

**OSSEO CITY COUNCIL
WORK SESSION MINUTES
June 26, 2023**

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, June 26, 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, Police Chief Shane Mikkelson, City Clerk Katrina Jones, and City Attorney Mary Tietjen.

Others present: Harold E. Johnson, City Resident; Frank Ruzicka, City Resident; John Hall, City Resident.

3. AGENDA

Council agreed to discuss the work session items.

4. DISCUSSION ITEMS

A. CANNABIS SALES LAW AND OPTIONS

Grams stated recently, the Minnesota State Legislature passed a new legal cannabis law which allows for adult recreational use and sales of THC and other cannabis products. Staff and the Council Risk Management Committee (Mayor Poppe and Councilmember Schulz) recently met with Mary Tietjen and Joe Sathe from Kennedy and Graven to discuss the new legislation and what available options the City has to govern sales. It was noted the City's moratorium ends on August 18, so the Council will need to provide Staff with clear direction so Staff can prepare approvals for the Council in July.

City Attorney Tietjen provided the Council with a presentation on the new cannabis law and noted most aspects of the law would go into effect on July 1, 2023. She reported the State would be establishing an Office of Cannabis Management (OCM). This organization would be responsible for all cannabis act licensing of cannabis and hemp products, along with the regulatory framework established by the Cannabis Act. She explained she did not know when model ordinances would be ready for the Council to review. She commented further on the City's ability to regulate cannabis act products and noted the City still had time to put a licensing ordinance in place while the moratorium was in place. She reported this ordinance could only be in place through March 1, 2025.

City Attorney Tietjen explained the new cannabis law does allow cities to enact a moratorium on the operation of cannabis businesses up until January 1, 2025. If the City chose to adopt a moratorium a public hearing would have to be held before adopting the moratorium. She indicated this would be a temporary measure the City could take in order to allow the State to get its policies in place. She noted the City did have the ability to limit the number of cannabis retail businesses within the community to one. She discussed how the City could address lower potency THC products stating the current moratorium would expire on August 18, 2023. She explained the City may either allow these products to be sold without additional regulations or may enact licensing and/or zoning regulations. She reported City licensing regulations will only be effective until March 1, 2025 when Minnesota Statute will be automatically repealed. After that date, the State-issued lower-potency hemp edible licenses will be the only way hemp edible products can be sold. Businesses selling 151 hemp products must register with the Department of Health by October 1, 2023.

City Attorney Tietjen reviewed the regulation options available to the City at this time. She reported the City could enact a cannabis business moratorium which would be effective through January 1, 2025. She indicated this option would provide the City time to review administrative rules and model ordinances before considering appropriate regulations prior to the state issuing licenses. She was of the opinion this option made a lot of sense. Another option for the City would be to enact zoning or licensing for 151 hemp products/low-potency hemp edibles prior to August 18, 2023. If the City were to pursue this option, licenses would only be effective through March 1, 2025. The final option available to the City would be to repeal the existing moratorium and opt for no regulations of 151 hemp products or low-potency hemp edibles. She requested the Council discuss the options available and provide staff with feedback on how to proceed.

Vickerman asked why the Council would consider zoning regulations. City Attorney Tietjen stated this would be to regulate where the sale of cannabis would be allowed in certain zoning districts in the City.

Schulz commented on how the smell of cannabis products was not to offend passersby. He stated the south C-2 district may be the best location for cannabis products in Osseo. He explained he could support the City putting a moratorium in place, so long as the City was not limiting its options in the future.

Further discussion ensued regarding how the State will eventually regulate all cannabis businesses.

Hultstrom requested Staff speak with the THC business in Brooklyn Park that was using an Osseo address to have all references to Osseo be removed from their website.

Vickerman stated she supported this recommendation.

Schulz supported the City pursuing a moratorium through January of 2025. He explained this would give the Council time to review regulations and ordinances.

Vickerman stated she was hung up by the fact the City would not be allowing local businesses to sell a legal product. She questioned if the City could get regulations in place that would cover zoning options.

Hultstrom asked if the City could allow low potency products to be sold where alcohol and tobacco was already being sold, because these businesses were used to carding at point of sale transactions. She noted this would keep those products all in one place without allowing THC products at every business on Central Avenue.

Schulz indicated the City can license retail sales through March of 2025 and the City would then be able to set the terms of how the licenses are issued. City Attorney Tietjen reported this was the case.

Schulz stated he would be comfortable with this because the City's alcohol and tobacco license holders were already used to going through the license approval process.

Poppe questioned if there was a cap on licensing fees. City Attorney Tietjen reported there were limits on registration fees. She noted one benefit of a licensing ordinance would be the fact the City would know who was selling the low potency products.

Mueller asked if the City has had any conversations with Brooklyn Park to better understand how the sale of low potency products has been going in their community. Grams explained he has not had any conversations with Brooklyn Park.

Poppe indicated the City could put licensing in place through 2025 along with putting a moratorium in place on cannabis. City Attorney Tietjen stated this would be allowed.

Hultstrom reported she agreed with Councilmember Vickerman and that she would have a hard time not allowing local businesses to sell a legal product. City Attorney Tietjen commented on how it may benefit the City to set regulations through zoning as this would assist in limiting the number of businesses that could sell low potency products.

Hultstrom recommended low potency products only be allowed to be sold in the City at existing tobacco or liquor license holder establishments.

Poppe requested the Police Chief come forward and speak on this topic.

Police Chief Mikkelson stated he was of the opinion, "just because we can does not mean we should". He commented on the number of overdoses that were occurring in the community and stated the edibles were synthetics and could be laced with other chemicals. He understood these were legal, but he had moral issues with the products. He indicated the more establishments that are allowed to sell these products, the more issues that will be created for the public safety department. He understood these products were coming and they were legal, but he did not believe this was a good choice by the State. He supported the City limiting these products as much as possible. He expressed concern with the fact there was no possession law in place when it came to edibles, there were only purchase laws. He stated this meant 16 year olds could be driving and possess edibles.

Hultstrom anticipated the City would be facing edible concerns whether residents make their purchase in St. Louis Park or Brooklyn Park. Police Chief Mikkelson understood this to be a fact, but he questioned if these products were right for this community. He supported the City limiting exposure as much as possible. City Attorney Tietjen stated something else for the Council to consider was if tobacco and liquor license holders were allowed to sell low potency products now, it may be difficult to reduce the number of retailers in the future if concerns were to arise.

Police Chief Mikkelson reported the City has 10 to 15 tobacco and liquor license holders.

Hultstrom questioned if the City could limit low potency product sales to tobacco and off sale liquor license holders. City Attorney Tietjen encouraged the Council to consider setting limitations through zoning regulations rather than through licensure types. She feared the City would be challenged if they were to proceed with allowing only tobacco and alcohol license holders to have retail sales.

Poppe stated this was the reason Staff had suggested sales be allowed in the south C-2 district, along Highway 81.

Vickerman asked what the timeline was for the Council to make a decision. Grams reported the moratorium would expire on August 18.

Hultstrom stated the clock was running out and she feared the City did not have a great deal of time to address this issue.

Vickerman commented if the City would like to not put too many restrictions in place, perhaps low potency sales should only occur at establishments that have an off-sale liquor license.

Hultstrom indicated she could support this.

Grams worried this would be legally problematic. City Attorney Tietjen agreed.

Vickerman asked if the next option available to the Council would be to set regulations for zoning districts. City Attorney Tietjen reported this was the case.

Hultstrom questioned when the Council could discuss this matter further. Grams stated the Council could hold a special worksession meeting in July, but noted this would be cutting it close to the moratorium.

Hultstrom inquired why the City should be regulations in place when it would all go away in March of 2025. City Attorney Tietjen clarified that only the licensing process would go away in March of 2025. She stated any zoning standards that were put in place by the City would remain in place after March of 2025.

Hultstrom asked what the Risk Management Committee recommended.

Schulz stated the committee gravitated towards making zoning changes. Grams stated the committee proposed allowing retail sales in the C-2 district south zone.

Hultstrom and Vickerman did not support this recommendation.

Hultstrom recommended the City allow the retail sale of low potency products at off-sale liquor license establishments. She suggested the Council hold a special worksession meeting prior to the July 10 meeting to discuss this matter further.

Vickerman supported this recommendation. She understood there were barriers and that the Council was guessing at the right thing to do. She feared that allowing sales in only one zoning district would not sit well with the business community. She did not support holding other businesses back. She believed the off-sale liquor establishments in the community were ready to go when it came to the sale of low potency products.

Poppe questioned if this would lead to other businesses requesting off-sale liquor licenses in order to sale low potency products.

Hultstrom indicated the City had a limit when it came to the number of liquor licenses that were allowed in the community.

City Attorney Tietjen explained she would have to put some thought into this approach noting perhaps this could be done through a licensing type ordinance where the City designates what types of businesses were eligible for sales. She indicated she could come back to the Council with further information.

Mueller supported keeping the sales away from residential homes.

Poppe indicated he would still support the City putting a moratorium in place for all high potency cannabis products until January 1, 2025.

City Attorney Tietjen stated she could bring a cannabis moratorium back to the Council at the next meeting.

Grams stated they could put the additional work session for July 10 on the Consent Agenda per the Mayor's direction.

Schulz stated he would struggle with only allowing retail sales at off-sale establishments. He argued that on-sale establishments were just as equipped to manage sales. He feared that the City would be stabbing itself in the foot in the future by having too many businesses that would be allowed to have retail sales.

Hultstrom believed the best option for the City would be to limit retail sales for low potency products at off-sale liquor establishments. She noted she would like more information on this option.

5. ADJOURNMENT

The Work Session adjourned at 7:11 p.m.

Respectfully submitted,

Heidi Guenther
Minute Maker Secretarial