



Osseo City Council

AGENDA

WORK SESSION
Monday, January 22, 2024
6:00 p.m., Council Chambers

MAYOR DUANE POPPE COUNCILMEMBERS: JULIANA HULTSTROM, ASHLEE MUELLER, MARK SCHULZ, ALICIA VICKERMAN

1. **Call to Order**
2. **Roll Call** (quorum is 3)
3. **Approval of Agenda** (requires unanimous additions)
4. **Discussion Items**
 - A. **Discuss Updates to City Cannabis Sales**
5. **Adjournment**



City of Osseo City Council Work Session Meeting Item

Agenda Item: Discuss Updates to City Cannabis Sales

Meeting Date: January 22, 2024
Prepared by: Riley Grams, City Administrator

Attachments: Presentation
 MN Marijuana Association Information

Background:

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

Obliviously, with a retail marijuana and THC sales environment, security and safety will be paramount. Some general building security measures to consider include:

- Vehicle bollards
- Fortified doors and windows
- Video cameras inside and outside of the building (often need two angles where individuals move product) – This includes entrances/exits as well as employee spaces where product and funds are handled
- Point of sale area that has video cameras
- License plate reading capabilities
- Secure and safe product/funds storage
- Safe vehicle port for transporting product and/or funds (such as a sally port) – Garage entrance for vehicle entrance, door closes, transactions take place in a secure d environment

- Alarm system
- Heightened access control (reception for viewing and recording personal information)
- Facial recognition capability in employee areas
- Separate spaces for entrance lobby, waiting area, point of sale/will call area, product and funds storage (safe or vault)

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 CBD 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 it's 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.

Recommendation/Action Requested:

Staff recommends the City Council discuss the item and direct Staff accordingly.

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CITY OF OSSEO

MUNICIPAL CANNABIS OPERATIONS

Council Work Session – January 22, 2024



1) LOCATION

Dispensary Locations:

- Within a new City Hall/Public Safety building
- A separate location outside of City Hall (such as the Osseo Press building)
- Another location located within the Central Business District or C2 South/North commercial zones

Location next to City Hall/Police Department allows for safe customer sales, but there also may be a stigma about purchasing THC products next to a Police Department.



2) PHYSICAL BUILDING

Security and safety will be vital.

General building security measures include:

- Vehicle bollards
- Fortified doors and windows
- Video cameras inside and outside of the building (often need two angles for video), and at every entrance/exit of the building
- Point of sale area that has video cameras
- License plate reading capabilities
- Secure and safe product/storage
- Safe vehicle port for transporting product and/or funds (such as a sally port)
- Alarm system
- Access control (recording of customer information)
- Facial recognition capabilities
- Separate spaces for entrance lobby, waiting area, point of sale area, product and funds storage



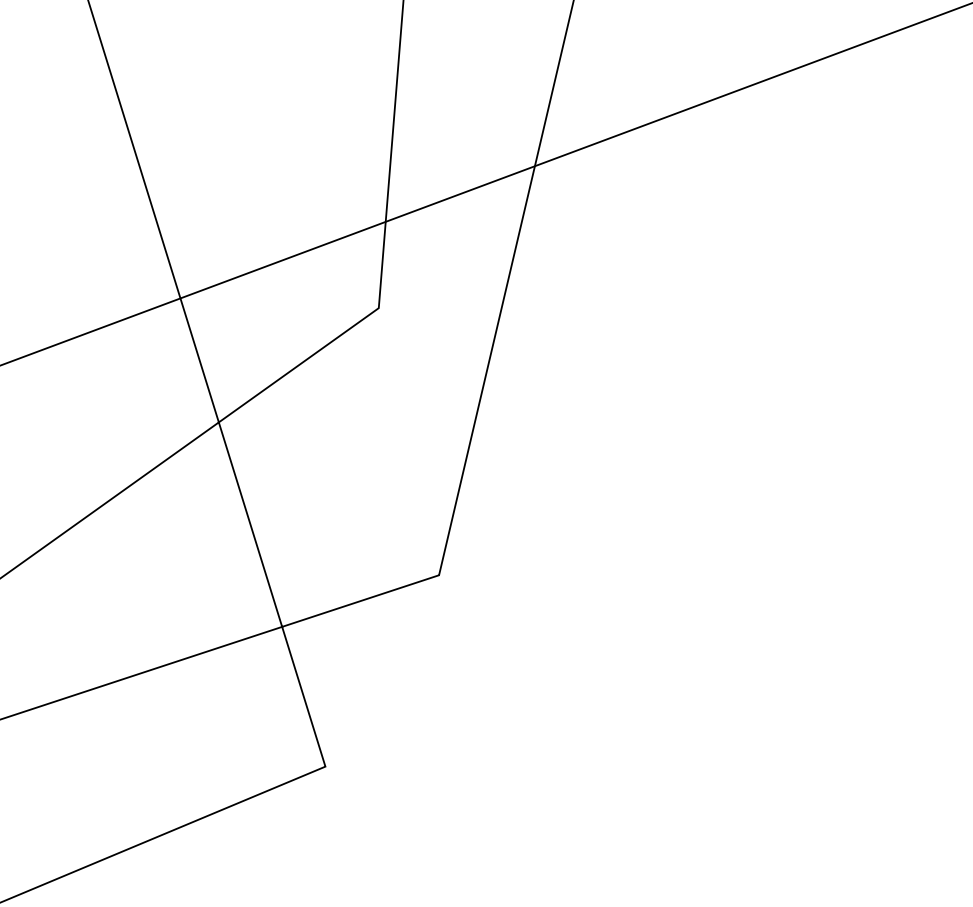
3) EMPLOYEE MODEL

City will need to create an entirely new Department for this operation.

This includes a Department Head and several employees. Department Head is supervised by the City Administrator.

Other employees include point of sale employees, and “Budtenders” (who assist customers with questions and recommendations).

City may also want to hire a front-end consultant to assist the City



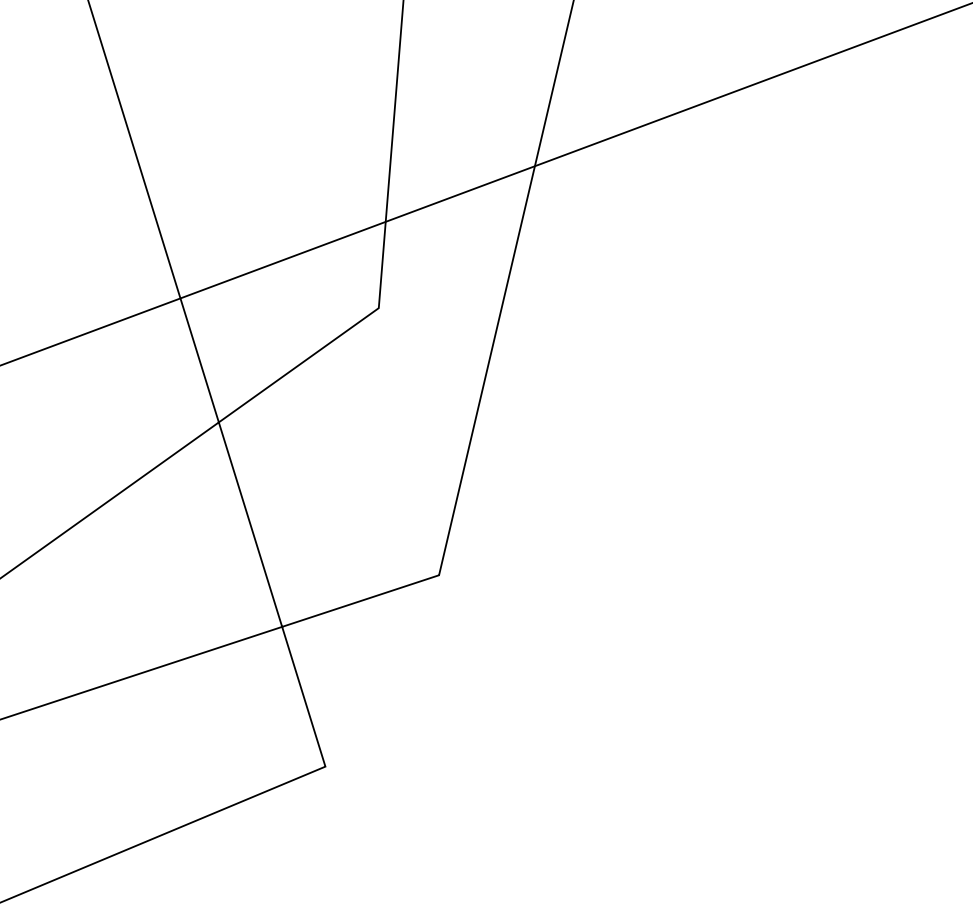
Waiting for the State to finalize the Office of Cannabis Management (OCM)

State will finalize the processes and requirements for all things cannabis, including municipal licenses

The City should be ready to go immediately upon opening for license applications

Will need a detailed business plan and security plan

4) APPLICATION PROCESS



5) CITY OPERATIONS

City should consider other products for sale, including the following:

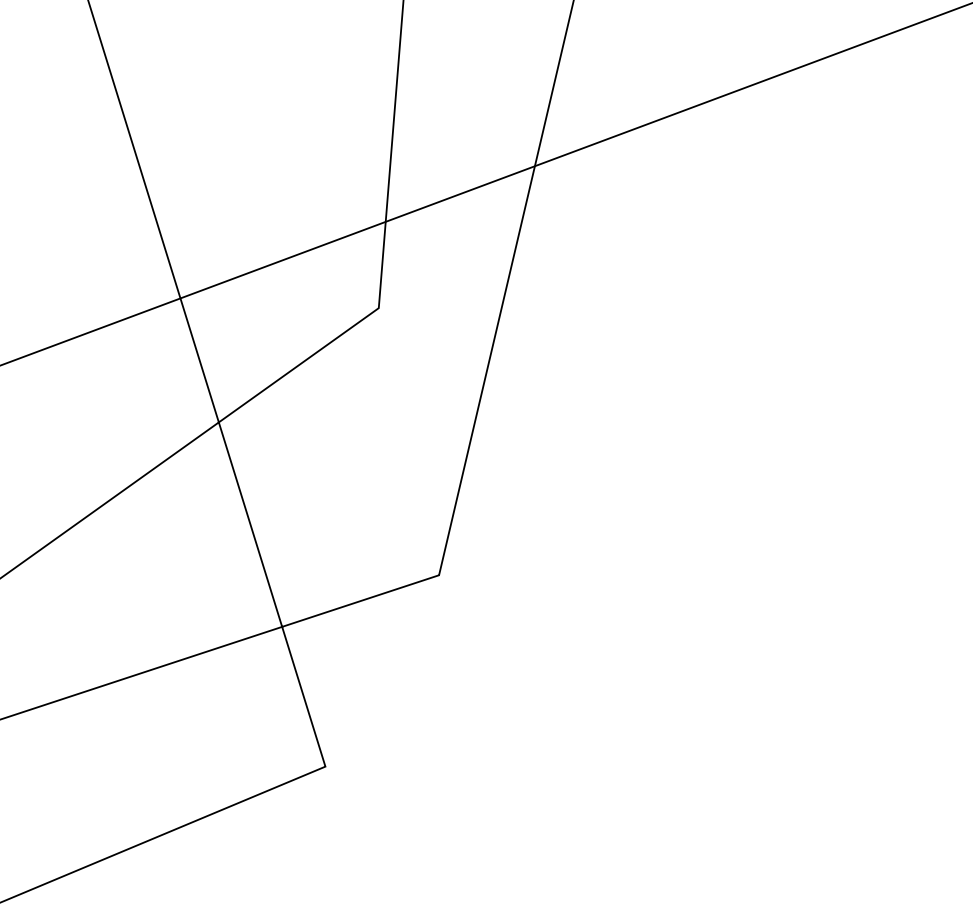
- Low potency THC products (gummies, drops, tinctures, seltzers and other CBD products)
- Smoking paraphernalia
- Other retail items (shirts, hoodies, candles, and other trinkets)

State will have strict labeling requirements for products and for-sale products should already be properly labeled before going on sale

City will need to determine how to move and deposit funds

Restrictions on how Cities can use cannabis revenue? State will determine

Encouraged to join the MN Marijuana Association (on Council consent agenda) and potentially a future trip to Missouri to examine similar operations



State Legislature to reconvene in February 2024

Expected to finalize cannabis sales rules and regulations, including the OCM

Grow licenses are expected to be available in October 2024

Product should be available around April 2025

City should have application ready for submission in mid-to-late 2024

5) TIMELINE



QUESTIONS OR COMMENTS

Minnesota Marijuana Association Membership

Uniting business leaders and professionals in a thriving, legal cannabis industry.

Partnering for growth

The association is dedicated to creating a successful, safe and reliable industry in Minnesota. But, we can't do it alone. That's where you come in.

As a member of the MMA, you'll receive support, education and guidance as we establish a safe, legal, responsible cannabis industry—including licensing, infrastructure, logistics, rules and regulations.

Founding Member

Ideal for: Individuals and businesses directly involved with Minnesota's legal marijuana industry.

Annual investment:
\$5,000

Sustaining Member

Ideal for: Companies and groups that are providing direct support through key products and services to the marijuana industry.

Annual investment:
\$3,000

Contributing Member

Ideal for: Professional services that specialize in and support the marijuana industry.

Annual investment:
\$1,500

Take action

contact@sotacann.org

Health for Life Crimson
AZ

Membership Form

Check membership option below:

Founding Member

Ideal for: Individuals and businesses directly involved with Minnesota's legal marijuana industry day-in and day-out.

Annual investment:
\$5,000

Credit card fee:
\$150

Sustaining Member

Ideal for: Groups that are providing direct support through key products and services to the marijuana industry.

Annual investment:
\$3,000

Credit card fee:
\$100

Contributing Member

Ideal for: Professional services that specialize in and support the marijuana industry.

Annual investment:
\$1,500

Credit card fee:
\$50

Contact Name:

Company:

Address:

City:

State:

ZIP:

Phone:

Email:

Last 4 credit card #

Checks Payable to MMA

515 N. Washington Ave #250 Mpls,
MN 55401

Finance Contact

Molly Ausetz
Treasurer
mausetz@sotacann.org