

**OSSEO CITY COUNCIL
WORK SESSION MINUTES
January 22, 2024**

1. CALL TO ORDER

Mayor Duane Poppe called the work session of the Osseo City Council to order at 6:00 p.m. on Monday, January 22, 2024.

2. ROLL CALL

Members present: Councilmembers Mark Schulz, Alicia Vickerman, and Mayor Duane Poppe.

Members absent: Councilmembers Juliana Hultstrom and Ashlee Mueller.

Staff present: City Administrator Riley Grams.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. DISCUSS UPDATES TO CITY CANNABIS SALES

Grams stated last year, the Osseo City Council created an ad hoc committee to explore and consider potential future municipal cannabis sales. The committee consists of Councilmembers Schulz and Hultstrom, as well as City Administrator Riley Grams. The committee has now met several times, and provides the following updates and information for the full Council consideration and direction:

- 1) Location - One main question is the location of the dispensary. Options include adding space into a potential future new City Hall and Public Safety building. There are pros and cons to this option. The dispensary would be located in the same building as the Osseo Police Department, creating a safer environment for transactions to take place for many would be customers. However, there may be a stigma who may be concerned about purchasing marijuana or other THC products if it's located next to a Police Department (despite being legal to purchase). The City could also identify another separate location off of the main City campus. Locations may include the former Osseo Press building (which the City is considering for purchase) or another, yet to be identified, location (perhaps either in the Central Business District or in the C-2 North or South commercial zones).
- 2) Physical Building - Obviously, with a retail marijuana and THC sales environment, security and safety will be paramount. Staff reviewed some general building security measures for the Council to consider. The ideal setup would be like a doctor's office. Upon entering the facility, there would be recorded information (such as identification) with video recording at the entrance. Patrons would then be allowed

into the general sales area. This area would be limited to a certain number of people at any given time. A “Budtender” would be there to assist customers with questions on products and retrieve products from the back room. This would be a specialized employee who can help educate customers new to edibles or marijuana, and recommend products based on customer needs or wants. There would also be a separate point of sale space where the customers then pay for the products they are purchasing.

- 3) Employee Model - The City will need to create an entirely new department for this operation. This would include a Department Head created and hired to oversee this Department and would report directly to the City Administrator. The City would also need to hire several employees for point of sale and customer services, and a dedicated Budtender. The City could need to create new position descriptions and publicly post for those openings. Another option would be to hire a front-end consultant to assist the City in this start up, someone who may specialize in cannabis management.
- 4) Application Process - Obviously, we are waiting on the State level Office of Cannabis Management (OCM) to hire their Director and proceed with the creation and set up for State issued licenses. The City will want to be ready the moment the OCM allows for license applications. While we are hopeful that the OCM will allow for municipal cannabis dispensaries, that is not yet a given. There are also some questions regarding whether or not a City will be required to apply for and obtain a cannabis dispensary license. What we do know is that having a detailed business plan, as well as a detailed security plan, will be critical for the success of obtaining a license. The Cannabis Committee did meet with a local security expert (Sam Auset) to discuss the probable requirements when it comes to the security plan. This includes all necessary building and video recording security measures.
- 5) City Operations - The City should also consider selling other products outside of high potency THC items. This includes lower level THC products (such as gummies, drops, tinctures, seltzers, and other CDB products). Additionally, smoking paraphernalia and other retail items (such as shirts, hoodies, candles, and other trinkets) should be considered for sale as well. The State will have strict requirements when it comes to proper labeling, and most, if not all, of the products the City has for sale will already come with the proper labeling and documentation. The City will also need to consider how to handle money and funds from the cannabis dispensary operation. Currently, cannabis use is not legal at the Federal level, and therefore we believe that Federally insured banks will not be able to accept, deposit and withdraw funds collected through cannabis sales. The City may need to open an account at a smaller local credit union. The City will also need to think about how we transfer funds. Most of the larger money transfer companies are Federally insured, and thus, most likely not able to transfer funds made through cannabis sales. The State may (or may not) place restrictions on how cities can use revenue from the sales of cannabis. Once those determinations have been made, the City will need to consider its options at that time. Finally, the City has been highly encouraged to join the local Minnesota Marijuana Association as a contributing member. This organization is on the leading edge of cannabis usage and sales, and we will be able to collect a wealth of information from this membership. The Council will consider approving the City’s membership of this group on the consent agenda on Monday night’s meeting

agenda. Additionally, there may be a good opportunity for members from the City (Council/Staff) to travel to Missouri to view and inspect similar type sales operations there. We have heard that the State is likely to model the MN operations similarly to Missouri. The Council should be aware that this would be a great educational opportunity and fact gathering mission.

- 6) Timeline - Grow licenses expected to be approved in October 2024. Product would then be available in April 2025 (6 month grow period). City should have application process ready to submit by mid-to-late 2024, or whenever the State will open up the dispensary license process.

Vickerman asked how much space would be needed. She inquired if the entire Press building would be utilized.

Schulz explained the Press building may be too big, but there were lots of pros and cons to this space. He stated the committee did a lot of brainstorming and after talking with people in the area, the City was farther along in this process, which was a good thing. He noted he met with a representative from Kansas City and noted the ideal building size was 2,000 to 3,000 square feet. He reported adequate security will be important for this building. He commented further on the contact he has that was in the security industry.

Grams commented further on the building security measures that would have to be put in place.

Schulz described how transactions would occur in the facility noting customers would enter a lobby area. Orders would then be taken on iPads and the fulfillment room will fill the order. The order would then be delivered to a window, the customer would take the order and exit the building. It was his understanding payments could be made via debit cards, but not via credit cards.

Vickerman appreciated how well thought out this process would be.

Schulz stated Minnesota wanted to create safe dispensaries. He explained there were management teams that could assist the City with training and hiring.

Poppe asked if there would be security personnel onsite.

Schulz reported there would be a security guard at the door.

Grams commented further on the timeline for the application process noting the City will want to be ready and prepared to move through this process.

Schulz stated he would like to see Osseo being one of the first municipal dispensaries in the State, which meant the City would have to intentional with its planning efforts.

Vickerman asked how the City would receive its products.

Schulz reported all products would come to the City prepackaged.

Grams explained he was uncertain how cannabis revenues could be utilized but noted he would continue to investigate this matter.

Schulz commented on the benefits of joining the Minnesota Marijuana Association because this organization would be passing along information from the State as decisions are made. He discussed how it would be important for the Council to begin thinking about how the City will fund this venture. He stated two priorities he was considering was the cost of the membership and the expense of an investigative/learning trip to Kansas City, Missouri.

Vickerman asked if it was realistic for the City to plan to have a dispensary operational in the new City Hall building.

Schulz stated the City should be prepared to have a dispensary operational by March of 2025. He commented on how important it would be to be the first to market for revenue capturing purposes. It was his hope the City could create a comfortable environment for those wishing to purchase cannabis products. He discussed how important marketing would be for the dispensary.

Vickerman thanked Grams and Schulz for all of their efforts on this matter.

Grams explained he would be working on a business and security plan in the coming months and the Council would have to begin thinking about location and a fact finding trip.

Schulz stated this was a very exciting opportunity and noted the revenues from this venture could positively impact the taxes burden paid by Osseo residents. In addition, he believed revenues from the dispensary would pay off the City's upfront costs within 18 months.

5. ADJOURNMENT

The Work Session adjourned at 6:47 p.m.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial