

To: Planning Advisory Commission
From: Megan Smith, Land Use Management Director
Mtg. Date: January 26, 2026
Re: CUP Request in Leon Township for a Cannabis Microbusiness

AGENDA ITEM:

Hold a public hearing and consider a conditional use permit to allow a cannabis microbusiness at 7860 365th Street, Cannon Falls, MN.

ATTACHMENTS AND LINKS:

- Application as submitted
- Site Map prepared by staff

APPLICATION INFORMATION:

Applicant: David Kunert on behalf of ACE Cannabis LLC.

Property Owners: Kevin and Lynnell Thompson, under contract with applicant

Address of zoning request: 7860 365th Street Way, Cannon Falls, MN 55009

Parcel: 37.017.4800

Township: Leon

PUBLIC HEARING NOTICE:

The Commission will hold a public hearing and review an application for a conditional use permit, submitted by David Kunert, on the behalf of ACE Cannabis LLC., 1400 Medora Road, Mendota Heights, MN , for property located at 7860 365th Street Way, Cannon Falls, to operate a cannabis microbusiness in the County's B Business Zoning District. The property is generally described as PART OF THE SE ¼ OF SEC 17, BEGINNING 820 FT W OF SE COR, W 500FT, N 924 FT, E 820 FT, SW TO BEG, LOCATED IN SECTION 17, TOWNSHIP 111, RANGE 17, LEON TOWNSHIP, MINNESOTA. Parcel Number 37.017.4800

PROJECT SUMMARY:

The applicant, ACE Cannabis LLC., is planning to open a cannabis microbusiness in Goodhue County. This would potentially be the first cannabis business outside city limits of any of the Goodhue County cities. A microbusiness is defined below but is a State of Minnesota license type that allows growing, manufacturing, and sales of cannabis product on one site under one license.

CANNABIS LAWS AND ORDINANCES:

Definition (from Goodhue Co. Zoning Ord) CANNABIS MICROBUSINESS.

A MN Cannabis License type issued pursuant to MN Statutes Section 342.28 which permits cultivation of cannabis, manufacturing of cannabis products and hemp products, and packaging such products for sale to customers or another licensed cannabis business and which may operate a single retail location.

The state of Minnesota licenses cannabis microbusinesses and one of the roles of the local unit of government is to review the zoning for where they are located. In the fall of 2024, Goodhue Co updated its zoning ordinance to include regulations for cannabis business and determined that microbusinesses can be allowed in business districts, with a conditional use permit.

The second layer of County involvement relates to business registration, which is required for cannabis businesses. This is done through the county's Finance Department, with final approval by the County Board. Cannabis registrations generally cannot be denied or limited, unless they are out of compliance with the county's cannabis ordinance. The one exception to this is that the County has limited the number of cannabis retail operations it will allow to four (4). To date, two registrations have been approved in the City of Red Wing and Lake City and there are two registrations remaining. Only cannabis dispensaries or micro or mezzo businesses with retail need to apply for and receive a retail registration. Growing and manufacturing do not need retail registrations.

Property Information

- The property consists of one parcel comprising 12.9 acres, that is zoned B – Business.
- The site is locally known as the Edgewood property and was originally built as a restaurant and supper club, but has changed owners several times since then.
- At one point, the property next door, a former motel, was part of the site. The businesses shared well and septic tanks, but that is in the process of being undone.
- The property has direct access to Highway 52, although only southbound traffic can turn into the site. Traffic leaving the site must turn southbound.
- The site utilizes a shared driveway which is used by three nearby homes, and the former motel next door.
- The property contains bluffs and bluffs
- The site is approximately 5 miles south of the city of Cannon Falls along Highway 52

Proposed Uses:

- If approved, the property would operate as a cannabis microbusiness licensed by the State of Minnesota.

Planning Information:

- The Business District's purpose is "for retail, service and repair establishments. The trade area population served by these establishments requires easy access. It is the

intent of the B District regulations that establishments desiring location along major traffic routes be grouped with appropriate and adequate access ways provided".

- This is the only site zoned business in Leon township

Goodhue County Comprehensive Plan:

- The proposed Conditional Use appears compatible with the goals of the County's Comprehensive Plan and development management strategies.

STAFF RECOMMENDATION:

Staff recommends the Planning Advisory Commission adopt the staff report into the record; accept the application, testimony, exhibits, and other evidence presented into the record; and recommend the County Board of Commissioners **APPROVE** the CUP request a cannabis microbusiness, finding that the request is in compliance with the county's zoning ordinance and County's comprehensive plan, making the following findings:

1. That the use will not be injurious to the use and enjoyment of other property in the immediate vicinity for the purposes already permitted, nor substantially diminish and impair property values within the immediate vicinity.
2. That the establishment of the use will not impede the normal and orderly development and improvement of surrounding vacant property for uses predominant to the area.
3. That adequate utilities, access roads, drainage and other necessary facilities have been or are being provided.
4. That adequate measures have been or will be taken to provide sufficient off-street parking and loading space to serve the proposed use.
5. That adequate measures have been or will be taken to prevent or control offensive odor, fumes, dust, noise, and vibration so that none of these will constitute a nuisance, and to control lighted signs and other lights in such a manner that no disturbance to neighboring properties will result.

GOODHUE COUNTY CONDITIONAL/INTERIM USE PERMIT APPLICATION

Parcel # 370174800

Permit# _____

PROPERTY OWNER INFORMATION

Last Name ACE Cannabis LLC	First _____	Email _____	
Street Address 1400 Medora Rd		Phone _____	
Mendota Heights	State MN	Zip 55118	Attach Legal Description as Exhibit "A" <input type="checkbox"/>
Authorized Agent David Kunert		Phone _____	
Mailing Address of Landowner: 1400 Medora Rd Mendota Heights, MN 55118			
Mailing Address of Agent: same			

PROJECT INFORMATION

Site Address (if different than above): **7860 365th St Way**Lot Size **12.75 acres** Structure Dimensions (if applicable) **100x60**What is the conditional/interim use permit request for? **Cannabis microbusiness**

Written justification for request including discussion of how any potential conflicts with existing nearby land uses will be minimized
In keeping with state law, a CUP may be granted to a cannabis business if business meets relevant criteria for licensure.

DISCLAIMER AND PROPERTY OWNER SIGNATURE

I hereby swear and affirm that the information supplied to Goodhue County Land Use Management Department is accurate and true. I acknowledge that this application is rendered invalid and void should the County determine that information supplied by me, the applicant in applying for this variance is inaccurate or untrue. I hereby give authorization for the above mentioned agent to represent me and my property in the above mentioned matter.

Signature of Landowner:

*David Kunert*Date **12/5/2025**

Signature of Agent Authorized by Agent:

DK

TOWNSHIP INFORMATION

Township Zoning Permit Attached? If no please have township complete below:

By signing this form, the Township acknowledges being made aware of the request stated above. In no way does signing this application indicate the Township's official approval or denial of the request.

Signature _____

Title _____

Date _____

Comments: **Waiting on township.**

COUNTY SECTION COUNTY FEE \$400 RECEIPT # DATE PAID

Applicant requests a CUP/IUP pursuant to Article _____ Section _____ Subdivision _____ of the Goodhue County Zoning Ordinance

What is the formal wording of the request?

Shoreland _____ Lake/Stream Name _____ Zoning District _____

Date Received _____ Date of Public Hearing _____ DNR Notice _____ City Notice _____

Action Taken: Approve Deny Conditions:

GOODHUE COUNTY CONDITIONAL/INTERIM USE PERMIT APPLICATION

PROJECT SUMMARY

Please provide answers to the following questions in the spaces below. If additional space is needed, you may provide an attached document.

1. Description of purpose and planned scope of operations (including retail/wholesale activities).
Cannabis microbusiness: retail, cultivation, and manufacturing/processing

2. Planned use of existing buildings and proposed new structures associated with the proposal.
Re-imagine existing building to accomodate cannabis dispensary and cultivation/manufacturing activities.

3. Proposed number of non-resident employees.
TBD

4. Proposed hours of operation (time of day, days of the week, time of year) including special events not within the normal operating schedule.
Dispensary shall be normal operating hours in accordance with state and local laws.

5. Planned maximum capacity/occupancy.
25

6. Traffic generation and congestion, loading and unloading areas, and site access.
Direct access off of HWY 52. There is a turnaround out of 365th st way onto southbound hwy 52 to go north on hwy 52.

From the north on hwy 52 there is a direct off lane onto 365th street way. Anticipated traffic generation minimal.

7. Off-street parking provisions (number of spaces, location, and surface materials).
bituminous. 50 spots. front , side, and rear of existing bldg.

8. Proposed solid waste disposal provisions.
6 yard container service by local trash hauler

9. Proposed sanitary sewage disposal systems, potable water systems, and utility services.
Well water. on site electrical. Propane heating. Private septic

10. Existing and proposed exterior lighting.

Lot light existing. Add a 2nd light.

11. Existing and proposed exterior signage.

No existing signage. Add lighted sign at north end of property

12. Existing and proposed exterior storage.

No exterior storage exists or is proposed

13. Proposed safety and security measures.

OCM approves site plan with safety and security measures as key component

14. Adequacy of accessibility for emergency services to the site.

Large wide parking lot for access right up to bldg entrance

15. Potential for generation of noise, odor, or dust and proposed mitigation measures.

An odor management system, following state law, will be part of the operation.

16. Anticipated landscaping, grading, excavation, filling, and vegetation removal activities.

None anticipated

17. Existing and proposed surface-water drainage provisions.

Site drains exceptionally well currently. No alteration to bldg footprint proposed or change of bituminous

18. Description of food and liquor preparation, serving, and handling provisions.

No food or liquor handling anticipated

19. Provide any other such information you feel is essential to the review of your proposal.

Ownership includes a 25 year veteran of real estate industry

Congratulations on receiving preliminary license approval for MICRO-A25-000340

OCM_NOREPLY@accela.com <OCM_NOREPLY@accela.com>
To: [REDACTED]

Mon, Jul 14, 2025 at 2:31 PM

Dear Applicant,

We are pleased to inform you that you have received preliminary license approval. Please note that you have 18 months to obtain a cannabis business license upon receiving this notification.

A notice of preliminary approval is intended to demonstrate an applicant's preparedness and qualifications on the pathway to licensure and can be a tool utilized for securing funds, receiving local approvals, and preparing to be in full compliance.

Please be aware this notice does not convey license approval. Your application is moving forward, but you are not yet authorized to conduct any of the activities for any license type. To continue the process and receive your license, you must first complete the following steps:

- 1. Engage with local governments.** Begin discussions with your local government early to understand and meet all local requirements, including zoning, any necessary conditional use permits, building/fire code inspections, and retail registration (if applicable, and see below). You must secure a physical location that complies with local zoning ordinances and update your application documents showing you are compliant with all local requirements. You are strongly encouraged to engage with local governments at the earliest stage possible before you invest in any location in order to understand what a local government may require for your business to operate in their jurisdiction.
- 2. Submit final documents.** Preliminarily approved applicants will submit final application materials to OCM when they can demonstrate compliance with all applicable rules. The materials include details about the site location, final operational documentation, and documentation of any ownership changes, and are referred to as final plans of record. Links to complete online fillable forms that will make up your final plans of record are at: <https://mn.gov/ocm/businesses/licensing/final-plan-of-record.jsp>. Preliminarily approved applicants should not complete site registration until they have received confirmation that they have met all applicable requirements for local zoning approval, are compliant with state fire and building codes, and if applicable, and are less than 90 days from being able to open their doors.
- 3. Once you have completed and submitted the online forms, you will receive PDFs of your final plans of record via email that must be uploaded to the Office of Cannabis Management (OCM) through Accela.** OCM will forward your application to the local government indicated on your application.
- 4. Local government zoning compliance certification.** Local governments have 30 days to certify that your application complies with zoning and land use ordinances. Important: be sure to engage early with your local government so that you understand their timelines and process for local zoning compliance certification. OCM recommends that preliminarily approved applicants wait until all the required items for local approval have been met with their local government before they submit their site registration. These requirements may include conditional use permits (CUPs), fire/building code inspections, and local retail registration. Additionally, be sure to remain in close communication with the local government to ensure that they are prepared to review your application. Please review the guidance for local governments regarding zoning compliance certification located here: <https://mn.gov/ocm/local-governments/localgovs.jsp> for awareness on what local governments will be required to complete for this stage.
- 5. Site inspection.** After receiving local zoning compliance certification, OCM will schedule a pre-opening site inspection to verify that your physical location complies with all applicable laws and rules.

6. **Pay license fee.** Upon a successful site inspection, you will be able to pay the required license fee through Accela. Once payment is received, OCM will issue your cannabis business license with the appropriate endorsements.

Important note: Local Retail Registration (only for license types engaging in retail direct to consumers)

If your license involves retail sales, you must obtain a local retail registration – in addition to your cannabis business license - from your local government before commencing any retail sales. Per a new law change effective May 2025, local governments are allowed to issue retail registration to an applicant with either preliminary approval status or a cannabis business license. Please engage with your local government early to understand the approval process for local retail registrations which is determined by each local government.

The licensing guidebook detailing the above steps is available on the [OCM licensing webpage](#); please review the information carefully. The guidebook contains important information about how to successfully complete the licensing process and also includes several suggestions about working on securing local approvals for zoning compliance and local retail registration. The [From Start to License: Your Path to Cannabis Licensing in Minnesota](#) graphic provides an overview of licensing steps. You should also review [Minnesota Statutes Chapter 342](#) and the [Rules Relating to Adult-Use Cannabis](#) for more information about all statutory requirements.

Important Note on Ownership Changes, Endorsement Changes and Trade Name Registration Changes:

Minnesota law only allows for licenses to be transferred. However, the prohibition on pre-licensure transfer does not mean that an applicant cannot make changes to their ownership structure. There are different requirements for changing ownership of a business, depending on if the changes are being made prior to obtaining a cannabis business license, or if they are being made after a license has been issued.

By statute, applicants cannot transfer ownership of their application before receiving a license. This means that a preliminarily approved applicant cannot sell the majority ownership interest to a third party.

However, qualified and preliminarily approved applicants can make changes to their ownership structure pre-licensure, so long as they do not do any of the following:

- Make any transfer of an ownership interest that changes the individual that holds a majority ownership interest of the cannabis business.
- Make any change of ownership or control that requires a new business registration with the Minnesota Secretary of State.
- Make any transfer of ownership that causes a social equity classified application to no longer qualify as a social equity application.
- Add any owners that are ineligible to hold a cannabis license based on criminal or civil offense history.
- Create any ownership structure that is in violation of the true party of interest provisions contained in [Minnesota Statutes, section 342.185](#).

Note that it is the applicant's responsibility to maintain compliance with ownership structure requirements in Minnesota Statutes, sections [342.14](#), [342.15](#), [342.16](#), [342.17](#), and [342.185](#) and failure to do so will result in your application not proceeding.

While an applicant can make changes to their ownership group prior to licensure, OCM will only review changes to your ownership once the site registration is submitted in your application. Site registration is the step you take when your business is ready to operate. This step is when your business demonstrates compliance with all applicable rules and regulations, and you alert OCM of the local jurisdiction in which you intend to operate.

When an applicant starts the site registration process, they will need to upload the change of ownership documents into Accela along with their final plans of record. The link to the change of ownership documents is located at: <https://mn.gov/ocm/businesses/licensing/final-plan-of-record.jsp> under the section **Change of Ownership and Control**. OCM will not review any changes to the ownership group until an applicant is ready to become operational and has submitted their final plans of record and site registration. Additional information on change of business ownership and control can be found on the [OCM website](#).

An applicant can change endorsements at the time of site registration. Once an inspection has taken place, OCM will verify which endorsements have passed inspection. Endorsements may change after licensure but will require a new site registration, final plans of record and inspection.

OCM does not provide legal or business advice. To the extent that you feel you may need such services, you are encouraged to seek those out independently. Starting any business, including a cannabis business, carries risk, and you should never invest more than you are willing to lose.

Visit [mn.gov/ocm](#) for more information and resources. If you have questions related to your application, please contact the Licensing Division at ocm.licensing@state.mn.us. When contacting the licensing email, please include your application number at the beginning of the email subject line followed by the topic (example: Application Number – Background Check).

Again, congratulations on reaching this milestone in your ongoing efforts to secure a cannabis business license.

Thank you,

Minnesota Office of Cannabis Management

ocm.licensing@state.mn.us

Certificate for:
Kevin Thompson
36290 90th Avenue
Cannon Falls, MN 55009



LAND SURVEYING

D0780

D0603

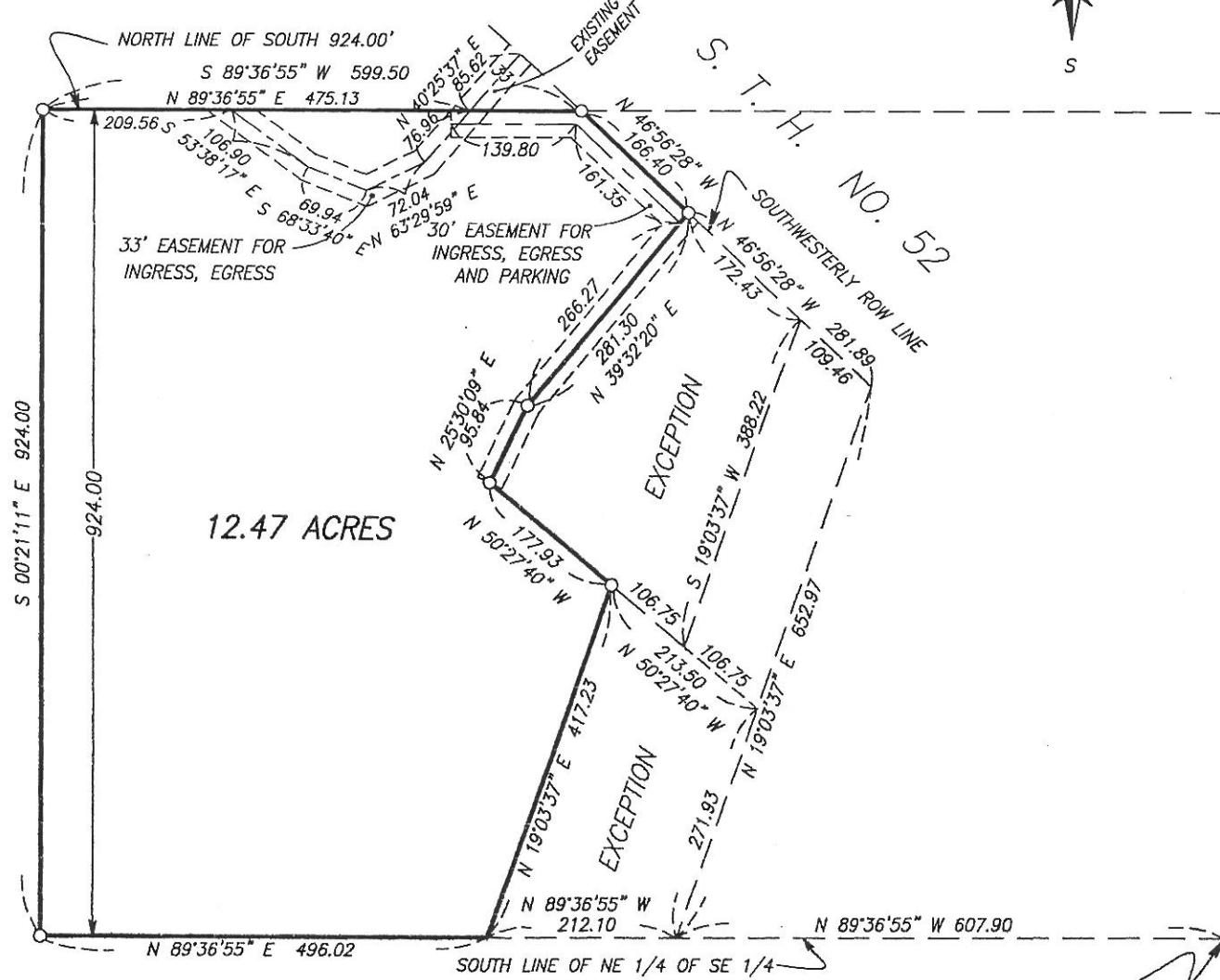
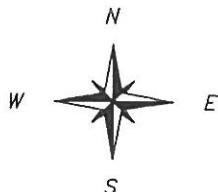
David G. Rapp

Registered Land Surveyor

45967 Hwy. 56 Blvd. Kenyon, MN 55946 507-789-5366
SURVEYOR'S CERTIFICATE

SCALE: 1 INCH = 200 FEET

○ DENOTES IRON MONUMENT



PLEASE SEE ATTACHED SHEET FOR LEGAL DESCRIPTION



David G. Rapp
David G. Rapp
Minnesota Registration No. 22044

hereby certify that this survey, plan, or report was prepared by
or under my direct supervision and that I am a duly Registered
Land Surveyor under the laws of the State of Minnesota.

June 22, 2007

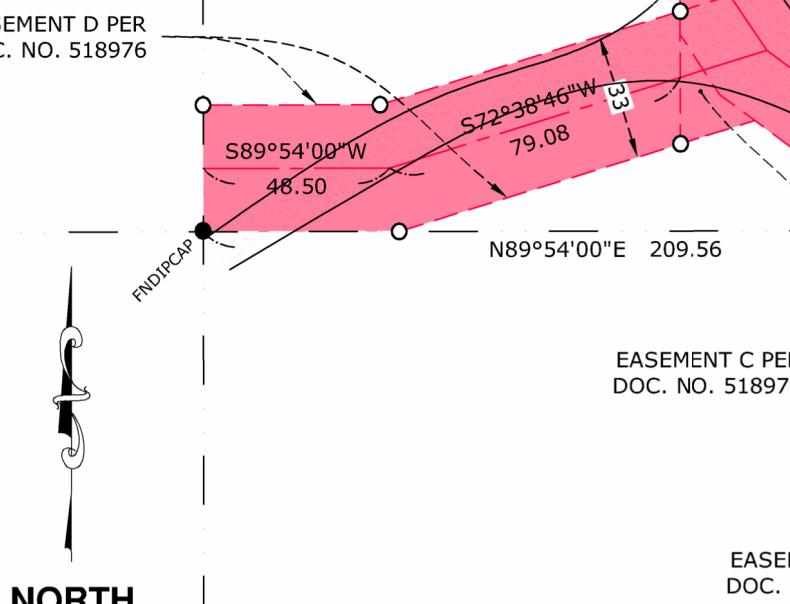
EASEMENT EXHIBIT

~for~ DAVE KUNERT
~of~ 7860 365TH STREET WAY

EASEMENT D PER
DOC. NO. 518976

EASEMENT B PER
DOC. NO. 518976

EASEMENT FOR INGRESS,
EGRESS, AND PARKING
PER DOC. NO. 533836



EASEMENT C PER
DOC. NO. 518976

EASEMENT A PER
DOC. NO. 518976

NORTH

LEGEND

- DENOTES IRON MONUMENT FOUND AS LABELED
- DENOTES SET NAIL
- ▲ DENOTES FOUND PKNAIL
- CO DENOTES CLEAN OUT
- E DENOTES ELECTRICAL BOX
- Ⓜ DENOTES SEPTIC MANHOLE
- DENOTES SIGN
- U DENOTES UTILITY BOX
- DENOTES UNDERGROUND ELECTRIC LINE
- DENOTES BITUMINOUS SURFACE
- DENOTES GRAVEL SURFACE
- PINK DENOTES EASEMENT PER DOC. NO. 518976
- GREEN DENOTES EASEMENT PER DOC. NO. 533836

SCALE: 1" = 50'

JOB NO. 25.1268ED

DATE: 11/24/2025

DRAWN BY: BPN

CREW: JH / CB

BEARING DATUM: Goodhue Co.

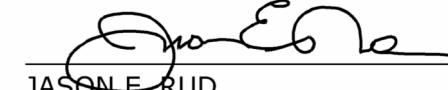
REVISIONS

1	2	3	
NO.	DATE	DESCRIPTION	BY

NOTES:

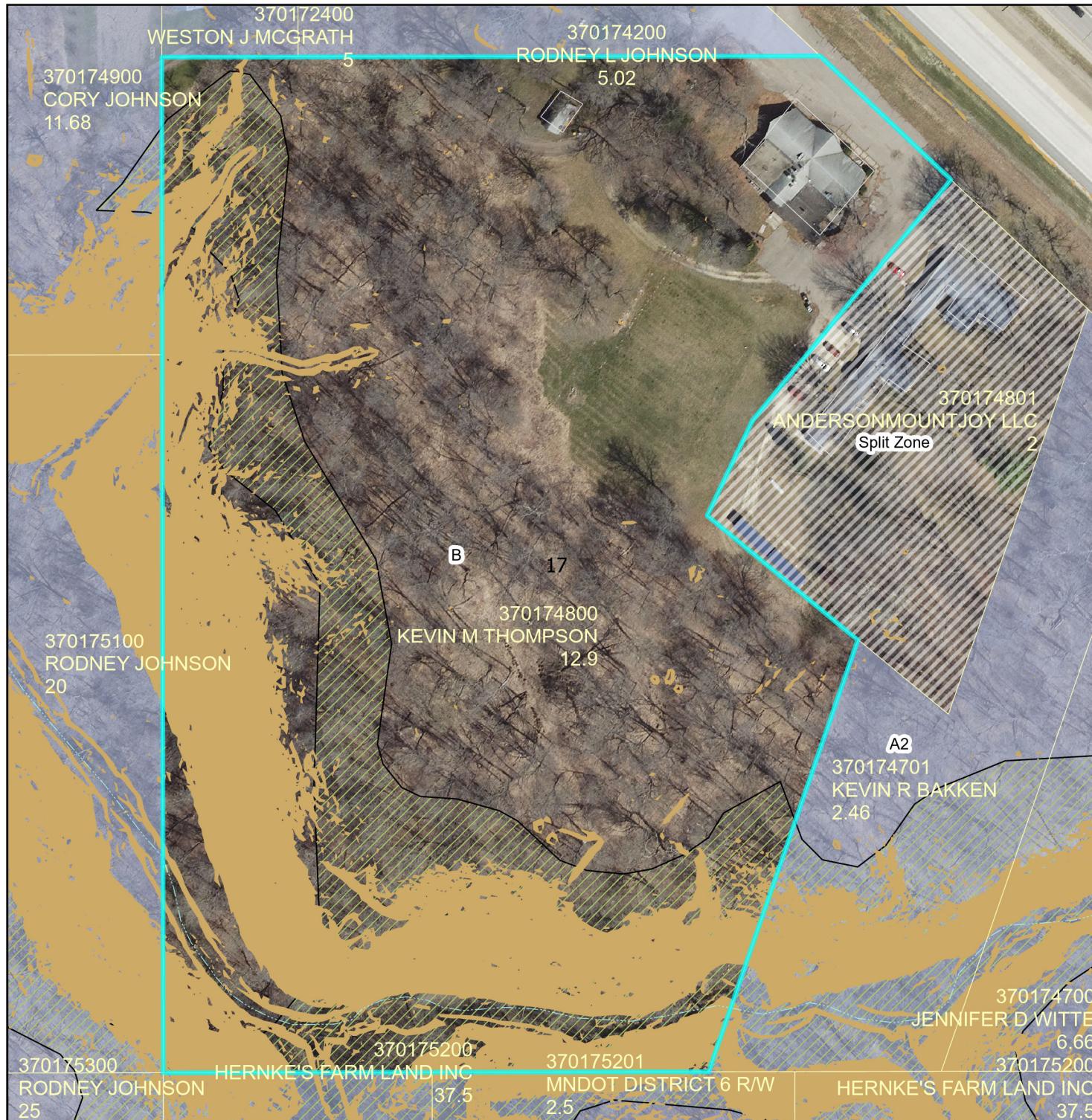
- Field survey was completed by E.G. Rud and Sons, Inc. on 11/25/2025.
- Bearings shown are on Goodhue County datum.
- This survey is based upon information found in the commitment for title insurance prepared by Stewart Title Guaranty Company, File No. 713782, dated effective September 26, 2025 at 7:00 am

I hereby certify that this survey, plan or report was prepared by me or under my direct supervision and that I am a duly Registered Land Surveyor under the laws of the State of Minnesota.


JASON E. RUD

Date: 11/26/2025 License No. 41578

MAP 01: PROPERTY OVERVIEW



PLANNING COMMISSION

Public Hearing
January 26th, 2025

David Kunert (Applicant)
Business Zoned District.

Part of the SE 1/4 of SEC 17,
TWP 111, Range 17,
Leon Township, MN

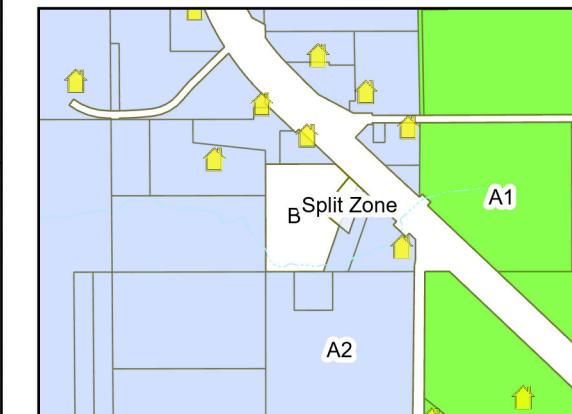
Request for CUP to operate a
cannabis microbusiness

Legend

Intermittent Streams	Bluff Impact Zones (% slope)
Protected Streams	20
Lakes & Other Water Bodies	30
Shoreland	
Historic Districts	
Parcels	
Registered Feedlots	
Dwellings	
Municipalities	

FEMA Flood Zones

2% Annual Chance	A
AE	AO
AO	X



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2024 Aerial Imagery
Map Created January, 2026 by LUM



MAP 02: VICINITY MAP



PLANNING COMMISSION

Public Hearing
January 26th, 2025

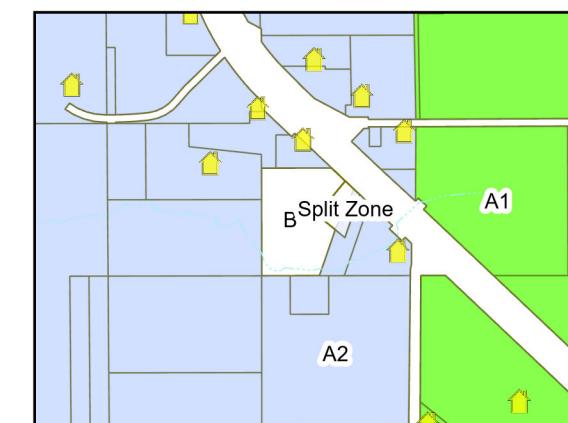
David Kunert (Applicant)
Business Zoned District.

Part of the SE 1/4 of SEC 17,
TWP 111, Range 17,
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Request for CUP to operate a
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Legend

Intermittent Streams	20
Protected Streams	30
Lakes & Other Water Bodies	
Shoreland	
Historic Districts	
Parcels	
Registered Feedlots	
Dwellings	
Municipalities	



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