

**WORTHINGTON CITY COUNCIL
REGULAR MEETING
OCTOBER 28, 2024**

The meeting was called to order at 5:30 p.m., in City Hall Council Chambers by Mayor Rick Von Holdt with the following Council Members present: Amy Ernst, Chris Kielblock, Larry Janssen, Dennis Weber. Chad Cummings (excused).

Staff present: Hyunmyeong Goo, City Engineer; Matt Selof, Community Development Director; Cristina Adame, Communications & Relations; Steve Robinson, City Administrator; Mindy Eggers, City Clerk.

Others Present: Sam Martin, The Globe; Ryan McGaughey. Radio Works.

The Pledge of Allegiance was recited.

AGENDA APPROVED WITH ADDITIONS/CHANGES

A motion was made by Council Member Kielblock, seconded by Council Member Janssen and unanimously carried to approve the consent agenda with the noted change.

HELD PUBLIC HEARING AND ADOPTED RESOLUTION NO. 2024-10-74 APPROVING TAX ABATEMENT FOR CERTAIN PROPERTY PURSUANT TO MINN. STAT. 469.1813 - PARCEL #31-3659-005

Pursuant to published notice, this was the time and date set for a public hearing on proposed assessments.

The motion was made by Council Member Ernst, seconded by Council Member Kielblock and unanimously carried to open the hearing.

Hyunmyeong Goo, City Engineer, presented information on the proposed assessments. He noted the proposed assessment rolls were included in the packet.

2024 MISCELLANEOUS UNPAID CHARGES

- > Removal of Ice and Snow
- > Removal of Noxious Weed and Vegetation

3.75%; 1 year

¹ Based on recommended policy for a minimum rate of 3.75% or current rate for improvement assessments, whichever is greater.

Mayor Von Holdt asked if there was any testimony, none was received.

A motion was made by Council Member Kielblock, seconded by Council Member Ernst and unanimously carried to close the hearing.

A motion was made by Council Member Kielblock, seconded by Council Member Janssen and unanimously carried to adopt the following resolution:

RESOLUTION NO. 2024-10-74

A RESOLUTION APPROVING TAX ABATEMENT FOR CERTAIN PROPERTY PURSUANT TO MINN. STAT. 469.1813

(Refer to Resolution File for complete copy of Resolution)

CONSENT AGENDA

A motion was made by Council Member Kielblock, seconded by Council Member Weber and unanimously carried to approve the consent agenda as presented.

- City Council/Water & Light Commission Special Joint Meeting Minutes of October 16, 2024
- City Council Meeting Minutes of October 14, 2024
- Water & Light Special Meeting Minutes of October 16, 2024
- Joint Powers Transit Authority Meeting Minutes of July 25, 2024
- General Fund Statement of Revenue and Expenditures for the Period of January 1, 2024 through September 30, 2024
- Municipal Liquor Store Income Statement for the Period of January 1, 2024 through September 30, 2024
- Olson Park Statement of Revenue and Expenditures - Budget and Actual for the Period of January 1, 2024 through September 30, 2024
- Field House Statement of Revenue and Expenditures - Budget and Actual for the Period of January 1, 2024 through September 30, 2024
- Bills Payable Totaling \$3,568,724.84

APPROVED THE 2025 STORM WATER UTILITY BUDGET AND GAVE FIRST READING OF PROPOSED ORDINANCE TO AMEND THE STORM WATER UTILITY RATE

Hyunmyeong Goo, City Engineer, said the proposed 2025 Storm Water Utility (606) Fund operating and capital improvement budgets, along with the Equipment Revolving Schedule, are currently being updated. He said in 2024, stormwater utility rates increased by 10%. As the stormwater management requirements for the community continue to grow, the City is also facing rising construction costs and need to make capacity upgrades to deteriorating pipes and structures. The current operating revenue for the utility is projected to be approximately \$848,000 for this year.

Mr. Goo explained to fund the Centennial Park Lift Station rehabilitation, a rate increase of \$161,365 is recommended. This would result in a proposed 19.25% stormwater utility rate increase for the 2025 budget. The City Council originally adopted an ordinance in December 2003, establishing the City’s stormwater system as a utility, with an annual stormwater fee rate for residential use. The rate is adjusted annually using a multiplier based on land use, multiplied by the property area, and billed across 12 monthly payments.

To meet 2025 revenue needs, the base annual residential rate per acre will need to be raised to \$409.27, compared to the current rate of \$343.20 per acre. For a standard residential lot of 0.24 acres, the proposed 2025 monthly charge would be \$9.02, an increase of \$1.46 from the current rate of \$7.56.

The annual cost will increase \$17.52 per residential lot. The per acre rates for land uses other than residential (1 through 3 units) will be as follows:

Land use	2024 Rate/Acre	2025 Rate/Acre	Monthly Increase	Annual Increase
Commercial	\$57.45	\$68.51	\$11.06	\$132.71
Industrial	\$47.73	\$56.92	\$9.19	\$110.26
Multi Family	\$42.30	\$50.44	\$8.14	\$97.71
Institutional	\$57.45	\$68.51	\$11.06	\$132.71

The following are generic examples of the impacts of the rate changes:

Facility	2024 <u>Monthly Bill</u>	2025 <u>Monthly Bill</u>	Monthly <u>Increase</u>	Annual <u>Increase</u>
.5 Acre Commercial Site	\$28.73	\$34.26	\$5.53	\$66.37
2.5 Acre Church Site	\$143.63	\$171.28	\$27.65	\$331.79
4 Acre Commercial Site	\$229.81	\$274.05	\$44.24	\$530.86
10 Acre Industrial Site	\$477.33	\$569.22	\$91.89	\$1,102.63
42 Acre Industrial Site	\$2,004.82	\$2,390.75	\$385.93	\$4,631.13

The motion was made by Council Member Weber, seconded by Council Member Kielblock and unanimously carried to give a first reading to the proposed ordinance to amend the base annual rate to \$409.27 per acre.

RESOLUTION NO. 2024-10-75 ORDERING PREPARATION OF FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

Mr. Goo said the reconstruction from Spring Avenue to Service Drive and the extension of Service Drive from Spring Avenue to Trunk Highway 60 are being planned and a feasibility report needs to be completed. The proposed improvements for the Service Road include base reconstruction, resurfacing, curb and gutter, driveways, and sanitary sewer services. For Service Drive, the project involves extending the road to Trunk Highway 60 and includes base reconstruction, resurfacing, curb and gutter, driveways, water main reconstruction and sanitary sewer services. Bolton and Menk, Inc. will prepare the report.

Mr. Goo explained while the project has received a state grant, the grant will not cover 100% of the costs. The remaining cost, after deducting the grant amount from the total project cost, will be assessed to the abutting property owners. This includes costs for engineering, field inspection, sanitary sewer services, and water services. Upon receipt of the report, the Council will be requested to order a hearing on the proposed improvements.

The motion was made by Council Member Kielblock, seconded by Council Member Weber and unanimously carried to adopt the following resolution:

RESOLUTION NO. 2024-10-75

A RESOLUTION ORDERING PREPARATION OF FEASIBILITY REPORT ON PROPOSED IMPROVEMENT

(Refer to Resolution File for complete copy of Resolution)

HELD DISCUSSION ON ZONING FOR CANNABIS BUSINESSES

Mr. Selof said at the October 1, 2024 Planning Commission meeting, the Commission discussed a preliminary set of zoning requirements for cannabis businesses. The discussion focused primarily on what zoning districts the various businesses should be allowed in. The information that follows was presented to the Commission along with staff recommendations. Any changes to the recommendations based on the Commission's feedback are noted.

State law does not restrict how a local government conducts its zoning designations for cannabis businesses except for certain buffering and distance requirements. Therefore, the City must decide these requirements.

State law designates 13 distinct business types which fall into eight main categories. The business types are as follows:

1. 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.
2. 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. Mezzobusinesses may also operate up to three retail locations.
3. Cultivator – Cultivators may cultivate cannabis and package such cannabis for sale to another licensed cannabis business.
4. Manufacturer – Manufacturers may manufacture cannabis products and hemp products, and package such products for sale to a licensed cannabis retailer.
5. Retailer – Retailers may sell immature cannabis plants and seedlings, cannabis, cannabis products, hemp products, and other products authorized by law to customers and patients.
6. 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.
7. Transporter – Transporters may transport immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products to licensed cannabis businesses.
8. Testing Facility – Testing facilities may obtain and test immature cannabis plants and seedlings, cannabis, cannabis products, and hemp products from licensed cannabis businesses.
9. Event Organizer – Event organizers may organize a temporary cannabis event lasting no more than four days.
10. 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.
11. 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.

12. 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.

13. Lower-Potency Hemp Edible Retailer – Lower-potency hemp edible retailers may sell lower-potency hemp edibles to customers.

These businesses can be grouped into eight different categories in which to base zoning requirements. Those eight categories are as follows:

1. Cultivation
2. Cannabis Manufacturing, Processing, and Extraction
3. Hemp Manufacturing
4. Wholesale
5. Cannabis Retail
6. Transportation
7. Delivery
8. Events

He said the only consideration staff would add to this list is lighting, particularly for indoor cultivation where artificial grow lights would be present.

The following table shows staff’s initial recommendations for what each zoning district would allow.

Business Category	Zoning Districts Permitted	Notes
Cultivation	M-1, M-2, TZ	M-1 and M-2 should only permit indoor cultivation. TZ should be permitted only outdoor cultivation. All three should require conditional use permits.
Cannabis Manufacturing, Processing, Extraction	M-1, M-2	Staff believes these could be either permitted outright or by conditional use. Planning Commission had mixed opinions and suggested requiring a conditional use permit.
Hemp Manufacturing	M-1, M-2	Same as above.

Wholesale	M-1, M-2, B-3	B-3 should be allowed by conditional use only. This follows requirements for general warehousing.
Cannabis Retail	B-2, B-3, B-4	All three zoning districts should require conditional use permits.
Transportation	M-1, M-2	This would constitute a fleet - based business. A physical location would entail mainly vehicle storage. Staff recommends this be permitted with a clarifying definition.
Delivery	M-1, M-2	Same as transportation.
Events	B-2, B-3, B-4, M-1, M-2	There would be additional requirements and licensing put in place by City Council.

Mr. Selof said the Planning Commission agreed with the recommendations above although did defer to Council’s judgement regarding whether manufacturing businesses should be permitted by-right or require a conditional use permit.

Staff requested Council’s guidance regarding the recommended schedule of use of buffer guidelines. He explained the City 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. For clarity, these are the maximum requirements the City may set.

A city may opt for no buffering requirements or could opt for lesser distances requirements (such as 500 feet from a school). The maximum possible buffer that State law allows (1,000 feet from schools and 500 from day cares, parks, etc.). This does not include any in-home day care centers, or residential treatment facilities within the buffer zones shown. He said the primary area of concern is Oxford Street, north of the Worthington High School and Trojan Field. At the maximum possible buffers cannabis businesses would be prohibited along Oxford Street from Humiston to McMillan.

Staff has run many different buffer scenarios and arrived at the following recommendation:

- 200 feet from schools.
- No buffering requirements from day cares, parks, treatment facilities, etc.

Staff believes a 200' buffer around the Worthington High School and Trojan Field is better than the maximum possible buffer but still recommends excluding Trojan Field and other parks from the requirement so as to open up as much of the main commercial corridors as possible to businesses.

Mr. Selof noted the Planning Commission recommended a 200' buffer around schools, and a 200' buffer around attractions within a public park regularly used by minors including playgrounds and athletic fields.

After discussion, Council agreed with the Planning Commission's recommendations and also would like a Conditional Use to be required as part of the process.

COUNCIL COMMITTEE REPORTS

Mayor Rick Von Holdt - No report.

Council Member Janssen - No report.

Council Member Ernst - No report.

Council Member Kielblock - Attended airplane dedication at the airport.

Council Member Weber - No report.

CITY ADMINISTRATOR REPORT

Mr. Robinson said MN DOT has requested staff put together a turn back committee of staff and Council. Will be attending a couple of cyber security classes in Mankato. Will be receiving a debriefing from SW MN Housing on why we did not qualify for the grants that were offered. Union negotiations have started and have been very reasonable discussions.

ADJOURNMENT

The motion was made by Council Member Kielblock, seconded by Council Member Weber and unanimously carried to adjourn the meeting at 6:12 p.m.

Mindy Eggers, MCMC
City Clerk