

**OSSEO CITY COUNCIL  
REGULAR MEETING MINUTES  
August 8, 2022**

1. CALL TO ORDER

Mayor Duane Poppe called the regular meeting of the Osseo City Council to order at 7:00 p.m. on Monday, August 8, 2022.

2. ROLL CALL

Members present: Councilmembers Juliana Hultstrom, Harold E. Johnson, Alicia Vickerman and Mayor Duane Poppe.

Members absent: Councilmember Larry Stelmach.

Staff present: City Administrator Riley Grams, Community Management Coordinator Joe Amerman, and City Attorney Mary Tietjen.

Others present: Janel Bitzan, Bergan KDV, and Ryan Miles, Ehlers & Associates.

3. PLEDGE OF ALLEGIANCE

Poppe led the Pledge of Allegiance.

4. APPROVAL OF AGENDA [Additions - Deletions]

Poppe asked for additions or deletions to the Agenda.

**A motion was made by Hultstrom, seconded by Vickerman, to accept the Agenda as presented. The motion carried 4-0.**

5. CONSENT AGENDA

- A. Approve July 25 Work Session Minutes
- B. Approve July 25 Council Minutes
- C. Approve Hire of Firefighters Cindy Stearns and Dylan Kamp
- D. Set Council Work Session for August 23, 2022 at 6:00 PM
- E. Approve Exempt Permit for Fur, Fin and Feather Gambling Activities
- F. Approve Exempt Permit for Northeast-Winslow Lewis Lodge #125 Gambling Activities

**A motion was made by Johnson, seconded by Vickerman, to approve the Consent Agenda. The motion carried 4-0.**

6. MATTERS FROM THE FLOOR

Colleen Klobacar, 632 4<sup>th</sup> Avenue NE, expressed concern regarding her alley. She understood WSB was working to fix the problem, but noted the alley was three inches

higher than her garage. She reported her mom wrote a letter to the City stating she did not believe it was fair to pay \$5,000 for an alley improvement that made her property worse. She indicated what they have done so far has not worked and noted she does not want a holding pond in her backyard either.

Hultstrom reported the Councilmembers have pictures of Ms. Klobacar's property and explained a special meeting would be held on August 23, 2022, at 6:00 p.m. with WSB to discuss this matter. She invited Ms. Klobacar to attend this meeting.

Johnson indicated there was an awful lot of concrete that was installed near the rear of the lot. Ms. Klobacar stated this was done by the contractor. She commented further on how water was now draining into her garage instead of the alleyway.

7. SPECIAL BUSINESS

A. RECEIVE FISCAL YEAR 2021 AUDIT REPORT – Janel Bitzan, Bergan KDV

Janel Bitzan, Bergan KDV, reviewed the 2021 audit with the Council. She reported the City received an unmodified or clean opinion on the audit and discussed the reports that were included within the audit. She discussed the General Fund revenues and expenditures along with the City's utility funds. She commended the City on its strong financial position and asked for comments or questions.

Johnson requested further information regarding the CIP transfers that occurred last year. Grams explained \$625,870 was transferred in 2021.

Hultstrom asked how much funding the City received in Local Government Aid (LGA) last year. Grams stated the City received \$649,929 in LGA funding.

Hultstrom commented it appears the City would be receiving \$26,000 less in LGA in 2023. Grams reported this was the case and noted Staff would have to plan accordingly.

Johnson expressed concern with the fact the audit did not have information on how the 38% fund balance was calculated. He questioned how the retirement payout was made to former City Clerk Larson. Grams described how the payment was made in 2021 and was budgeted for in 2022.

Johnson questioned if the City put \$5,000 into the Fire Department retirement fund. He stated he did not see this going into the fund. Grams explained this was an expenditure for 2022 and 2023.

8. PUBLIC HEARINGS – None

9. OLD BUSINESS – None

10. NEW BUSINESS

A. CONFIRM EDA ACTIONS OF AUGUST 8, 2022

Grams discussed the actions of the EDA. He noted the EDA approved accounts payable and received an update on the Small Business Saturday event.

**A motion was made by Vickerman, seconded by Johnson, to Confirm the EDA Actions of August 8, 2022. The motion carried 4-0.**

B. APPROVE EHLERS INVESTMENT MANAGEMENT SERVICES FOR CITY INVESTMENTS

Ryan Miles, Ehlers & Associates, requested the Council consider adopting an investment management services agreement for the City's investments. He explained this would engage Ehlers to manage the City's bond proceeds and other investments. He introduced the investment team working at Ehlers noting his team members were SEC registered and had over 175 clients. He commented further on the financial services that could be provided by Ehlers and asked for comments or questions from the Council.

Johnson asked why these bonds were being issued so far in advance. He questioned what the cost would be for Ehlers services. Mr. Miles explained the bonds were issued in advance to take advantage of the interest rates at this time, with the understanding interest rates would continue to rise. He commented further on the flat monthly advisory fee that would be charged to the City.

Johnson indicated the City would be getting another advisor and overseer of the City's investments if this agreement were approved. Grams reported Staff met with the Finance Committee last week to discuss this agreement and explained the committee members and Staff supported the agreement moving forward for Council consideration.

Further discussion ensued regarding how funding can be wired to the City when expenditures occur for improvement projects.

Vickerman asked how overages or extra funds would be managed. Mr. Miles stated any overages would be reinvested by Ehlers.

City Attorney Tietjen commented on the blank line that was included in the contract on Page 19. Mr. Miles stated Minnesota should be written into the blank line.

Johnson asked if Financial Consultant Groen supported the recommendation from Staff. Mr. Groen reported he fully supported the recommendation.

**A motion was made by Johnson, seconded by Vickerman, to adopt Resolution No. 2022-48, approval to Open an Investment Account with Pershing and Engage Ehlers as Investment Advisor. The motion carried 4-0.**

C. APPROVE 2022 IT UPGRADES

Grams commented the Risk Management Committee (Mayor Poppe and Councilmember Stelmach) and Staff met with the City's IT consultant, Element

Technologies, on July 29, 2022, to discuss the proposed 2022 technology upgrades. Element proposed upgrades for the City. The Risk Management Committee has recommended that these proposals be forwarded to the Council for consideration, and recommends their approval. The total cost of the 2022 IT upgrades will be paid out of the City's Cable Fund. It was noted the Cable Fund has a balance of \$70,070.

Johnson asked how long IT items were lasting at City Hall. Grams reported every computer was being replaced every five or six years. He explained servers are replaced every 10 years.

Hultstrom questioned when IT upgrades would be considered for the Council. Grams stated this would occur in 2023.

**A motion was made by Vickerman, seconded by Hultstrom, to approve the proposals for the 2022 IT Upgrades. The motion carried 4-0.**

**D. DISCUSS THC REGULATION OPTIONS/MORATORIUM ORDINANCE**

Grams stated new legislation passed that allows retailers to sell legalized THC products in the State. Beginning on July 1, 2022, Minnesota retailers may sell certain products containing delta-9 THC. After the new legislation was enacted, Staff met with City Attorney Mary Tietjen to discuss regulation options available to the City and the City Council should consider these options and direct staff accordingly. Options available to the Council were reviewed in detail. The City Council also has the option to establish a temporary moratorium on the sale of THC products to allow the City and Staff additional time to research options and provide information to the Council for consideration. Attorney Tietjen's office has drafted a moratorium ordinance should the Council want to consider that route at this time. The Council may choose to complete the first reading, waive the second reading, and adopt the moratorium immediately. Attorney Tietjen provided a memo that outlines in more detail the options available to the Council regarding THC product sales.

Attorney Tietjen explained there would be risks with banning sales altogether due to the fact THC was now a legal product. She stated this topic would have to be studied more if the Council wanted a full ban. She commented she has been part of a working group that was discussing this topic and noted most cities were leaning towards a licensing process, similar to tobacco sales. She reported the Council could also opt to not regulate the sale of THC.

Hultstrom reported the League of Minnesota Cities subcommittees were discussing this matter. She commented on an email the Council received from resident Tim Pasci noting he was against the sale of THC in Osseo. She understood Staff has been discussing this matter with Police Chief Mikkelsen. She supported the sale of THC being considered through a licensing process, similar to alcohol and tobacco licenses.

Vickerman stated her initial thought was to do nothing at this time because the State still has some things to work through. However, after having a discussion with Police Chief Mikkelsen she supported the City putting a moratorium in place in order for the City to get an Ordinance and permitting process in place. Attorney Tietjen explained if the Council were to put a moratorium in place it could be repealed at any time.

Vickerman inquired if there was any interest from local businesses to sell THC.

Hultstrom stated she had a conversation with a local business owner that was interested in selling THC products. She supported the City having controlled oversight over the sale of THC, given the fact the products were now legal. She requested staff speak to staff members from the City of Coon Rapids because THC products were already being sold in that community.

Further discussion ensued regarding the types of THC products that could be sold in the community.

Vickerman stated if a moratorium were considered by the Council what would be the next steps for the City. City Attorney Tietjen explained moratorium would give staff time to gather more information, study the issue, to provide the Council with more options, and allow staff time to draft a licensing Ordinance.

Johnson indicated cities surrounding Osseo were putting moratoriums in place and he believed the Osseo City Council should also take this action.

Hultstrom asked if staff was aware of any businesses in Osseo that were already selling THC products. Grams stated he was not aware of any.

Johnson explained he supported a moratorium being put in place given the fact there were still issues the State had to address. City Attorney Tietjen reiterated that if a moratorium was put in place for the next year, the Council could repeal the moratorium at any time once a plan from the City was put in place.

**A motion was made by Johnson, seconded by Poppe, to recommend an interim Ordinance be adopted that would put a moratorium on the sale of cannabis products in the City of Osseo, authorizing studies regarding such products and waiving the Second Reading of this Ordinance.**

Vickerman asked if this moratorium had to be 12 months. Grams explained the moratorium would only be in place for the time it takes staff to conduct research and to put an Ordinance/licensing process in place. He stated staff would be working on this item right away and would not be waiting to address this matter.

**The motion carried 4-0.**

City Attorney Tietjen explained the City could contact local businesses or send letters to make them aware of the fact staff would be studying this issue.

E. APPROVE ACCOUNTS PAYABLE

Grams reviewed the Accounts Payable with the Council.

**A motion was made by Johnson, seconded by Vickerman, to approve the Accounts Payable as presented. The motion carried 4-0.**

11. ADMINISTRATOR REPORT

Grams thanked the Police and Fire Departments for putting on a great Night to Unite event last Tuesday.

12. COUNCIL AND ATTORNEY REPORTS

Hultstrom welcomed Firefighters Cindy Stearns and Dylan Kamp to the Fire Department.

Hultstrom commended the Police Department for working so diligently to keep the peace within Sipes Park on July 25, 2022.

Hultstrom explained she would be attending a League of Minnesota Cities Data Practices Committee meeting next week and discussions would center around the sale of THC.

Johnson thanked everyone who attended the Night to Unite event and stated he appreciated all of the volunteers that made this event possible.

13. ANNOUNCEMENTS

Poppe encouraged the public to attend Music and Movies in the Park on Tuesday, August 9, 2022, at 7:00 p.m. where the Dirty Shorts Band will be playing and Encanto will be screened at dusk.

Poppe explained the farmers market would run each Tuesday through September from 3:00 p.m. to 7:00 p.m.

14. ADJOURNMENT

**A motion was made by Hultstrom, seconded by Vickerman, to adjourn the City Council meeting at 8:31 p.m. The motion carried 4-0.**

Respectfully submitted,

Heidi Guenther  
*Minute Maker Secretarial*