

**OSSEO CITY COUNCIL
WORK SESSION MINUTES
February 26, 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, February 26, 2024.

2. ROLL CALL

Members present: Councilmembers Juliana Hultstrom, Ashlee Mueller, Mark Schulz, Alicia Vickerman, and Mayor Duane Poppe.

Members absent: None.

Staff present: City Administrator Riley Grams.

Others present: Ed Columbus, City Resident and Lions Club Member; David Jorgenson, Osseo Fire Department.

3. AGENDA

Schulz requested Item 4B be discussed prior to Item 4A. The Council supported this change to the agenda.

4. DISCUSSION ITEMS

B. DISCUSS CHARITABLE GAMBLING CITY-ADMINISTERED FUND

Grams stated several Councilmembers have requested information on a City-Administered Fund which would require lawful charitable gambling organizations to contribute no more than 10% of collected charitable gambling proceeds to the City, commonly called a City-Administered Fund (CAF). The CAF must be a separate fund and must be established by Ordinance. The amount contributed must be no more than 10% of each organization's net profits (which is gross profits minus allowable expenses plus paid in taxes). In the FY2023 Annual Report the four organizations that are listed as being in Osseo seem to have a total net profit of \$1,267,355.00, meaning the amount collected each year could be up to \$126,734.00. However, please note that the reported numbers are by organization, not by location, meaning the amounts could be much less if one of the organizations has a location in Maple Grove. Staff reviewed the general numbers from the CAF in further detail with the Council. It was noted the City must submit a report to the Lawful Gambling Board annually. CAF dollars may then only be used by the City for specific purposes. This includes Police, Fire, and other emergency or public safety related services, equipment, and training (excluding pension obligations). The funds can also be used for charitable contributions.

Grams reviewed the 2023 donations from the Osseo/Maple Grove American Legion, the Osseo Lions Club, the Osseo Maple Grove Hockey Association, and the Osseo Fire

Department Relief Association. The Council should consider the information regarding a City-Administered Fund and direct Staff on the next steps. If the direction is to implement a CAF, Staff will work with the City Attorney to draft ordinance language and come back to a future Council meeting for approval.

Schulz indicated the Northwest Jaycees was another organization that conducts charitable gambling in Osseo. He stated an additional fee could be placed on the fund for administration of the fund. He explained the Council may want to consider gateway sign waivers for the organizations that contribute charitable gambling funds to the City. He reported the City could have a policy in place that states these waivers would be in place should any requests come to the City in the future. He stated Osseo may be one of the few cities that does not already do this. He commented further on how electronic pull tabs could impact the numbers going forward. He indicated he was not interested in mandating the funds raised by charitable gambling organizations have to be spent in local areas. He did not want to hamper the donations that were made by these organizations.

Grams stated the amount from the Osseo/Maple Grove Hockey Association was \$70,746, which was organization wide. He noted all combined this number should be \$107,443 and 10% of this would be \$10,744.

Hultstrom asked if OMGHA had to pay 10% to both Osseo and Maple Grove. Grams stated this was the case because they had pull tabs operations in both communities.

Hultstrom questioned if 10% was the only option. Grams indicated the City could go as high as 10%.

Schulz commented there is an additional option where a certain percentage could be fixed for the entire community of Osseo, but he was not interested in pursuing this option.

Vickerman inquired how the Osseo Fire Relief would be impacted by new policies given the fact all of their funding was currently flowing back into the Osseo Fire Department.

Schulz indicated the City could not target specific agencies. He did not anticipate the Osseo Fire Relief would be impacted given the fact their main purpose was to support the Osseo Fire Department. He felt confident that the Osseo Fire Relief would always abide by their primary mission and the large majority of their donations come back to the City.

Vickerman questioned how the City would allocate 10% from one organization and allocate it to other organizations, while the Fire Relief Association's allocations were allotted only to fire.

Schulz stated disbursements from the Fire Relief Association were acceptable under the regulations for charitable gambling. Grams explained the donations made by the Fire Relief Association could be used for fire equipment, which was what they typically do.

Schulz indicated the reason to look at this was to find other ways to allocate funds to the City for police and fire.

Vickerman suggested Staff look into if charitable gambling funds could be spent on park expansions including water expansions or pollinator plantings.

Schulz stated this would be determined by the parameters set for by State law and Council approval. He noted these funds could be used for youth activities and youth sports.

Vickerman appreciated the list Staff had created for the Council on how charitable gambling funds could be used in the City.

Schulz supported the City using charitable gambling funds to offset the rising costs to provide public safety. He indicated another reason organizations ask for waivers from the City was because their funds could not be put towards these fees. He stated if the Ordinance or policy were amended these waivers could be approved at a staff level.

Vickerman asked if the Council wanted to discuss some of the cons or potential push backs. She imagined there could be some.

Schulz explained he was not interested in requiring all charitable funds being spent in Osseo. He wanted the organizations to have as much flexibility as possible.

Hultstrom indicated the item that concerns her the most was that she wanted the City to keep a strong relationship with the Osseo Lions Club. She stated this organization was volunteer and continues to give generously to the City. She commented on how the Lions sponsor great events for the community year after year. She suggested more work be done on this policy to further consider how funds are allotted and to ensure relationships are protected.

Poppe asked if the Council was in favor of bringing this forward and if so, what should be brought forward.

Schulz explained he looked through the different allowable models and he suggested the City not prohibit lawful gambling. He recommended City not limit the number of lawful gambling establishments in the community. He suggested the local permit fee remain in the policy in the event another organization were to come forward. He recommended a designated trade area not be set at this time. He suggested the hours be set to 2AM to allow for pull tabs to be sold during all of the hours Osseo establishments are open.

Grams questioned if this policy should be sent to a committee for further review along with the City Attorney. He noted the policy could then be brought back to the Council for further consideration.

Vickerman indicated this would allow the policy to be more closely tailored to meet the needs of the City of Osseo. Grams agreed.

Schulz commented on how his policy would provide a new revenue stream for the City which would help with lightening the load on Osseo taxpayers.

Hultstrom questioned what committee would review this policy in further detail. Grams suggested the Budget and Finance Committee review this matter.

The Council supported this recommendation.

A. COMMUNITY CENTER AND GATEWAY SIGN POLICY REVIEW

Grams stated through the application and reservation process for the Osseo Community Center, applicants have the ability to request a waiver of the reservation fees for the Community Center. This is done through a separate form. All waivers are to be approved by the Council, and upon receiving a waiver request, Staff processes the request and puts it on the next available Council agenda for review and approval or denial. Below is an overview of a total amount of Community Center fees that have been approved for waiver by the City Council in 2023:

- Osseo Lions monthly meetings
- Osseo Lions Halloween event
- American Red Cross quarterly blood drives
- Osseo 150th Celebration meetings

Grams explained the waiver of Community Center rental fees listed above does not include waivers from Special Event Permits as approved by the Council. These would include a Community Center waiver for the Intermarque Spring Car Show event, the Night to Unite event, the Lions Roar event, and the Minidazzle event. Additionally, most recently the Snake Discovery group has been an attraction during one of the August Movie & Music in the Park events. Sometimes those August dates are very hot, and as a backup, they request an indoor location in the event that the weather is too hot. Typically, we do not have Community Center reservations on Tuesday evenings, so this has not been an issue to date. Staff typically coordinates with the Snake Discovery owner and makes a call based on the weather conditions that day. For 2023, the Council approved a Community Center waiver total of \$1,075. If you include the Special Event Permit Community Center waivers, that would be an additional \$600 in waived Community Center rental fees (for a total of \$1,675). For reference, the City collected a total of \$20,030.00 for all other Community Center rental fees for 2023.

Grams reported since we are currently reviewing the Community Center policy, Staff would like to propose a few minor edits as well. The first is to include a cancellation fee of some sort. While it is rare, there have been times where a renter has cancelled their event and requested a full refund. This involves Staff time as we need to track down information from the renter in order to set them up in our finance system, and time spent to issue and mail a check. Additionally, if a renter cancels their reservation close to the reservation date, many times that time block will go unrented since reservations are usually booked well in advance of the event/meeting date. Staff recommends adding language to allow for a \$50 cancellation fee (that is, if the event is cancelled by the renter and not the City) which would cover Staff time to process the finance information and issue and mail a check. Second, Staff recommends that language be included to specify cleaning charges should the City need to clean up after a renter. The current policy does describe the process by which a renter will be charged for City cleanup after an event and deducted from the received damage deposit. However, it does not describe how much should be charged for City cleanup. City Staff recommends

an escalating scale based on the amount of Staff time required to clean up after an event. Damages and cleanup are always documented in an email including pictures. The suggested scale is:

- \$50 for one hour
- \$50 for the second hour
- \$70 for the third hour
- \$70 for the fourth hour
- \$90 for each additional hour beyond 4 hours

Grams stated the Council should discuss the Community Center policy and direct Staff with policy language changes/additions. Staff will work with City Attorney Tietjen to develop updated policy language and come back to the Council with final policy edit approvals.

Schulz suggested the City create a strategic priority fund for the gateway sign in order to have a fund in place to replace the panels for this sign. Grams indicated it would cost the City \$117,000 to replace both sides of the gateway sign.

Schulz questioned what the balance was in the gateway sign replacement fund. Grams stated he was uncertain at this time.

Mueller asked what the life span was for the gateway sign. Grams indicated the sign was installed in 2017 and Staff had a 10 to 15 year life expectancy. He noted this sign was included in the City's CIP.

Mueller thanked Staff for all of the information regarding the fee waivers. She appreciated having this historical information because it would help her make thoughtful decisions going forward. She supported adding language for the cancellation and cleaning policy, along with adding waiver language to address the four charitable gambling organizations.

Schulz anticipated that the new policy would assist with savings Staff time when addressing future waiver requests. He commented on how the gateway sign was a valuable asset to the community and the organizations that host events in the community. He suggested the Council look at adjusting the gateway sign fees in the future.

Mueller questioned if the City had a non-profit option for the gateway sign fees. Grams stated he would have to double check the policy.

Vickerman thanked Staff for pulling together all of the information on the community center rentals. Grams commented further on how much the City received in rental fees versus the amount that was waived.

Schulz discussed how the City cannot use funding for advertising City events, but the City can allow charitable organizations to use the gateway sign to advertise for their community sponsored events. He supported the City having a policy in place that provides charitable gambling organizations access to the gateway sign.

Grams indicated he would still like further direction regarding the gateway sign and community center policy.

Schulz recommended this matter go to a committee as well for further clarification.

Hultstrom suggested this policy go to the Budget and Finance Committee.

The Council supported this recommendation.

Hultstrom stated she has had a request to allow Dave Jorgenson from the Osseo Fire Relief Association to say a few words at this time.

Dave Jorgenson, gambling manager for the Osseo Fire Department, commented on how much was given to the City in 2023. He discussed how a 10% requirement may impact some organizations more than others. He requested that the City not pass along an administrative fee to the charitable gambling organizations. He commented further on how gambling earnings may change after July. He thanked the Council for their time and stated he was available to work with the committee members on this matter.

5. ADJOURNMENT

The Work Session adjourned at 6:52 p.m.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial