

# NEW BUSINESS – 11B



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**DATE:** January 12, 2026

**TO:** Honorable Mayor and City Councilmembers  
Jessica Jagoe, City Administrator

**FROM:** Jake Reilly, Community Development Director

**SUBJECT: Planning Case # 25-015 – Public Hearing Required**  
**Applicant:** HRE Arden Hills LLC  
**Property Location:** 4440 Round Lake Road  
**Request:** Conditional Use Permit

<b>Budgeted Amount:</b>	<b>Actual Amount:</b>	<b>Funding Source:</b>
N/A	N/A	N/A

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## **Council Should Consider**

Motion to approve, table, or deny the following:

- Adoption of Resolution 2026-005 for Planning Case 25-015 to allow a Conditional Use Permit (CUP) for a project at 4440 Round Lake Road (“Subject Property”). Brandon Champeau, Hempel Real Estate dba HRE Arden Hills LLC (“The Applicant”) proposes to lease space in the existing warehouse building to cannabis wholesale operators.

## **Background**

### **1. Overview of the Request**

Brandon Champeau, Hempel Real Estate dba HRE Arden Hills LLC (“Applicant”) has submitted a land use application for a Conditional Use Permit (CUP) for a project at 4440 Round Lake Road (“Subject Property”). The Applicant seeks approval to lease space in the existing warehouse building to cannabis wholesale operators. The wholesale cannabis use triggers the requirement for a CUP. All cannabis uses in Arden Hills require a CUP. The Subject Property is zoned GB, Gateway Business District and is guided as Light Industrial & Office on the Land Use Plan.

### **2. Planning Case Background**

The Subject Property was previously occupied by Saltbox, a business offering suites leased by individual businesses - usually startup/small digital commerce companies - in this building. Saltbox went through Concept Review with the City Council in March of 2022 (Planning Case #22-005) and Site Plan Review with the Planning Commission and City Council in May and June

of 2022 (Planning Case #22-007). As part of improvements to the property in 2022, a new site plan was approved to reconfigure the parking lot layout to allow for 144 parking stalls.

Portal Warehousing (“The Operator”) became the new operator of the building in 2024 and has been operating under the same flexible warehousing business model operated by Saltbox. Portal handles the on-demand logistical services for receipt and delivery of packages and/or products and provides order fulfillment assistance to small business owners. Products arrive at the loading dock(s) and the on-site logistics staff ensure items are delivered to individual suites or to secure warehouse space. Approximately one half of the warehouse is unoccupied. The Applicant purchased the property early in 2025.

At the October 27, 2025, work session meeting, the City Council reviewed a concept plan for Portal to operate a cannabis warehouse operation in addition to the existing flexible warehouse and office suites offered in the building. The legalization of adult use cannabis by the State Legislature offers a new market for warehousing pre-packaged cannabis products for wholesale distribution. The Applicant seeks to offer similar flexible warehouse spaces to cannabis wholesalers and Portal will continue to coordinate operations at the site. The discussion at the Council work session revolved around the operations of the building, the number of jobs, and vehicle circulation.

### 3. Existing Site Conditions

4440 Round Lake Rd. is zoned GB, Gateway Business District. In addition, the parcel abuts Round Lake which is subject to applicable shoreland regulations as a riparian lot. Under the 2040 Comprehensive Plan, the property is guided as Light Industrial and Office use. Light Industrial and Office uses are areas designated for a broad range of light industrial uses such as warehousing with manufacturing and related offices. According to the 2040 Comprehensive Plan, the expected share of uses within this area are 50 percent to 100 percent Light Industrial or up to 100 percent Office.

Over the years, the property has been used continuously for office and warehouse uses. The previous occupant was Deluxe Corporation. The historical uses of the property are allowed to continue as legal nonconforming uses so long as there is no intensification or expansion of said use. In 2004, it was documented that the distribution of uses within the building to be supported by the current parking supply would be no greater than 10% office (11,356 sq. ft.) and 90% warehouse (102,209 sq. ft.).

### 4. Site Data

<b>2040 Future Land Use Plan:</b>	Light industrial/office use
<b>Existing Land Use:</b>	Light industrial/office use
<b>Zoning:</b>	GB Gateway Business District
<b>Lot Size:</b>	358,036 square feet (8.2 acres)

### 5. Proposed Use

The Applicant submitted an application for a CUP to allow a cannabis warehouse use on the Subject Property for the storage and distribution of adult recreational use cannabis products. The company’s business activities are related to receipt, storage, and business-to-business distribution

of adult-use cannabis products. The Applicant states that the intent is to approve the building for that use (with conditions) so individual businesses can occupy suites under the CUP rather than filing separate land use requests each time a new user leases space. The Applicant and Operator confirm that each business will be required to obtain and provide proof of a state license.

The Applicant confirms that products will be transported and sold only to businesses and there will be no retail, no walk-in sales, no on-site consumption, no exterior storage, and all operations will occur indoors at typical warehouse/logistics intensity. The Applicant also confirms that the building will be renovated as needed to ensure sufficient odor containment and security controls to abide by state and city regulations. The entire facility is open seven (7) days a week from 6 AM to 11 PM. The site will continue to operate with the 144 striped parking stalls approved in 2022.

## **Approvals**

### **1. Conditional Use Permit**

A CUP is required in city code for all cannabis uses, citywide. Standards and criteria for cannabis businesses as a conditional use are found in City Code Section 1325.047 Cannabis Business Conditional Use Permit Criteria. This section of the code was updated in November 2024.

Arden Hills Zoning Code Section 1355.04 Subd. 3 lists the general criteria for evaluating Conditional Use Permit Applications and Section 1325.047 Subd. 3 identifies development standards for cannabis business uses. The Planning Commission and City Council should consider the effect of the proposed use upon the health, safety, convenience and general welfare of the owners and occupants of the surrounding land and the community, in general, including but not limited to the following factors:

1. Existing and anticipated traffic and parking conditions;
2. Noise, glare, odors, vibration, smoke, dust, air pollution, heat, liquid or solid waste, and other nuisance characteristics;
3. Drainage;
4. Population density;
5. Visual and land use compatibility with uses and structures on surrounding land;
6. Adjoining land values;
7. Park dedications where applicable;
8. Orderly development of the neighborhood and the City within the general purpose and intent of the Zoning Code and the Comprehensive Development Plan for the City.

Under state law a “conditional use” is a use that is generally allowed in a designated district upon the applicant showing that the standards and criteria stated in the ordinance will be satisfied. Conversely, if the applicant is unable to show that the ordinance standards are met, the application can be denied. Conditions may be added to any approval to ensure that the use does not negatively impact surrounding properties or the public way.

## **Plan Evaluation**

### **1. Chapter 13, Zoning Regulations Review**

#### ***Section 1325 – General Regulations, 1325.047 Cannabis Business Conditional Use Permit***

##### ***A. Subd. 2 Setbacks***

1. *Any cannabis business must be setback 1,000 feet from schools as established by Minnesota Statute Section 342.13(c)*
2. *Exceptions to distance restrictions. Cannabis business located north of Highway 694, east of Interstate 35W and west of State Highway 10 in the Gateway Business zoning district shall be exempt from the distance requirements of City Code 1325.047 Subd. 2.*

This condition does not apply. The subject property is located within the Gateway Business zoning district and is exempt from the distance requirement. In addition, there are no K-12 schools within 1,000 feet of the property.

*B. Subd. 3 Development Standards*

- A. *Must be licensed by the State of Minnesota and in compliance with the standards set by Minnesota Statutes, Minnesota Rules, and the Office of Cannabis Management.*

This condition is met. The Applicant has confirmed that only state-licensed businesses will be allowed to operate wholesale business on the property.

*B. Security.*

1. *The facility shall be secured as required by Minnesota Statutes, Minnesota Rules, and the Office of Cannabis Management.*
2. *Any security bars, gates, or grills shall be retractable, shall remain open and retracted when the cannabis business is open to the public or otherwise in operation, and shall not be installed on the exterior of the building.*

This condition is met. The Applicant has indicated that security as required by Minnesota Statutes, Minnesota Rules, and the Office of Cannabis Management is or will be installed on the property.

*C. Outdoor operations are prohibited.*

This condition is met. Outdoor operations are not contemplated in this application.

*D. The facility shall not produce noxious or nuisance causing odors, subject to the following conditions:*

1. *The facility shall be ventilated so that all odors cannot be detected by a person with a normal sense of smell at the exterior of the facility or at any adjoining use or property.*
2. *Growing cannabis must comply with all applicable laws and shall not produce noxious or dangerous gases or odors or otherwise create a danger to any person or entity in or near the facilities.*
3. *An odor maintenance plan must be submitted to the City and approved by the City.*
4. *At the City Council's discretion, the applicant may be required to provide plans that show appropriate odor control systems so as not to produce any noxious or dangerous gases or odors or create any dangers to any person or entity in or near the facility.*

This condition is met. Growing operations are not contemplated in this application and will not be permitted as part of this conditional use permit. The Applicant confirms some interior changes may be required to ensure sufficient ventilation and odor management prior to operation and they intend to make any necessary changes if approved. An odor maintenance plan will be provided by the property owner or its agent, as applicable. A drafted condition addresses this requirement.

*E. All mechanical, odor suppression equipment, and trash enclosures must be screened.*

This condition can be met subject to a condition suggested below. The waste and recycle containers are not enclosed or screened. Any new rooftop equipment will require a building permit and related screening, as applicable.

*F. Outdoor storage of containers, pallets, waste/recycle containers, etc. is prohibited.*

No outdoor storage is requested, however, the existing conditions on site show waste/recycle containers are not enclosed. A drafted condition addresses this requirement.

*G. Lighting*

- 1. All site lighting must meet City Code requirements. All light fixtures must be downward directed with cut-offs and be architecturally designed to match the overall design of the building.*
- 2. The specifications of all light fixtures must be provided to the City with the application for a conditional use permit.*
- 3. A photometric plan must be submitted to the City with the application for a conditional use permit, indicating light measure at the property line.*
- 4. Lighting within a greenhouse is permitted between the hours of 4:30 a.m. and 10:00 p.m. Lighting at the site property lines shall not exceed 1.0 foot-candles at any time.*

These conditions are met by the current operation and no change in lighting is requested or required.

*H. Water and Wastewater*

- 1. Management of wastewater shall be in accordance with the Office of Cannabis Management, Minnesota Pollution Control Agency, and City Ordinances. Where multiple standards exist, the more restrictive of the standards shall apply.*
- 2. Water use within the site shall be designed to maximize the amount of water reuse possible.*

This condition does not apply. Water and wastewater use is not applicable to a cannabis wholesale operation.

*I. Signs*

- 1. Signs shall be in compliance with the Office of Cannabis Management and the City Code. Whenever a more restrictive standard exists, the more restrictive standard shall apply.*

2. Exterior wall, window, and monument signage shall not depict a cannabis flower, cannabis product, hemp edibles, hemp derived edible consumer product, or the like. Additionally, a business logo containing the above depictions shall not be displayed as part of any exterior signage. No products, interior signage, advertisements, or like attention-getting items shall be placed or displayed that may be visible from the exterior of the Cannabis or Hemp Business.

This condition is met. No change to existing signage is requested.

*J. Sale of Cannabinoid*

*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 10:00 a.m. and 9:00 p.m. on Monday through Sundays.*

This condition does not apply. This application is for a cannabis wholesale business-to-business operation and not a retail or consumer product operation.

**Section 1325.06 - General Regulations, Off-Street Parking Requirements**

As noted above, city records have documented that historically the building has consisted of no more than 10% office and 90% warehouse use. The table below illustrates the number of off-street parking spaces required based on that ratio under city code requirements.

Land Use	Parking Requirement	Required Number of Stalls by Use	Total Stalls Required at 10%/90%	Number of Existing Stalls	Current Parking Deficiency
Business & Professional Office @ 10% or 11,356 sq. ft.	1 for each 250 sq. ft. of floor area	45.4 stalls	147.6 stalls	144 stalls	-3.6 stalls
Other Business and Industry at 90% warehouse or 102,209 sq. ft.	1 for each 1,000 sq. ft. of floor area	102.2 stalls			

As a nonconforming site, this ratio is an important factor when evaluating a future land use because any intensification of use or shift in floor area between land uses has the likelihood of increasing the deficiency of off-street parking for this site. Planning staff note that parking is not allowed on unimproved spaces and no on-street parking is permitted along Round Lake Road.

**District Requirements Chart (GB Gateway Business District) – Section 1320.06**

The property was developed in 1979 prior to the City’s creation of the Gateway Business Zoning District. The total lot area is 358,036 square feet (8.2 acres) and the building is 113,565 square feet. At the time of construction, the existing development and uses complied with the applicable zoning codes. Today under the GB District, the existing development does not meet setback requirements for the building and off-street parking and is considered legal nonconforming.

The following are the Gateway Business District minimum setbacks:

- Front yard – 50 feet
- Side Yard (interior) – 20 feet/40 feet combination
- Rear Yard – 20 feet
- Off-Street Parking from ROW – 50 feet
- Off-Street Parking from Side or Rear Property Lines – 20 feet

The survey shows the parking lot is approximately 10 feet from the south property line and the building is approximately 14 feet from the north property line. As a legal nonconforming structure and use, the property can continue to operate in the same or a similar manner without any changes to the site.

*Aerial Map of Subject Property*



***Section 1350 - Nonconforming Uses, Buildings, and Lots***

In evaluating nonconforming uses, buildings, and lots, the City shall refer to City Code Section 1350 which mirrors the regulations of State Statute 462.357 for determining what type(s) of activity (i.e. continuation, rebuild, maintenance, expansion, etc.) may or may not be allowed.

Nonconformities are simply any land uses, structures or lots that do not comply with the current zoning ordinance of a city. Legal nonconformities are those uses, buildings, or lots that legally complied with the existing zoning ordinance when the new zoning ordinance or amendment was adopted. The intent of these regulations is to allow nonconforming uses of land or building to be continued, including through repair, replacement, restoration, maintenance, or improvement, but not including expansion. The applicant confirms that this is a continuation of not more than 10% office and 90% warehouse.

***Section 1355.04 - Procedural Requirements for Specific Applications***

Section 1355.04, Subd. 3 of the Arden Hills Zoning Code states that a public hearing is required for a Conditional Use Permit. The Planning Commission will hold the public hearing. The City Council makes the final determination, and three affirmative votes of the city council are required to approve a conditional use permit. The City Council may add conditions at its discretion in order to protect the health, safety and well-being of the public. If the use for which any conditional use permit has been granted has ceased or has been discontinued for a period of ninety (90) consecutive days, the permit shall automatically expire and become void at the end of such ninety (90) day period.

***Sign Code – Chapter 12***

This application does not include requests to change or add signage on site. A condition has been added that prohibits cannabis-related signage as part of the approval.

**Additional Review**

*Public Works Director/City Engineer*

The Public Works Director/City Engineer has reviewed the proposed site plan and is not recommending any changes to the site circulation, stall spacing, or sizing of drive aisle widths.

*Building Official*

The Building Official has reviewed the proposed plan and states that building permits will be required, as appropriate, for any internal or external electrical, mechanical/HVAC, or plumbing work.

**Findings of Fact**

The City Council must make findings as to whether the proposed application will adversely affect the surrounding neighborhood or the community as a whole based on the aforementioned factors. The Planning Commission reviewed this application at the December 10, 2025, special meeting and have offered the following findings for your consideration:

1. The subject property located at 4440 Round Lake Road is zoned GB, Gateway Business Zoning District and is designated for office and industrial use in the 2040 Comprehensive Plan.
2. Cannabis, wholesale is a conditional use in the GB Gateway Business Zoning District.
3. A state license is required for each wholesaler.
4. The Applicant, Hempel Real Estate, dba HRE Arden Hills, LLC is the sole owner of the property and applied for a conditional use permit for cannabis wholesale operations at the site.
5. The Applicant’s site plan shows sufficient parking for 10% office and 90% warehouse use, a use that continues an existing legal nonconforming use.
6. The Applicant’s narrative notes the specifics of the proposed business, including the sourcing of products and customer and employee education, and indicates odor suppression, security, and licensing as required by state law will be followed.
7. The materials submitted show adequate circulation on site to prevent adverse effects to the surrounding neighborhood or the community as a whole.

8. Standards and conditions in *Section 1325.047 Cannabis Business Conditional Use Permit* are met.
9. Standards and conditions in *Section 1320.06 District Requirements Chart (GB Gateway Business District)* are met.
10. Standards and conditions in *Section 1325.06 - General Regulations, Off-Street Parking Requirements* are met, given the existing nonconforming nature of the site.
11. A public hearing for a Conditional Use Permit request is required before the request can be brought before the City Council. The required public hearing was held on December 10, 2025.

### **Options and Proposed Motion Language**

The Planning Commission reviewed this application at a special meeting on December 10, 2025. The Planning Commission recommended approval with conditions of the application for a Conditional Use Permit for a cannabis warehouse use by a 6-0 vote. The City Council may consider the following options for a motion:

- Approval with Conditions: Move to *adopt* Resolution 2026-005 approving Planning Case 25-015 for a Conditional Use Permit to allow cannabis, wholesale at 4440 Round Lake Road, based on the findings of fact and the submitted plans and subject to the below conditions:
  1. All existing and any future refuse/recycling containers on site must be enclosed prior to issuance of the Conditional Use Permit.
  2. No additional exterior signage related to the cannabis wholesale use shall be permitted.
  3. The Applicant shall comply with all sections of the City Code and with applicable State Statutes.
  4. An odor management plan must be submitted to the City prior to issuance of the Conditional Use Permit.
  5. The Applicant shall for the duration of the Conditional Use Permit continue to provide evidence to the City of the status of each operator's state licensure annually and no later than the first business day of December of each year.
  6. Not more than 10% of the building's floor area may be used for office use.
- Approval as Submitted: Move to *adopt* Resolution 2026-005 approving Planning Case 25-015 for a Conditional Use Permit to allow cannabis, wholesale at 4440 Round Lake Road, based on the findings of fact and the submitted plans in the January 12, 2026, report to the City Council.
- Denial: Move to *deny* Planning Case 25-015 for a Conditional Use Permit to allow cannabis, wholesale at 4440 Round Lake Road, based on the following findings: *findings to deny must specifically reference the reasons for denial.*
- Table: Move to *table* Planning Case 25-015 for a Conditional Use Permit to allow cannabis, wholesale at 4440 Round Lake Road, based on the following findings: *a specific reason and information request should be included with a motion to table.*

### **Public Comments**

Notice was published in the *Pioneer Press* on January 2, 2026. Notice was prepared by the City and mailed to property owners within 1,000 feet of the subject property. The City received one email with questions from an employee of a neighboring business. Staff responded to the email and no further communication has been received.

### **Deadline for Agency Actions**

The City of Arden Hills received the completed application for this request on November 4, 2025. Pursuant to Minnesota State Statute, the City must act on this request by January 4, 2026 (60 days). Based on the City's meeting schedule and related timelines, the deadline for action has been extended to March 4, 2026 (additional 60-day review period). With consent of the applicant, the City may extend the review period beyond the initial 120 days.

### **Attachments**

- A. Location Map
- B. Land Use Application and Narrative
- C. Planning Commission draft minutes
- D. Planning Commission Item 25-015
- E. Resolution 26-005
- F. Presentation