location and amends application accordingly.
6. OCM forwards completed application to local government.
7. Local government completes certification of zoning compliance.
8. OCM conducts site inspection.
9. License becomes active, operations may commence.*

General Licensing: Microbusiness, Wholesaler, Transporter, Testing Facility, Event Organizer

1. Complete application and submit application fees.
2. Application vetted for minimum requirements by OCM.
3. For qualified applicants, OCM completes background check of vetted applicant and issues preliminary approval.
4. Selected applicant submits business location and amends application accordingly.
5. OCM forwards completed application to local government.
6. Local government completes certification of zoning compliance.
7. OCM conducts site inspection.
8. License becomes active, operations may commence.*

*For businesses seeking a retail endorsement (microbusiness, mezzobusiness, and retailer), a valid local retail registration is required prior to the business commencing any retail sales. See Page 16 for information on the local retail registration process.

General Authorities

Local governments in Minnesota have various means of oversight over the cannabis market, as provided by the adult-use cannabis law. Local governments may not issue outright bans on cannabis business, or limit operations in a manner beyond what is provided by state law.

Cannabis Retail Restrictions (342.13)

Local governments may limit the number of retailers and microbusiness/mezzobusinesses with retail endorsements allowed within their locality, as long as there is **at least one retail location per 12,500 residents**. Local units of government are not obligated to seek out a business to register as cannabis business if they have not been approached by any potential applicants, but cannot prohibit the establishment of a business if this population requirement is not met. Local units of government may also issue more than the minimum number of registrations. Per statutory direction, a municipal cannabis store (Page 19) cannot be included in the minimum number of registrations required. For population counts, the state demographer estimates will likely be utilized.

Tribal Governments (342.13)

OCM is prohibited from and will not issue state licenses to businesses in Indian Country without consent from a tribal nation. Tribal nations hold the authority to license tribal cannabis businesses on tribal lands – this process is separate than OCM's licensing process and authority. Subject to compacting, Tribal nations may operate cannabis businesses off tribal lands. There will be more information available once the compacting processes are complete.

Taxes (295.81; 295.82)

Retail sales of taxable cannabis products are subject to the state and local sales and use tax and a 10% gross receipts tax. Cannabis gross receipts tax proceeds are allocated as follows: 20% to the local government cannabis aid account and 80% to the state general fund. Local taxes imposed solely on sale of cannabis products are prohibited.

Cannabis retailers will be subject to the same real property tax classification as all other retail businesses. Real property used for raising, cultivating, processing, or storing cannabis plants, cannabis flower, or cannabis products for sale will be classified as commercial and industrial property.

General Authorities (cont.)

Retail Timing Restrictions (342.13)

Local governments may prohibit retail sales of cannabis between the hours of 8 a.m. and 10 a.m. Monday-Saturday, and 9 p.m. and 2 a.m. the following day.

Operating Multiple Locations with One License

Certain cannabis licenses allow for multiple retail locations to be operated under a single license, with the following limitations:

- **Retailers**: up to five retail locations.
- **Mezzobusinesses**: up to three retail locations.
- **Microbusinesses:** up to one retail location.
- **Medical cannabis combination businesses**: one retail location per congressional district. Additionally, medical cannabis combination businesses may cultivate at more than one location within other limitations on cultivation.

For all other license types, one license permits the operation of one location. Each retail location requires local certification and/or registration.

Zoning and Land Use

Buffer Guidelines (342.13)

State law does not restrict how a local government conducts its zoning designations for cannabis businesses, except that they may prohibit the operation of a cannabis business within 1,000 feet of a school, or 500 feet of a day care, residential treatment facility, or an attraction within a public park that is regularly used by minors, including playgrounds and athletic fields.

Zoning Guidelines

While each locality conducts its zoning differently, a few themes have emerged across the country. For example, cannabis manufacturing facilities are often placed in industrial zones, while cannabis retailers are typically found in commercial/retail zones. Cannabis retail facilities align with general retail establishments and are prohibited from allowing consumption or use onsite, and are also required to have plans to prevent the visibility of cannabis and hemp-derived products to individuals outside the retail location. Industrial hemp is an agricultural product, and should be zoned as such.

Cannabis businesses should be zoned under existing zoning ordinances in accordance with the license type or endorsed activities held by the cannabis business. Note that certain types of licenses may be able to perform multiple activities which may have different zoning analogues. In the same way municipalities may zone a microbrewery that predominately sells directly to onsite consumers differently than a microbrewery that sells packaged beer to retailers and restaurants, so too might a municipality wish to zone two microbusinesses based on the actual activities that each business is undertaking. Table 1, included on Pages 13 and 14, explains the types of activities that cannabis businesses might undertake, as well as, some recommended existing zoning categories.

Zoning and Land Use (cont.)

Table 1: Cannabis and Hemp Business Activities

Endorsed Activity	License Type Eligible to Do Endorsed Activity	Description of Activity	Comparable Districts	Municipal Considerations
Cultivation	Cultivator Mezzobusiness Microbusiness Medical Cannabis Combination	"Cultivation" means any activity involving the planting, growing, harvesting, drying, curing, grading, or trimming of cannabis plants, cannabis flower, hemp plants, or hemp plant parts.	Indoor: Industrial, Commercial, Production Outdoor: Agricultural	Odor Potential need for transportation from facility Waste, water, and energy usage Security
Cannabis Manufacturing, Processing, Extraction	Manufacturer Mezzobusiness Microbusiness Medical Cannabis Combination	This group of endorsed activities turn raw, dried cannabis and cannabis parts into other types of cannabis products, e.g. edibles or topicals.	Industrial, Commercial, Production	Odor Potential need for transportation from facility Waste, water, and energy usage Security
Hemp Manufacturing	Lower-Potency Hemp Edible (LPHE) Manufacturing	These business convert hemp into LPHE edible prodcuts.	Industrial, Commercial, Production	Odor Waste, water, and energy
Wholesale	Wholesale Cultivator Manufacturer Mezzobusiness Microbusiness Medical Cannabis Combination	This activity and license type allows a business to purchase from a business growing or manufacturing cannabis or cannabis products and sell to a cannabis business engaged in retail.	Industrial, Commercial, Production	Need for transportation from facility Security

Zoning and Land Use (cont.)

Table 1: Cannabis and Hemp Business Activities (continued)

Endorsed Activity	License Type Eligible to Do Endorsed Activity	Description of Activity	Comparable Districts	Municipal Considerations
Cannabis Retail	Retailer Mezzobusiness Microbusiness Medical Cannabis Combination	This endorsed activity and license types allow a business to sell cannabis and cannabis products directly to consumers.	Retail, Neighborhood Shopping Districts, Light Industrial, Existing districts where off-sale liquor or tobacco sales are allowed.	Micros may offer onsite consumption, similar to breweries. Micros and Mezzos may include multiple activities: cultivation, manufacture, and/or retail.
Transportation	Cannabis Transporter	This license type allows a company to transport products from one license type to another.		Fleet based business that will own multiple vehicles, but not necessarily hold a substantial amount of cannabis or cannabis products.
Delivery	Cannabis Delivery	This license type allows for transportation to the end consumer.		Fleet based business that will own multiple vehicles, but not necessarily hold a substantial amount of cannabis or cannabis products.
Events	Event Organizer	This license entitles license holder to organizer a temporary event lasting no more than four days.	Anywhere that the city permits events to occur, subject to other restrictions related to cannabis use.	On site consumption. Retail sales by a licensed or endorsed retail business possible.

Local Approval Process

Local governments play a critical role in the licensing process, serving as a near-final approval check on cannabis businesses nearing the awarding of a state license for operations. Once an applicant has been vetted by OCM and is selected for proceeding in the verification process, they are then required to receive the local government's certification of zoning compliance and/or local retail registration before operations may commence.

Local Certification of Zoning Compliance (342.13; 342.14)

Following OCM's vetting process, local governments must **certify** that the applicant with preliminary approval has achieved **compliance with local zoning ordinances** prior to the licensee receiving final approval from OCM to commence operations.

During the application and licensing process for cannabis businesses, OCM will notify a local government when an applicant intends to operate within their jurisdiction and request a certification as to whether a proposed cannabis business complies with local zoning ordinances, and if applicable, whether the proposed business complies with state fire code and building code.

According to Minnesota's cannabis law, a local unit of government has 30 days to respond to this request for certification of compliance. If a local government does not respond to OCM's request for certification of compliance within the 30 days, the cannabis law allows OCM to issue a license. OCM may not issue the final approval for a license if the local government has indicated they are not in compliance.

OCM will work with local governments to access the licensing software system to complete this zoning certification process.

Local Approval Process (cont.)

Local Retail Registration Process (342.22)

Once the licensing process begins, local government registration applies to cannabis retailers or other cannabis/hemp businesses seeking a retail endorsement. Local governments must issue a retail registration after verifying that:

- The business has a valid license or license preapproval issued by OCM.
- The business has paid a registration fee or renewal fee to the local government;
  - Initial registration fees collected by a local government may be $500 or half the amount of the applicable initial license fee, whichever is less, and renewal registration fees may be $1,000 or half the amount of the applicable renewal license fee, whichever is less.
- The business is found to be in compliance with Chapter 342 and local ordinances.
- If applicable, the business is current on all property taxes and assessments for the proposed retail location.

Local registrations may also be issued by counties if the respective local government transfers such authorities to the county.

Determining a Process for Limiting Retail Registrations

If a local government wishes to place a limitation on the number of retailers and microbusiness/mezzobusinesses with retail endorsements allowed within their locality (as long as there is at least one retail location per 12,500 residents, see Page 10), state law does not define the process for a local government's selection if there are more applicants than registrations available. A few options for this process include the use of a lottery, a first-come/first-serve model, a rolling basis, and others. Local governments should work with an attorney to determine their specific process for selection if they wish to limit the number of licensed cannabis retailers per 342.13. Local governments are not required to limit the number of licensed cannabis retailers.

Local Approval Process (cont.)

Local governments are permitted specific authorities for registration refusal and registration suspension, in addition to—and not in conflict with—OCM authorities.

Registration and Renewal Refusals

Local governments may refuse the registration and/or certification of a license renewal if the license is associated with an individual who, within five years of the license application, has been convicted of a felony or willful violation of a federal or state law or local ordinance related to the manufacture, sale, distribution, or possession for sale or distribution of an alcoholic beverage.

Local Registration Suspension (342.22)

Local governments may suspend the local retail registration of a cannabis business or hemp business if the business is determined to not be operating in compliance with a local ordinance authorized by 342.13 or if the operation of the business poses an immediate threat to the health and safety of the public. The local government must immediately notify OCM of the suspension if it occurs. OCM will review the suspension and may reinstate the registration or take enforcement action.

Expedited Complaint Process (342.13)

Per state law, OCM will establish an expedited complaint process during the rulemaking process to receive, review, read, and respond to complaints made by a local unit of government about a cannabis business. Upon promulgation of rules, OCM will publish the complaint process.

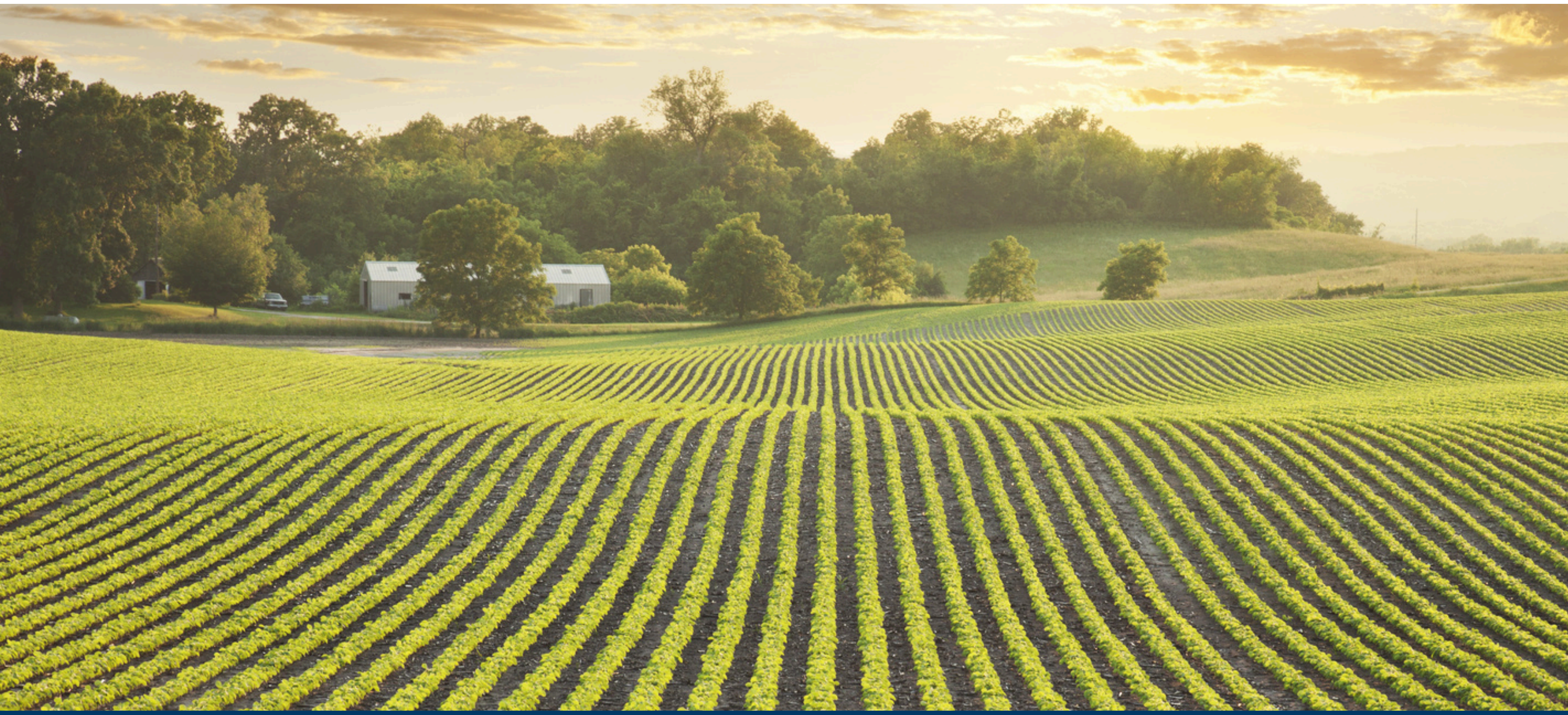
At a minimum, the expedited complaint process shall require the office to provide an initial response to the complaint within seven days and perform any necessary inspections within 30 days. Within this process, if a local government notifies OCM that a cannabis business poses an immediate threat to the health or safety of the public, the office must respond within one business day.

Inspections & Compliance Checks

Local governments are permitted specific business inspection and compliance check authorities, in addition to—and not in conflict with—OCM authorities.

Inspections and Compliance Checks (342.22)

Local governments must conduct **compliance checks** for cannabis and hemp businesses holding retail registration **at least once per calendar year**. These compliance checks must verify compliance with age verification procedures and compliance with any applicable local ordinance established pursuant to 342.13. OCM maintains inspection authorities for all cannabis licenses to verify compliance with operation requirements, product limits, and other applicable requirements of Chapter 342.



Municipal Cannabis Stores

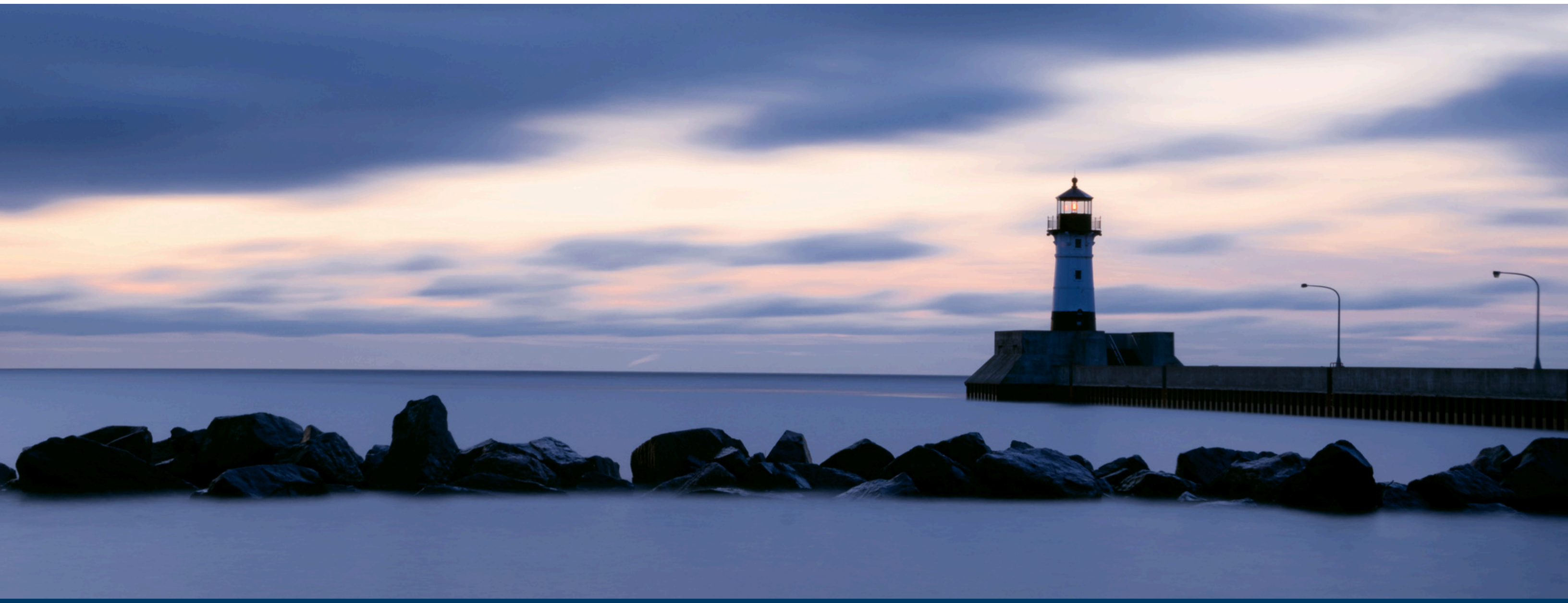
As authorized in Chapter 342.32, local governments are permitted to apply for a cannabis retail license to establish and operate a municipal cannabis store.

State law requires OCM issue a license to a city or county seeking to operate a single municipal cannabis store if the city or county:

- Submits required application information to OCM,
- Meets minimum requirements for licensure, and
- Pays applicable application and license fee.

A municipal cannabis store will not be included in the total count of retail licenses issued by the state under Chapter 342.

A municipal cannabis store cannot be counted as retail registration for purposes of determining whether a municipality's cap on retail registrations imposed by ordinance.



Creating Your Local Ordinance

As authorized in 342.13, a local government may adopt a local ordinance regarding cannabis businesses. Establishing local governments' ordinances on cannabis businesses in a timely manner is critical for the ability for local cities or towns to establish local control as described in the law, and is necessary for the success of the statewide industry and the ability of local governments to protect public health and safety. The cannabis market's potential to create jobs, generate revenue, and contribute to economic development at the local and state level is supported through local ordinance work. The issuance of local certifications and registrations to prospective cannabis businesses is also dependent on local ordinances.

- Local governments may not prohibit the possession, transportation, or use of cannabis, or the establishment or operation of a cannabis business licensed under state law.
- Local governments may adopt reasonable restrictions on the time, place, and manner of cannabis business operations (see Page 8).
- Local governments may adopt interim ordinances to protect public safety and welfare, as any studies and/or further considerations on local cannabis activities are being conducted, until January 1, 2025. A public hearing must be held prior to adoption of an interim ordinance.
- If your local government wishes to operate a municipal cannabis store, the establishment and operation of such a facility must be considered in a local ordinance.

Model Ordinance

For additional guidance regarding the creation of a cannabis related ordinance, please reference the addendum in this packet.

Additional Resources

OCM Toolkit for Local Partners

Please visit OCM webpage (mn.gov/ocm/local-governments/) for additional information, including a toolkit of resources developed specifically for local government partners. The webpage will be updated as additional information becomes available and as state regulations are adopted.

These resources are also included in the addendum of this packet.

Toolkit resources include:

- Appendix A: Model Ordinance
- Appendix B: Hemp Flower and Hemp-Derived Cannabinoid Product Checklist
- Appendix C: Enforcement Notice from the Office of Cannabis Management
- Appendix D: Notice to Unlawful Cannabis Sellers

Local Organizations

There are several organizations who also have developed resources to support local governments regarding the cannabis industry. Please feel free to contact the following for additional resources:

- League of Minnesota Cities
- Association of Minnesota Counties
- Minnesota Public Health Law Center

Appendix A: Model Ordinance

Cannabis Model Ordinance

The following model ordinance is meant to be used as a resource for cities, counties, and townships within Minnesota. The italicized text in red is meant to provide commentary and notes to jurisdictions considering using this ordinance and should be removed from any ordinance formally adopted by said jurisdiction. Certain items are not required to be included in the adopted ordinance: 'OR' and (optional) are placed throughout for areas where a jurisdiction may want to consider one or more choices on language.

AN ORDINANCE OF THE (CITY/COUNTY OF ______) TO REGULATE CANNABIS BUSINESSES

The (city council/town board/county board) of (city/town/county) hereby ordains:

Section 1. Administration

1.1 Findings and Purpose

(insert local authority) makes the following legislative findings:

The purpose of this ordinance is to implement the provisions of Minnesota Statutes, chapter 342, which authorizes (insert local authority) to protect the public health, safety, welfare of (insert local here) residents by regulating cannabis businesses within the legal boundaries of (insert local here).

(insert local authority) finds and concludes that the proposed provisions are appropriate and lawful land use regulations for (insert local here), 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.

1.2 Authority & Jurisdiction

A county can adopt an ordinance that applies to unincorporated areas and cities that have delegated authority to impose local zoning controls.

(insert local authority) 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 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.

Ordinance shall be applicable to the legal boundaries of (insert local here).

(Optional) (insert city here) has delegated cannabis retail registration authority to (insert county here). However, (insert city here) may adopt ordinances under Sections (2.6, 3 and 4) if (insert county here) has not adopted conflicting provisions.

1.3 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.

1.4 Enforcement

The elected body of a jurisdiction can choose to designate an official to administer and enforce this ordinance.

The (insert name of local government or designated official) is responsible for the administration and enforcement of this ordinance. 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.

1.5 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 a mezzobusinesses with a retail operations endorsement, microbusinesses with a retail operations endorsement, medical combination businesses operating a retail location, (and/excluding) lower-potency hemp edible retailers.

4. 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.
5. 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.
6. Lower-potency Hemp Edible: As defined under Minn. Stat. 342.01 subd. 50.
7. Office of Cannabis Management: Minnesota Office of Cannabis Management, referred to as "OCM" in this ordinance.
8. 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.
9. Preliminary License Approval: OCM pre-approval for a cannabis business license for applicants who qualify under Minn. Stat. 342.17.
10. Public Place: A public park or trail, public street or sidewalk; any enclosed, indoor area used by the general public, including, but not limited to, restaurants; bars; any other food or liquor establishment; hospitals; nursing homes; auditoriums; arenas; gyms; meeting rooms; common areas of rental apartment buildings, and other places of public accommodation.
11. Residential Treatment Facility: As defined under Minn. Stat. 245.462 subd. 23.
12. Retail Registration: An approved registration issued by the (insert local here) to a state-licensed cannabis retail business.
13. 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.
14. State License: An approved license issued by the State of Minnesota's Office of Cannabis Management to a cannabis retail business.

Section 2. Registration of Cannabis Businesses

A city or town can delegate authority for registration to the County. A city or town can still adopt specific requirement regarding zoning, buffers, and use in public places, provided said requirements are not in conflict with an ordinance adopted under the delegated authority granted to the County.

2.1 Consent to registering of Cannabis Businesses

No individual or entity may operate a state-licensed cannabis retail business within (insert local here) without first registering with (insert local here).

Any state-licensed cannabis retail business that sells to a customer or patient without valid retail registration shall incur a civil penalty of (up to $2,000) for each violation.

Notwithstanding the foregoing provisions, the state shall not issue a license to any cannabis business to operate in Indian country, as defined in United States Code, title 18, section 1151, of a Minnesota Tribal government without the consent of the Tribal government.

2.2 Compliance Checks Prior to Retail Registration

A jurisdiction can choose to conduct a preliminary compliance check prior to issuance of retail registration.

Prior to issuance of a cannabis retail business registration, (insert local here) (shall/shall not) conduct a preliminary compliance check to ensure compliance with local ordinances.

Pursuant to Minn. Stat. 342, within 30 days of receiving a copy of a state license application from OCM, (insert local here) shall certify on a form provided by OCM whether a proposed cannabis retail business complies with local zoning ordinances and, if applicable, whether the proposed business complies with the state fire code and building code.

2.3 Registration & Application Procedure

2.3.1 Fees.

(insert local here) shall not charge an application fee.

A registration fee, as established in (insert local here)'s fee schedule, shall be charged to applicants depending on the type of retail business license applied for.

An initial retail registration fee shall not exceed $500 or half the amount of an initial state license fee under Minn. Stat. 342.11, whichever is less. The initial registration fee shall include the initial retail registration fee and the first annual renewal fee.

Any renewal retail registration fee imposed by (insert local here) shall be charged at the time of the second renewal and each subsequent renewal thereafter.

A renewal retail registration fee shall not exceed $1,000 or half the amount of a renewal state license fee under Minn. Stat. 342.11, whichever is less.

A medical combination business operating an adult-use retail location may only be charged a single registration fee, not to exceed the lesser of a single retail registration fee, defined under this section, of the adult-use retail business.

2.3.2 Application Submittal.

The (insert local here) shall issue a retail registration to a state-licensed cannabis retail business that adheres to the requirements of Minn. Stat. 342.22.

(A) An applicant for a retail registration shall fill out an application form, as provided by the (insert local here). 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. The address and parcel ID for the property which the retail registration is sought;
- iv. Certification that the applicant complies with the requirements of local ordinances established pursuant to Minn. Stat. 342.13.
- v. (Insert additional standards here)

(B) The applicant shall include with the form:

i. the application fee as required in [Section 2.3.1];
ii. a copy of a valid state license or written notice of OCM license preapproval;
iii. (Insert additional standards here)

(C) Once an application is considered complete, the (insert local government designee) shall inform the applicant as such, process the application fees, and forward the application to the (insert staff/department, or elected body that will approve or deny the request) for approval or denial.

(D) The application fee shall be non-refundable once processed.

2.3.3 Application Approval

(A) *(Optional)* A state-licensed cannabis retail business application shall not be approved if the cannabis retail business would exceed the maximum number of registered cannabis retail businesses permitted under Section 2.6.

(B) A state-licensed cannabis retail business application shall not be approved or renewed if the applicant is unable to meet the requirements of this ordinance.

(C) A state-licensed cannabis retail business application that meets the requirements of this ordinance shall be approved.

2.3.4 Annual Compliance Checks.

The (insert local here) shall complete at minimum one compliance check per calendar year of every cannabis business to assess if the business meets age verification requirements, as required under [Minn. Stat. 342.22 Subd. 4(b) and Minn. Stat. 342.24] and this/these [chapter/section/ordinances].

The (insert local here) shall conduct at minimum one unannounced age verification compliance check at least once per calendar year.

Age verification compliance checks shall involve persons at least 17 years of age but under the age of 21 who, with the prior written consent of a parent or guardian if the person is under the age of 18, attempt to purchase adult-use cannabis flower, adult-use cannabis products, lower-potency hemp edibles, or hemp-derived consumer products under the direct supervision of a law enforcement officer or an employee of the local unit of government.

Any failures under this section must be reported to the Office of Cannabis Management.

2.3.5 Location Change

A jurisdiction may decide to treat location changes as a new registration, or alternatively treat a location change as allowable subject to compliance with the rest of the registration process.

A state-licensed cannabis retail business shall be required to submit a new application for registration under Section 2.3.2 if it seeks to move to a new location still within the legal boundaries of (insert local here).

or

If a state-licensed cannabis retail business seeks to move to a new location still within the legal boundaries of (insert local here), it shall notify (insert local here) of the proposed location change, and submit necessary information to meet all the criteria in this paragraph.

2.4 Renewal of Registration

The (insert local here) shall renew an annual registration of a state-licensed cannabis retail business at the same time OCM renews the cannabis retail business' license.

A state-licensed cannabis retail business shall apply to renew registration on a form established by (insert local here).

A cannabis retail registration issued under this ordinance shall not be transferred.

2.4.1 Renewal Fees.

The (insert local here) may charge a renewal fee for the registration starting at the second renewal, as established in (insert local here)'s fee schedule.

2.4.2 Renewal Application.

The application for renewal of a retail registration shall include, but is not limited to:

- Items required under Section 2.3.2 of this Ordinance.
- Insert additional items here

2.5 Suspension of Registration

2.5.1 When Suspension is Warranted.

The (insert local here) may suspend a cannabis retail business's registration if it violates the ordinance of (insert local here) or poses an immediate threat to the health or safety of the public. The (insert local here) shall immediately notify the cannabis retail business in writing the grounds for the suspension.

2.5.2 Notification to OCM.

The (insert local here) shall immediately notify the OCM in writing the grounds for the suspension. OCM will provide (insert local here) and cannabis business retailer a response to the complaint within seven calendar days and perform any necessary inspections within 30 calendar days.

2.5.3 Length of Suspension.

A jurisdiction can wait for a determination from the OCM before reinstating a registration.

The suspension of a cannabis retail business registration may be for up to 30 calendar days, unless OCM suspends the license for a longer period. The business may not make sales to customers if their registration is suspended.

The (insert local here) may reinstate a registration if it determines that the violations have been resolved.

The (insert local here) shall reinstate a registration if OCM determines that the violation(s) have been resolved.

2.5.4 Civil Penalties.

Subject to Minn. Stat. 342.22, subd. 5(e) the (insert local here) may impose a civil penalty, as specified in the (insert local here)'s Fee Schedule, for registration violations, not to exceed $2,000.

2.6 Limiting of Registrations

A jurisdiction may choose to set a limit on the number of retail registrations within its boundaries. The jurisdiction may not however, limit the number of registrations to fewer than one per 12,500 residents.

(Optional) The (insert local here) shall limit the number of cannabis retail businesses to no fewer than one registration for every 12,500 residents within (insert local legal boundaries here).

(Optional) If (insert county here) has one active cannabis retail businesses registration for every 12,500 residents, the (insert local here) shall not be required to register additional state-licensed cannabis retail businesses.

(Optional) The (insert local here) shall limit the number of cannabis retail businesses to (insert number <= minimum required).

Section 3. Requirements for Cannabis Businesses

State Statutes note that jurisdictions may "adopt reasonable restrictions on the time, place, and manner of the operation of a cannabis business." A jurisdiction considering other siting requirements (such as a buffer between cannabis businesses, or a buffer from churches) should consider whether there is a basis to adopt such restrictions.

3.1 Minimum Buffer Requirements

A jurisdiction can adopt buffer requirements that prohibit the operation of a cannabis business within a certain distance of schools, daycares, residential treatment facilities, or from an attraction within a public park that is regularly used by minors, including a playground or athletic field. Buffer requirements are optional. A jurisdiction cannot adopt larger buffer requirements than the requirements here in Section 3.1. A jurisdiction should use a measuring system consistent with the rest of its ordinances, e.g. from lot line or center point of lot.

(Optional) The (insert local here) shall prohibit the operation of a cannabis business within [0-1,000] feet of a school.

(Optional) The (insert local here) shall prohibit the operation of a cannabis business within [0-500] feet of a day care.

(Optional) The (insert local here) shall prohibit the operation of a cannabis business within [0-500] feet of a residential treatment facility.

(Optional) The (insert local here) shall prohibit the operation of a cannabis business within [0-500] feet of an attraction within a public park that is regularly used by minors, including a playground or athletic field.

(Optional) The (insert local here) shall prohibit the operation of a cannabis retail business within [X] feet of another cannabis retail business.

Pursuant to Minn. Stat. 462.367 subd. 14, nothing in Section 3.1 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/attraction within a public park that is regularly used by minors) moves within the minimum buffer zone.

3.2 Zoning and Land Use

For jurisdictions with zoning, said jurisdiction can limit what zone(s) Cannabis businesses can operate in. As with other uses in a Zoning Ordinance, a jurisdiction can also determine if such use requires a Conditional or Interim Use permit. A jurisdiction cannot outright prohibit a cannabis business. A jurisdiction should amend their Zoning Ordinance and list what zone(s) Cannabis businesses are permitted in, and whether they are permitted, conditional, or interim uses. While each locality conducts its zoning differently, a few themes have emerged across the country. For example, cannabis manufacturing facilities are often placed in industrial zones, while cannabis retailers are typically found in commercial/retail zones. Cannabis retail facilities align with general retail establishments and are prohibited from allowing consumption or use onsite and are also required to have plans to prevent the visibility of cannabis and hemp-derived products to individuals outside the retail location. Cannabis businesses should be zoned under existing zoning ordinances in accordance with the license type or endorsed activities held by the cannabis business.

3.2.1. Cultivation.

Cannabis businesses licensed or endorsed for cultivation are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

3.2.1. Cannabis Manufacturer.

Cannabis businesses licensed or endorsed for cannabis manufacturer are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

3.2.1. Hemp Manufacturer.

Businesses licensed or endorsed for low-potency hemp edible manufacturers permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

3.2.1. Wholesale.

Cannabis businesses licensed or endorsed for wholesale are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

3.2.1. Cannabis Retail.

Cannabis businesses licensed or endorsed for cannabis retail are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

3.2.1. Cannabis Transportation.

Cannabis businesses licensed or endorsed for transportation are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

3.2.1. Cannabis Delivery.

Cannabis businesses licensed or endorsed for delivery are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

3.3 Hours of Operation

A jurisdiction may adopt an ordinance limiting hours of operation between 10 a.m. and 9 p.m., seven days a week, and that State statute prohibits 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.

(Optional) 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 (insert time here) and (insert time here).

3.4 (Optional) Advertising

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 (insert local here)'s sign ordinances.

Section 4. Temporary Cannabis Events

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 a local unit of government before holding a cannabis event.

4.1 License or Permit Required for Temporary Cannabis Events

4.1.1 License Required.

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 (insert local here) prior to holding a Temporary Cannabis Event.

4.1.2 Registration & Application Procedure

A registration fee, as established in (insert local here)'s fee schedule, shall be charged to applicants for Temporary Cannabis Events.

4.1.3 Application Submittal & Review.

The (insert local here) shall require an application for Temporary Cannabis Events.

(A) An applicant for a retail registration shall fill out an application form, as provided by the (insert local here). 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)

(B) The applicant shall include with the form:
  - i. the application fee as required in (Section 4.1.2);
  - ii. a copy of the OCM cannabis event license application, submitted pursuant to 342.39 subd. 2.

The application shall be submitted to the (insert local authority), or other designee for review. If the designee determines that a submitted application is incomplete, they shall return the application to the applicant with the notice of deficiencies.

(C) Once an application is considered complete, the designee shall inform the applicant as such, process the application fees, and forward the application to the (insert staff/department, or elected body that will approve or deny the request) for approval or denial.

(D) The application fee shall be non-refundable once processed.

(E) The application for a license for a Temporary Cannabis Event shall meet the following standards:

A jurisdiction may establish standards for Temporary cannabis events which the event organizer must meet, including restricting or prohibiting any on-site consumption. If there are public health, safety, or welfare concerns associated with a proposed cannabis event, a jurisdiction would presumably be authorized to deny approval of that event.

- Insert standards here

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

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

(Optional) Temporary cannabis events shall only be held at (insert local place).

(Optional) Temporary cannabis events shall only be held between the hours of (insert start time) and (insert stop time).

Section 5. (Optional) Lower-Potency Hemp Edibles

A jurisdiction can establish different standards or requirements regarding Low-Potency Edibles. A jurisdiction can consider including the following section and subsections in their cannabis ordinance.

5.1 Sale of Low-Potency Hemp Edibles

The sale of Low-Potency Edibles is permitted, subject to the conditions within this Section.

5.2 Zoning Districts

If sales are permitted, a jurisdiction can limit what zone(s) the sales of Low-Potency Edibles can take place in. A jurisdiction can also determine if such activity requires a Conditional or Interim Use permit.

Low-Potency Edibles businesses are permitted as a (type of use) in the following zoning districts:

- (Insert zoning districts use is permitted in here)
- (Insert zoning districts use is permitted in here)

5.3 (Optional) Additional Standards

5.3.1 Sales within Municipal Liquor Store.

A jurisdiction that already operates a Municipal Liquor Store may sell Low-Potency Edibles within the same store.

The sale of Low-Potency Edibles is permitted in a Municipal Liquor Store.

5.3.2 Age Requirements.

A jurisdiction is able to restrict the sale of Low-Potency Edibles to locations such as bars.

The sale of Low-Potency Edibles is permitted only in places that admit persons 21 years of age or older.

5.3.3 Beverages.

The sale of Low-Potency Hemp Beverages is permitted in places that meet requirements of this Section.

5.3.4 Storage of Product.

A jurisdiction is able to set requirements on storage and sales of Low-Potency Edibles.

Low-Potency Edibles shall be sold behind a counter, and stored in a locked case.

Section 6. (Optional) Local Government as a Cannabis Retailer

(insert local here) may establish, own, and operate one municipal cannabis retail business subject to the restrictions in this chapter.

The municipal cannabis retail store shall not be included in any limitation of the number of registered cannabis retail businesses under Section 2.6.

(insert local here) shall be subject to all same rental license requirements and procedures applicable to all other applicants.

Section 7 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 premises is an establishment or an event licensed to permit on-site consumption of adult-use.

Appendix B: Hemp Flower and Hemp-Derived Cannabinoid Product Checklist

Office of Cannabis Management
Department of Health

Hemp Flower and Hemp-Derived Cannabinoid Product Checklist

Minnesota Statute 18K.02, Definitions
Minnesota Statute 152.01, Subdivision 9
Minnesota Statute 151.72, Sale of Certain Cannabinoid Products
Minnesota Statute 152.0264, Cannabis Sale Crimes
Minnesota Statute 342.09, Personal Adult Use of Cannabis

Question	Yes	No	Comments	Additional Information
Business License and Registration Compliance				
Is the business registered with the Minnesota Department of Health?				All businesses selling hemp-derived cannabinoid products must be registered. See [Hemp-Derived Cannabinoid Products (www.health.state.mn.us/people/cannabis/edibles/index.html)](www.health.state.mn.us/people/cannabis/edibles/index.html)
If the business offers on-site consumption, do they have a liquor license?				Local authorities issue on-site consumption licenses. These are required for all businesses permitting on-site consumption of THC.
Product Compliance – All Products				
Does the business ensure that all sales are made to persons 21 years old or older?				Only persons 21 years of age or older may purchase hemp-derived cannabinoid products, with the exception of topicals. These products may be sold to anyone.
Does the business have all edible cannabinoid products, except beverages, behind the counter or in a locked cabinet?				Businesses must ensure all edible cannabinoid products are secure and inaccessible to customers.

Question	Yes	No	Comments	Additional Information
Only delta-8 and delta-9 are allowed for human consumption. Does the business sell edibles or beverages with any other intoxicating cannabinoids?				MDH has identified products containing many different intoxicating cannabinoids, such as HHC, THC-O, THC-P, PHC, delta-10, delta-11, delta-8p, delta-9p, etc. The product must contain only delta-8 and/or delta-9.
Does the business sell any edible products that are similar to a product marketed to or consumed by children?				Edible products that appear similar to candy or snacks marketed toward or consumed by children are not allowed.
Does the label on the edible or beverage state “Keep out of reach of children”?				All products must include the warning label “Keep out of reach of children.”
Is the manufacturer’s name, address, website, and contact phone number included on the label or provided through a QR code?				If not, the product is not in compliance.
Does the QR code on the product bring the user to a Certificate of Analysis on the website, which includes the name of the independent testing laboratory, cannabinoid profile, and product batch number?				All products must be tested by batch in an independent, accredited laboratory. The results must include the cannabinoid profile.
Does the label on the product indicate the cannabinoids by serving and in total?				The label must indicate the potency by individual serving as well as in total.

Question	Yes	No	Comments	Additional Information
Does the label on the product make any claim the product offers any kind of health benefit?				Health claims are not permitted on hemp or cannabis products unless approved by the FDA. At this time, there is not an approved statement.
Does the label on the product state that the product does not claim to diagnose, treat, cure or prevent any disease?				The manufacturer cannot claim the product will provide any health benefit unless the product has been formally approved by the FDA.
Does the business sell CBD (or other forms of cannabidiol) in the form of a softgel, tablet, or tincture?				Non-intoxicating cannabinoids may only be sold in the form of an edible, beverage, or topical. Therefore, softgels and tablets cannot be sold. Tinctures must be labeled as either an edible or beverage and comply with the edible or beverage requirements.
Product Compliance – Edibles				
Does the edible product contain more than 5 mg delta-8 and/or delta-9 per serving?				Edibles may not exceed 5 mg delta-8 and/or delta-9 per serving.
Does the edible product package/container contain more than 50 mg total THC (delta-8 and/or delta-9)?				Edibles may not exceed 50 mg total delta-8 or delta-9 per package. The edible cannot contain any other form of THC or intoxicating cannabinoid.
Are all the edible product's servings clearly marked, wrapped, or scored on the product?				Edible product servings must be clearly distinguished on the product. Bulk products that require the consumer to measure are not allowed.

Question	Yes	No	Comments	Additional Information
Does the business sell any edible products in the shape of bears, worms, fruits, rings, ribbons?				Edibles in shapes that appeal to children are not allowed.
Is the edible product in a child-proof, tamper-evident, opaque container?				All edibles must be in a container that is child-resistant and tamper evident. If the container is clear, the business must place the edible into an opaque bag at the point of sale. Clear bags are not allowed.
Product Compliance - Beverages				
Does the beverage product contain more than 5 mg delta-8 or delta-9 per serving?				Beverages may not exceed 5 mg delta-8 and/or delta-9 per serving.
Does the beverage product contain more than 2 servings?				Beverages cannot exceed two servings, regardless of the THC potency.
Is the beverage product in an opaque container?				If the beverage is in a clear container, the business must place the beverage in an opaque bag at the point of sale.
Product Compliance – Smokables (non-flower)				
Does the business sell vapes, pre-rolls, dabs, or other smokable products which contain more than 0.3% THC?				A product's certificate of analysis will show the concentration of THC the product contains. The certificate typically is found through the QR code on the product package. In MDH's experience, most vapes contain 50% - 90%+ THC. Pre-rolls may consist of raw hemp flower. These products are not regulated by 151.72. However, if a pre-roll is labeled as "infused" or "coated" have additional cannabinoids applied to the material, of which the product typically exceeds the 0.3% THC limit.

Question	Yes	No	Comments	Additional Information
Does the business sell vapes, pre-rolls, dabs, or other smokeable products that contain other intoxicating cannabinoids, such as HHC?				MN Statutes do not allow any cannabinoid, other than delta-8 or delta-9, to be sold if the cannabinoid is intended to alter the structure or function of the body. HHC is a cannabinoid known to have potency greater than THC.
Does the business sell vapes, pre-rolls, dabs, or other smokable products which contain CBD?				Non-intoxicating cannabinoids cannot be smoked, vaped, or inhaled.
Product Compliance – Flower				
Does the business sell raw hemp flower?				Raw hemp flower must contain 0.3% or less of delta-9 on a dry weight basis. Products exceeding 0.3% delta-9 dry weight are marijuana, and are illegal for sale. THC-A is the non psychoactive precursor to delta-9. Once heated THC-A converts to delta-9. In that process some amount of THC-A is lost. To determine whether, once heated, the hemp flower will exceed the allowable 0.3% of delta-9, one can use a decarboxylation formula which takes into account the conversion of THC-A into delta-9. That formula is as follows: Total THC = (0.877 X THC-A) + d-9 THC) Raw flower must include a certificate of analysis to show testing below 0.3% delta-9. • A lack of a certificate of analysis would constitute an illegal sale.

Question	Yes	No	Comments	Additional Information
				• A certificate of analysis showing that under the decarboxylation formula that delta-9 would exceed the 0.3% threshold would also indicate the flower is cannabis and not hemp and therefore being sold illegally.
Product Compliance – On-Site Consumption				
If the business offers on-site consumption, do they serve the edible or beverage in its original packaging?				The business may not pour out or remove an edible from its original packaging.
If the business offers on-site consumption, do they mix a cannabis-infused beverage with alcohol?				The business may not mix cannabis-infused products with alcohol.
If the business offers on-site consumption, do they permit customers to remove from the premises products which have been removed from their original packaging?				Products which have been removed from their original packaging cannot be removed from the premises by the customer.

NOTE: If a person suspects that a hemp-derived cannabinoid product is being sold in violation of Minnesota law, they can use the complaint form at Submitting Hemp-Derived Cannabinoid Product Complaints (www.health.state.mn.us/people/cannabis/edibles/complaints.html).

Appendix C: Enforcement Notice from the Office of Cannabis Management

MINNESOTA
OFFICE OF CANNABIS MANAGEMENT

Enforcement Notice from the Office of Cannabis Management

Dear Registered Hemp Derived Cannabinoid Business:

The Office of Cannabis Management (OCM), established in 2023, is charged with developing and implementing the operational and regulatory systems to oversee the cannabis industry in Minnesota as provided in Minnesota Statutes Chapter 342.

When Minnesota legalized the sale of adult-use of cannabis flower, cannabis products, and lower-potency hemp edibles/ hemp-derived consumer products, the Minnesota Legislature included statutory provisions, Minnesota Statutes, chapter 152.0264, making the sale of cannabis illegal until a business is licensed by OCM. The Office of Cannabis Management has not yet issued licenses for the cultivation, manufacture, wholesale, transportation or retail sale of cannabis, therefore any retail sales of cannabis products, including cannabis flower, are illegal.

The Office of Cannabis Management has received complaints of retailers selling cannabis flower under the label of hemp flower. Under an agreement between The Minnesota Department of Health (MDH) and OCM, inspectors from MDH will begin to examine any flower products being sold during their regular inspections to determine whether they are indeed hemp flower or cannabis flower.

In distinguishing between hemp and cannabis flower, OCM, consistent with federal rules and regulations related to hemp under 7 CFR 990.1, will consider the total concentration of THC post- decarboxylation, which is the process by which THC-A is converted into Delta-9 to produce an intoxicating effect. The examination of raw flower products will include reviewing the certificate of analysis for compliance in several areas, including:

Compliance with the requirement that raw flower listed for sale includes a Certificate of Analysis (COA). Products for sale without a COA will constitute an illegal sale.

A COA that affirms concentrations of 0.3% or less of Delta-9 on a dry weight basis. Products exceeding 0.3% Delta-9 dry weight are considered marijuana and are therefore illegal to sell.

A COA that confirms that the total levels of Delta-9 and THC-A after the decarboxylation process do not exceed 0.3%. A COA that indicates the raw flower will exceed 0.3 percent Delta-9 post-decarboxylation, or a subsequent test conducted by an independent laboratory utilized by OCM that confirms Delta-9 in excess of 0.3 percent will be considered illegal.

Minnesota Statutes, Chapter 342 governs Minnesota's cannabis market, and empowers OCM to ensure regulatory compliance. Minnesota Statutes, chapter 342.09, subdivision 4 prohibits the retail sale of cannabis flower and cannabis products "without a license issued under this chapter that authorizes the sale."

To date, the Office of Cannabis Management has not issued any cannabis licenses, applications for licenses are expected to be available in the first half of 2025. As such, selling cannabis is a clear violation of law. Be aware that under [Minnesota Statutes, 342.09, subdivision 6](), OCM may assess fines in excess of a $1 million for violations of this law. Likewise, under [Minnesota Statutes, chapter 342.19](), OCM is empowered to embargo any product that it has “probable cause to believe . . . is being distributed in violation of this chapter or rules adopted under this chapter[.]” Furthermore, violations of law may be considered in future licensing decisions made by OCM.

As inspectors enter the field, we encourage you to review the products you are currently selling to ensure they fall within the thresholds outlined above. If you have any questions related to the products you are selling, please send an email to cannabis.info@state.mn.us.

Thank you for your attention to this matter.

Charlene Briner
Interim Director
Office of Cannabis Management

Appendix D: Notice to Unlawful Cannabis Sellers

MINNESOTA
OFFICE OF CANNABIS MANAGEMENT

Notice to Unlawful Cannabis Sellers

This notice is to inform you that your current course of action may run afoul of Minnesota law, and continuing this course of action may result in civil actions and potential criminal prosecution. To avoid such outcomes, you should immediately cease and desist any plans to engage in the unlicensed sale of cannabis and cannabis products.

Minnesota Statutes, Chapter 342 (www.revisor.mn.gov/statutes/cite/342) governs Minnesota's cannabis market, and empowers OCM to ensure regulatory compliance. Minnesota Statutes, chapter 342.09, subdivision 4 (www.revisor.mn.gov/statutes/cite/342.09#stat.342.09.4) prohibits the retail sale of cannabis flower and cannabis products "without a license issued under this chapter that authorizes the sale." To date the Office of Cannabis Management has not issued any retail, or other, cannabis licenses. As such, your plan to sell cannabis in a retail setting at this date would be in flagrant violation of the law. Be aware that under Minnesota Statutes, 342.09, subdivision 6 (www.revisor.mn.gov/statutes/cite/342.09#stat.342.09.6), OCM may assess fines in excess of a $1,000,000 for violations of this law.

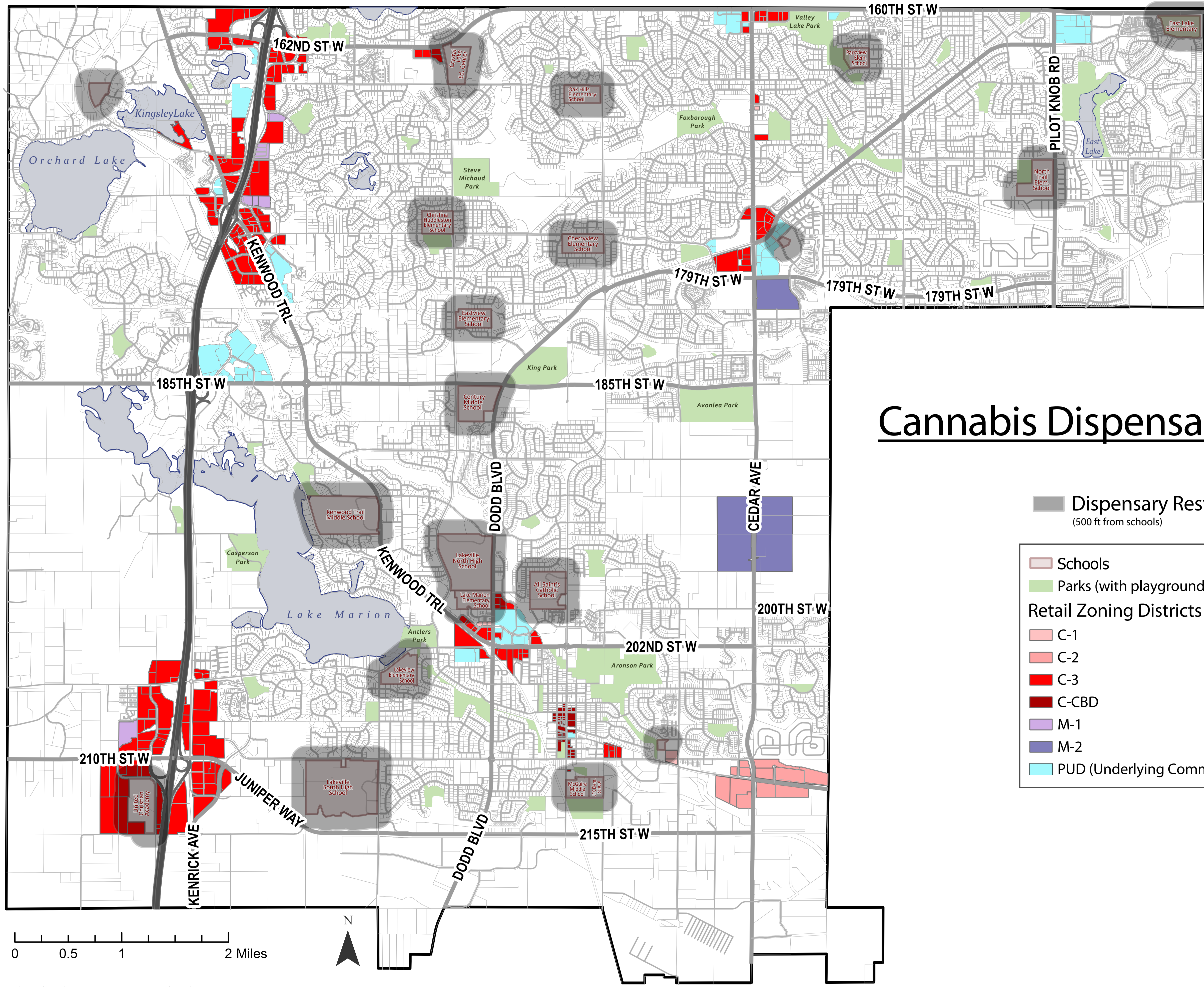
Likewise, under Minnesota Statutes, chapter 342.19 (www.revisor.mn.gov/statutes/cite/342.19), OCM is empowered to embargo any product that it has "probable cause to believe . . . is being distributed in violation of this chapter or rules adopted under this chapter[.]" It is believed that products attempted to be sold at your retail location might be distributed in violation of the law, and would therefore be subject to embargo by OCM. Under Minnesota Statutes, chapter 342.19, subd. 2 (www.revisor.mn.gov/statutes/cite/342.19#stat.342.19.2), once embargoed OCM "shall release the cannabis plant, cannabis flower, cannabis product, artificially derived cannabinoid, lower-potency hemp edible, or hemp-derived consumer product when this chapter and rules adopted under this chapter have been complied with or the item is found not to be in violation of this chapter or rules adopted under this chapter."

While Minnesota has legalized the sale of adult-use of cannabis flower, cannabis products, lower-potency hemp edibles, or hemp-derived consumer products, the legislature did add new statutory provisions, Minnesota Statutes, chapter 152.0264 (www.revisor.mn.gov/statutes/cite/152.0264), making illegal the unlawful sale of cannabis. As there are not yet any licenses issued by OCM for the cultivation, manufacture, wholesale, transportation, or retail of cannabis, any sales of cannabis products in excess of the limits in 152.0264 is illegal.

If you are only planning to sell cannabinoid products that are derived from hemp, you should ensure that the sale of those products is consistent with Minnesota Statutes, chapter 151.72 (www.revisor.mn.gov/statutes/cite/151.72), including but not limited to the requirement that your business be registered with the Commissioner of Health, and that all products are in compliance with the relevant statutes.

Finally, in addition to the state laws outlined above, please be aware that any retail location must be in compliance with local government ordinances and zoning requirements.

OCM takes seriously its charge to enforce Minnesota Statutes, Chapter 342, and its responsibility to ensure a safe and legal cannabis market. In order to avoid the above-described actions, all attempts to open a cannabis retail dispensary in Minnesota without the appropriate license should be ceased.



Cannabis Dispensary Restrictions

Dispensary Restricted Area
(500 ft from schools)

Schools
Parks (with playgrounds, ball fields, etc.)

Retail Zoning Districts

- C-1
- C-2
- C-3
- C-CBD
- M-1
- M-2
- PUD (Underlying Commercial Use)

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			Commercial District				Industrial Districts			
Zoning District	**M-1 (I-35 Corridor)**	**M-2 (Cedar Corridor)**	**C-1 Neighbor Comm.**	**C-2 Hwy Comm.**	**C-3, General Comm.**	**C-CBD**	**I-1, Light Ind**	**I-2, Gen Ind**	**O-P, Office Park**	
Cannabis License Type										
Cannabis Microbusiness							P	P	CUP?	Indoor cultivation of plants up to 5,000 sq ft or up to half acre outdoors + 1 retail license
Cannabis Mezzobusiness							P	P	CUP?	Indoor cultivation of plants up to 15,000 sq ft or up to 1 acre outdoors + 3 retail license
Cannabis Cultivator (indoor)							P	P		Indoor cultivation of up to 30,000 sq ft plant canopy
Cannabis Cultivator (outdoor)							CUP	CUP	No	Outdoor cultivation of up to 2 acres
Cannabis Manufacturer							P	P	CUP?	Manufacture cannabis and hemp products
Cannabis Retailer	?	?	CUP	CUP	CUP	CUP				Cannabis retailer (342.27 stipulates display, storage, hrs operation; security)
Cannabis Wholesaler							P	P	P	Buy and sell immature plants
Cannabis Transporter							P	P	P	Transport cannabis and hemp products between
Cannabis Testing Facility							P	P	P	Third-party testing any products grown or manufactured
Cannabis Delivery Service							CUP	CUP	CUP?	Delivery with on-site vehicles
Medical Cannabis Cultivator							P	P	CUP?	60,000 sq ft of plant canopy
Medical Cannabis Processor							P	P	CUP?	Manufacture medical cannabis products
Medical Cannabis Retailer	?	?	CUP	CUP	CUP					Purchase medical cannabis flower and producsts and sell or distribute
Medical Cannabis Combo business							CUP	CUP	?	Cultivator, processor, and retailer
Lower-potency Hemp Edible Manuf							P	P	CUP?	
Lower-potency Hemp Edible retail	?	?	P	P	P					