



Payne-Phalen

COMMUNITY COUNCIL

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March 26, 2025

Zoning Committee, St. Paul Planning Commission
c/o Yasmine Robinson, Planning Director, City of St. Paul
25 West 4th Street, 1400 City Hall Annex
St. Paul, MN 55102

VIA EMAIL

Re: Application to Rezone 959 Payne Avenue from B2 to T2, #25-010-953 959

Dear Director Robinson:

I am writing to you on behalf of the Board of Directors of the Payne-Phalen Community Council. The Board of Directors met in community at our regular monthly meeting last night - Tuesday, March 25, 2025, at the Arlington Hills Community Center. The Application to rezone 959 Payne Avenue was on the agenda. Approximately fifty-five (55) people attended the meeting.

The Applicant, Matt Kenevan (Gray Duck Media, Beer Dabbler, Dabbler Depot, Metro Cold Stor), investor Rob Clapp (St. Paul Brewing) and Kennis Littleton (prospective tenant) attended the meeting and made a presentation to the Board and the community. The proposal for the project was verbally explained by the Applicant and his colleagues. There was no presentation made, no drawings or written information was shared with the community or Board. Instead, these three men stood for questions.

After lengthy discussion, **the Board of the Payne-Phalen Community Council approved the following recommendation to the City of St. Paul:**

No decision and no recommendation at this time. There are significant concerns. At the same time there is not enough information available from either the City of St. Paul nor from the State of Minnesota, especially the Minnesota Pollution Control Agency (MPCA) about how such facilities would be regulated and how these regulations would be enforced. Because of this lack of information, the Board is not yet fully confident that rezoning this property to allow growing, processing and manufacturing cannabis-related products at the former Loeffler Shoe Building at 959 Payne can be supported at this time. It's too soon to consider rezoning this property because there are still too many unknowns for how this would affect the neighborhood. The request could come back when such regulations are in place and more information is available.


Additional information that informed the Board's preparation and eventual discussion is also included herein (after this letter).

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We appreciate you including this letter in the packet of materials for the upcoming meetings and public hearing process. We thank you in advance for taking the position of the Payne-Phalen Community Council into full consideration as you make your decision.

Please feel free to contact me if you have any questions or require further clarification.

Sincerely,

A handwritten signature in cursive script that reads "Jack Byers".

Jack Byers
Executive Director

cc. Councilmember Nelsie Yang, Ward 6
Russ Stark, City of St. Paul, Chief Resilience Officer
Nicolle Newton, Executive Director, St. Paul Planning and Economic Development Dept.
Bill Dermody, Supervisor, St. Paul Planning and Economic Development Dept.
Stefan Hankerson, St. Paul Planning and Economic Development Dept.
Matt Kenevan, Gray Duck Media, Beer Dabbler, Dabbler Depot, Metro Cold Stor
Rebecca Nelson, Board President
PPCC Board of Directors

Staff Analysis:

Re: Proposed Rezoning: 959 Payne for Cannabis Processing Facility (at former Loeffler Shoe Store at Payne and Case), Applicant: Matt Kenevan (Gray Duck Media, Beer Dabbler, Dabbler Depot, Metro Cold Stor) and Rob Clapp (St. Paul Brewing)

Submitted to the Community Council Board by Jack Byers, Executive Director

For consideration, discussion, and action by Board on March 25, 2025

Background:

Minnesota State law allows for cannabis consumption, retailing, and processing. All of these activities are guided by both state law and local ordinances. By act of the Minnesota Legislature, the Minnesota Office of Cannabis Management (OCM) was established.

Cannabis consumption is legal in Minnesota. That is not the matter at hand in this application.

Cannabis processing and manufacturing relates to the ways in which cannabis plants are turned into various products that are sold for consumption. The OCM and other state agencies are currently drafting rules, regulations, and procedures for the sale, processing, and manufacture of cannabis. Amongst the many considerations, the Minnesota Pollution Control Agency (MPCA) is currently in a rulemaking process related to emissions and odor in cannabis processing.

The City's Zoning Code allows for cannabis processing and manufacturing, though it does not specifically state that these activities are permitted in either the B2 not the T2 districts – to date, that is only a matter of interpretation by City staff.

The application before the Community Council this month is the first such application that the City has had for a rezoning to allow for cannabis processing and manufacturing.

What is proposed?

Matt Kenevan (Gray Duck Media, Beer Dabbler, Dabbler Depot, Metro Cold Stor) and Rob Clapp (owner of St. Paul Brewing) are proposing to convert a retail store - the former Loeffler shoes - at Payne and Case into a cannabis processing facility. Mr. Kenevan made a rezoning request to the City of St. Paul to change the zoning for the property from "B2 – Community Business" to "T2 Traditional Neighborhood" to convert the building into a cannabis processing facility, podcast studio, and offices. The City scheduled a public hearing on this matter at the Planning Commission's Zoning Committee on February 27th. Because the Applicant had not reached out to PPCC as called for in the City application process and because there seemed to be no knowledge of this application in the community, PPCC asked for a 30 day delay so that this application could be discussed by the community and considered by the Community

Council. That request was granted and the hearing at the Planning Commission is now scheduled for Thursday, March 27th.

After the delay was granted, Mr. Kenevan reached out to seek time on your March agenda. As with all who request time in front of the PPCC, staff asked Mr. Kenevan to submit application materials, drawings (including plans, elevations, etc.) and a written explanation of proposed uses, business operations, etc. Staff specifically asked to know more about what that is and what the neighborhood should expect. Mr. Kenevan responded to that request with an e-mail describing why he could only provide limited information (See Attachment 4b in the Board's advance packet).

What the City's Comprehensive Plan says:

The City's 2040 Comprehensive Plan specifies Payne and Case as a "Neighborhood Node." More specifically:

Neighborhood Nodes are compact, mixed-use areas that provide shops, services, neighborhood-scale civic and institutional uses, recreational facilities and employment close to residences. They may be neighborhood centers, transit station areas or urban villages, and have often developed adjacent to major intersections or at former streetcar stops. Neighborhood Nodes serve a neighborhood's daily needs, including access to food; reduce public infrastructure disparities; improve livability; and accommodate growth.

Potential impacts on the commercial corridor and surrounding residential neighborhoods:

In most cases, new businesses in the neighborhood are a welcome idea. Anything that makes a positive contribution to the community makes sense. That said, it's important to weigh and consider whether new proposed businesses are in the right place, at the right time and to weigh the potential positive and negative outcomes and impacts on the community.

The proposed use (a cannabis growing and processing facility) is inconsistent with the existing commercial uses along Payne Avenue. Mr. Kenevan has not submitted any drawings of the space (preliminary or otherwise) so it is not yet known if the windows will be open or blocked. His description indicates that they intend to be less-than-visible to passersby. Because the proposed business is not a retail store or restaurant, it will not generate pedestrian traffic to and from the building. In doing so, this use will eliminate a high-visibility store at a high-visibility location on the main intersection of the commercial area (Payne and Case) and turn it inward to become an operation that seeks to hide from, rather than contribute to the active street life of Payne Avenue.

Considerations concerning emissions from cannabis processing:

The MPCA is still in the rule-making process for figuring out how manage odor and to regulate cannabis processing. For additional information, see

- <https://www.pca.state.mn.us/business-with-us/cannabis-businesses>
- <https://www.pca.state.mn.us/get-engaged/odor-management>

There are a great number of studies indicating toxic emissions, especially Volatile Organic Compounds (VOCs) and Biogenetic Volatile Organic Compounds (BVOCS) being emitted from cannabis processing facilities.

This building is located in the heart of the Payne Avenue commercial corridor and adjacent to residential neighborhoods. Any odors or toxins would be an unwelcome addition to this place.

The State of Minnesota definition for processing as manufacturing suggests that this use would be more consistent with industrial zoning categories. In particular, the kinds and amount of emissions produced by this facility are not known – nor are there regulations in place for the necessary equipment, procedures, regulation, and enforcement of licensing by either the City's Department of Safety and Inspections nor the State through the Minnesota Pollution Control Agency (MPCA).

Of particular concern, the Loeffler Shoe building is a one-story building and there are many nearby buildings that are two stories or taller. The Edgeton High-Rise apartments is a half block away from this site.

A simple google search for “cannabis processing emissions” brings up a good deal of information from other states that indicates the community should be concerned - and frankly, so should the City of St. Paul. Several examples and citations follow:

PhysOrg: *Emissions from cannabis growing facilities may impact indoor and regional air quality* <https://phys.org/news/2019-09-emissions-cannabis-facilities-impact-indoor.html>

"The concentrations of BVOCs and butane that we measured inside of these facilities were high enough to be concerning," explained lead author Vera Samburova, Ph.D., Associate Research Professor of atmospheric science at DRI. "In addition to being potentially hazardous to the workers inside the cannabis growing and processing facilities, these chemicals can contribute to the formation of ground-level ozone if they are released into the outside air." Although ozone in the upper atmosphere provides protection from UV rays, ozone at ground-level is a toxic substance that is harmful for humans to breathe. Ozone can be formed when volatile organic compounds (including those from plants, automobile, and industrial sources) combine with [nitrogen oxide emissions](#) (often from vehicles or fuel combustion) in the presence of sunlight."

Environment Health Perspective: *Odor Control in the Cannabis Industry: Lessons from the New Kid on the Block* <https://pmc.ncbi.nlm.nih.gov/articles/PMC9236214/>

"bad odors are recognized as affecting human health through psychological pathways, including stress-mediated headaches and sleep disruption. These effects may occur along with the more direct physiological harms of air pollution, which include cancer, heart disease, and respiratory disease. The brunt of bad odors is frequently borne by lower-income communities already struggling with other exposure and health disparities. Odor is an underappreciated driver of environmental injustice within communities near industrial facilities... where bad odors can occur daily."

Inverse: Weed's next big problem is the wrong type of green: The environmental impact of marijuana, explained: [Earthhttps://www.inverse.com/science/marijuana-greenhouse-gas-emissions-study](https://www.inverse.com/science/marijuana-greenhouse-gas-emissions-study)

Cannabis Equipment News: *What Causes Odor Emissions at Cannabis Production Facilities?*

<https://www.cannabisequipmentnews.com/manufacturing/news/22056309/what-causes-odor-emissions-at-cannabis-production-facilities>

PubMed: *Dominant volatile organic compounds (VOCs) measured at four Cannabis growing facilities: Pilot study results*

<https://pubmed.ncbi.nlm.nih.gov/31498732/>

Is this rezoning application premature?

The State of Minnesota has an application for cannabis processing that seeks information on a number of questions (See Attachment 4g in the Board's advance packet).

- Because the Applicant only provided vague information to PPCC staff, it may be useful for the Board to know what questions the State of Minnesota requires. Presumably, this information would or should be known by the Applicant (and is not being shared with the community).
- And if this information is not yet known by the Applicant and/or submitted to the State OCM for consideration, then the proposed rezoning may be considered a speculative venture.
- The City's Department of Licensing and Inspection does not have a building or license classification for cannabis processing.
- The City's Department of Safety and Inspections does not yet have a licensing, regulation, or enforcement regime set up and running for cannabis processing facilities.

There are still a lot of unknowns:

- So far the Applicant has not been forthcoming with full information for the community nor has the City asked for such information from the Applicant
- This application seems premature relative to State licensing by the OCM. OCM has a lottery system for licensing and the outcomes of that process are not yet known. It's not even known if the Applicant has applied for a spot in the lottery.
- It's not yet known how the state of Minnesota will regulate such facilities.
- The emissions permitting and air quality control is still in the rule making process by MPCA.
- The City's Department of Safety and Inspections does not yet have a licensing, regulation of enforcement regime set up and running for cannabis processing facilities.

Other considerations:

- While the City staff does not believe this is spot zoning, there is not contiguous T2 zoning adjacent to 959 Payne. It is probably more appropriate for the City to conduct a Rezoning Study of Payne Avenue to consider T2 Zoning in this part of the City (rather taking applications in an ad hoc manner).
- Neither the City nor the Applicant have submitted evidence that the Applicant has notified and collected signatures from nearby property owners. PPCC sought a delay in

the hearing at the City's Zoning Committee to allow for better community notification and consideration.

- Likewise, if the Applicant who applied does not intend to operate the business, then the City is in danger of granting a rezoning to a party that is not known or registered and may not have legal standing. These are serious issues which it seems City zoning staff did not take into consideration when this Application was made.
- If this applicant doesn't get a license the building has been rezoned prematurely.
- At least four properties adjacent to 959 Payne are owned by an organization known as "Eastside Opportunities, LLC." Given the lack of clarity on who is funding this business, who will operate this business, and the collection of adjacent properties, it is conceivable that the community might be concerned that such an operation could be expanded once a foothold rezoning is in place.

Questions sent from PPCC staff to City of St. Paul staff -- and their associated response for each:

PPCC Question: Can you tell me more about how the Standards and Conditions of 65.780 are or will be enforced (particularly b and c)?

Answer from City Staff: Enforcement is carried out by DSI-Zoning, but complaints can also be referred to the Office of Cannabis Management for enforcement against their license. Enforcement through DSI is generally complaint driven, but this use would likely be inspected prior to their operations beginning.

PPCC Question: Since cannabis processing isn't on the list what are the metrics used to determine whether something not on the list is applicable? Is square footage the primary metric?

Answer from City Staff: Cannabis is listed under Section 65.780. (3) "Up to fifteen thousand (15,000) square feet of cannabis cultivation, cannabis product manufacturing, or lower potency hemp edible manufacturing, within an indoor facility" is allowed. "Limited production and processing" is the general umbrella term for this type of use, with cultivation and product manufacturing being the specific terms relevant to cannabis.

PPCC Question: Does the City generally consider T2 as compatible for cannabis processing? Or did the Applicant come to the City looking for a way to make that specific piece of property (959 Payne) compatible?

Answer from City Staff: Cannabis processing is allowed in T2 so long as it fits the parameters of Section 65.780. The applicant initiated the rezoning for this property. Owners of 67% of a property or more may initiate a rezoning.

PPCC Question: Does the City's Zoning process differentiate between "manufacturing" and "processing" ?

Answer from City Staff: There is not a distinction between manufacturing and processing. Processing is the general term for uses of these types, while product manufacturing is the term that applies to cannabis.

PPCC Question: It would be helpful to know more about DSI's City's licensing process/requirements and when those will be in place. If you could get more info. from DSI that would be very helpful.

Answer from City Staff: The State's Office of Cannabis Management is responsible for licensing, while DSI would be responsible for registration of cannabis businesses. This would include collecting fees, compliance checks, and tax revenue.