

**OSSEO CITY COUNCIL
WORK SESSION MINUTES
July 10, 2023**

1. CALL TO ORDER

Mayor Duane Poppe called the work session of the Osseo City Council to order at 6:03 p.m. on Monday, July 10, 2023.

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, Community Management Coordinator Joe Amerman, City Clerk Katrina Jones and City Attorney Mary Tietjen.

Others present: James Kelly, City Resident; John Bartec, Unifora Holistics Lobbyist; Mike Roesch, Love is an Ingredient.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. DISCUSS THC AND CANNABIS SALES OPTIONS

Grams stated the City Council recently discussed THC sales options at their June 26, 2023, work session meeting. The Council gave preliminary direction to Staff to create a moratorium for high level THC/Cannabis sales that would be in effect until 2025. The Council also discussed several options regarding the sales of lower THC products. The City's current moratorium on lower THC products is set to expire on August 18.

Grams explained the Council considered an option of limited THC sales licenses to those businesses who already have liquor and/or tobacco licenses. City Attorney Tietjen discussed this option with her colleagues at Kennedy and Graven, as well as other municipal attorneys and League of MN Cities officials. She found there was consensus that the City could limit edible/low potency product sales to off-sale liquor establishments and that it likely would be defensible. Staff believes that several other cities are exploring this same approach. Staff reviewed a sample ordinance from the City of Circle Pines that limits sales to liquor and tobacco licenses for the Council's consideration.

Grams noted this option does not address some other Council concerns regarding the location of sales within the City (favoring a more zoning district approach). Additionally, if any new businesses wanted to come to Osseo and sell low potency THC products, they

would need to apply for, and be granted, a liquor and/or tobacco license in order to sell THC products. Staff reviewed the fees set for various liquor and tobacco licenses. Council had asked about other license fees in order to potentially mirror the fee for THC sales licenses to existing liquor and/or tobacco licenses.

Grams reported the Council will need to provide final direction to Staff at this meeting so that we have time to create necessary approvals for the Council to consider at the July 24 Council meeting. He reminded, the City's moratorium ends on August 18.

City Attorney Tietjen stated one option that was presented at the last meeting was to allow sales of edibles and lower potency items being limited to off-sale liquor establishments. She indicated she looked into this option and discovered this is an approach some other cities are taking in the interim. She noted staff had a sample ordinance from Circle Pines where something similar was done. She reported the licensing at the State level would take some time. She commented further on the options available to the City Council and requested direction on how to proceed.

Hultstrom asked if the Council could just address the sale of low potency edibles in order to have something in place before the moratorium ends. City Attorney Tietjen reported the Council could give Staff direction to prepare a licensing ordinance. This ordinance could be brought back to the Council on July 24. She noted the Council provided Staff with direction to come back with a moratorium for cannabis businesses. She indicated she would be working with the City Administrator on this matter in order to get a public hearing scheduled.

Hultstrom supported the City moving forward with a licensing process for low potency edibles allowing sales at off-sale liquor establishments. City Attorney Tietjen commented one implication for the Council to consider with this approach would be if the Council wanted cannabis retailers in a specific area of the City in the future, the off-sale liquor establishments would have to be grandfathered in.

Vickerman explained she would not want to take the sales right away once it was granted.

Schulz indicated he has been thinking about this topic a great deal. He stated he was concerned about how the policy put in place now, would have to be followed going forward. He explained the Council could consider a municipal distribution center, noting this was allowed under current law. He stated for him, with the low potency products, he could support tobacco, on-sale and off-sale liquor license holders selling these types of products. He supported the City putting a license process in place for the sale of low potency products. City Attorney Tietjen explained City licensing would be in effect until the State takes over.

Schulz reported his next concern would be the price set for the low potency edible sales license for the next 16 months. He indicated the City could create a six month license that would get vendors through the end of 2023 and then another license could be pursued in 2024. He stated one way or another these products would be coming to the community and he believed the City had responsible retailers that could manage the sales of these products. He was of the opinion it was fair to tie the sales of these products to license holders that were used to carding and point of sales.

Mueller questioned if who would be determining limits for the sales of these products.

Schulz explained this was a liability issue that was assumed by bars and they have discretion to cut people off. Grams commented further on the training that was provided to servers and noted the effects of THC would have to be added into this training.

City Attorney Tietjen recommended the licensing fees be aligned with the amount of Staff time it takes to issue and manage the license. She noted the Circle Pines ordinance charges a \$100 fee.

Schulz stated he could support a higher fee for the low potency license because there would be a great deal of compliance checking.

Vickerman supported the sale of low potency edibles at establishments in the community that have a tobacco or liquor license. She did not support the City holding them back further. She indicated her only concern was with the age requirements for possession of edibles.

Hultstrom indicated she could support the sale of low potency edibles at the City's tobacco and liquor license holding establishments. She believed a \$6,000 license fee was too high, but noted she could support a license fee of \$600 or \$700.

Grams asked how this type of license would apply to a new business that wants to open up in Osseo.

The Council was in agreement that a new business would have to acquire a liquor or tobacco license in order to apply for a license to sell low potency edibles.

City Attorney Tietjen recommended the City Administrator consult with the City Clerk and Police Chief in order to further consider the licensing fee for the low potency edible license and that he come back with a recommendation for the City Council. She reiterated that the businesses who want to sell low potency items would eventually be licensed by the State. She encouraged the Council to consider how this licensing may impact future sales of edible products if the Council wanted to only allow sales in a certain zoning district.

Schulz understood this concern, but stated if the City were to do nothing, sales would still be legal, which would set a precedent. He supported the City putting a licensing process in place.

City Attorney Tietjen commented the most certain way to move forward with these sales would be to take a restrictive approach and only allow for sales in certain zoning districts.

Hultstrom stated she was opposed to allowing sales in only certain zoning districts. She indicated she could support the sales of low potency products to current license tobacco and liquor license holders. She explained she wanted to remain fair for Osseo businesses.

Schulz stated that he thought that there would be more information available to cities after the next legislative session on how to better manage the sales of low potency products. He stated at this time the City can do the best it can to manage this situation.

Poppe commented another approach the City could take would be to only have one license for edibles given the population of the City. City Attorney Tietjen reported the City could proceed in this manner.

Schulz noted he supported the City putting a moratorium in place for cannabis.

John Bartec, lobbyist for Unifora Holistics, explained he works with Mike Roesch, Love is an Ingredient. He stated he currently has stores in Burnsville, Brooklyn Park and Columbia Heights. He discussed how lower potency laws could be put in place now and anything for dispensaries would be set by the State. He commented on the problems tobacco shops and liquor stores were having with buying the proper dose for edibles. He reported the stores that solely sell CBD and THC products were the most compliant. He encouraged the City to educate themselves towards the new laws and noted there would not be high potency cannabis until 2025.

Hultstrom asked what other communities were charging for their licensing fee. Mike Roesch, introduced himself to the Council and noted he owned the local dispensary in Brooklyn Park and Columbia Heights. He stated he did not have to pay a license fee in Columbia Heights, but rather he was grandfathered in. He discussed how he worked to remain compliant with regulations. He expressed concern with the direction the City was going with this licensing because tobacco and liquor establishments would not have the proper knowledge in place when it came to the right doses allowed for low potency edible products. He noted he paid \$5,000 for each of his licenses in Brooklyn Park. He encouraged the Council to consider opening up sales to a reputable business that was established in the field versus allowing edible sales at a large number of vendors in the community.

Schulz thanked Mr. Roesch for sharing his concerns with the Council. He discussed how the Police Chief has a great relationship with each of the license holders in Osseo. He recommended that punitive measures be put in place within the license language to ensure that fines were charged or the license would be revoked if license holders were selling the wrong dose for products.

Mueller asked if the City could restrict the sale of edibles to products only made in Minnesota. Mr. Roesch reported this would be very difficult to regulate, but would be best going forward. He recommended this be for hemp and cannabis related products.

Poppe stated he supported the low potency licensing have a one and done clause within the language in order to keep license holders accountable for their actions. City Attorney Tietjen reported this would be the same approach the city of Circle Pines has for their license.

Schulz recommended the City put some type of ordinance in place to address the possession of edibles for minors. City Attorney Tietjen discussed how other communities were addressing this concern.

5. ADJOURNMENT

The Work Session adjourned at 6:58 p.m.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial