

COUNCIL WORK SESSION June 5, 2023

Under due call and notice thereof, a Council Work Session of the North Mankato City Council was held in the Council Chambers on June 5, 2023. Mayor Carlson called the meeting to order at 6:00 pm. The following were present for roll call: Council Members Peterson, Whitlock, Steiner, and Oachs, City Administrator McCann, Finance Director Ryan, Public Works Director Arnold, and City Clerk Van Genderen.

Receive Information on Recreational Marijuana and Possible City Response

City Administrator McCann stated the purpose of the discussion is to learn about the new Marijuana law that will go into effect on August 1, 2023, legalizing the sale of recreational marijuana in Minnesota. Attorney Kennedy stated that an issue would be how the statute would be enforced in the first 12 to 18 months. The legislation creates an Office of Cannabis Management, which will be the regulatory agency over the cannabis and hemp consumer industry. The legislation limits local control. The new law will make it legal for an individual 21 years of age or older to use, possess, and transport cannabis paraphernalia, possess two ounces or less of the adult-use cannabis flower in a public place, possess up to two pounds in their own residence, possess or transport eight grams or less of adult-use cannabis concentrate, possess lower potency hemp edibles and give to another for no remuneration 2 ounces or less of the cannabis flower or eight grams of the cannabis concentrate. The law will continue to make it illegal for a person under the age of twenty-one to possess marijuana or its concentrate. Attorney Kennedy stated the statute limits local control. A local government may not prohibit product possession, transportation, or use. A local government may not prohibit establishing or operating a cannabis business licensed under this chapter. The City of North Mankato may impose reasonable restrictions on the time, place, and manner of the operation of the cannabis business, provided the restrictions do not prohibit the establishment of the cannabis business. Local governments are authorized to prohibit the operation of a cannabis business within 1,000 feet of a school or 500 feet of a daycare, school, park, or recreation facility regularly used by minors. Local government units cannot license businesses but can require they register with the City. A city is required to allow no less than one per 12,500 residents. The City can offer more but not less. The City will be required to perform compliance checks on any establishments. By ordinance, the City can prohibit the sale from 9:00 pm to 2:00 am to the following day between 8:00 am and 10:00 am.

City Attorney Kennedy stated the City of Mankato has approved a moratorium that can last up to a year, allowing government officials time to craft local regulations. The new legislation will override most, if not all, of the City's current Ordinance that addresses cannabinoids. The City will no longer be allowed to license the sale of THC Cannabinoids; that will become a function of the state. The City does not have to repeal the ordinance but will not be able to enforce the ordinance when the new Marijuana Law goes into effect on August 1, 2023.

Council Member Steiner requested clarification on how the new law affects the City's current ordinance concerning the sale of THC/cannabinoids. Police Chief Gullickson stated that State Legislation in 2022 allowed the sale of THC/Cannabinoids, and the licensing of those establishments will now transfer to the Office of Cannabis Management(OCM); the two licensed establishments will need to register with the OCM by October 31, 2023. He noted that the projected date for the OCM to be able to license dispensaries is several years out, possibly as far out as 2025. Police Chief Gullickson stated that the City would work with the OCM, but it would be good to have some local control over where and when the sale of marijuana occurs.

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Council Member Whitlock requested that the Council consider amending the current City Ordinance Section 113.04 Restrictions No. 4 “A license may not be issued to any establishment with an on-sale or an off-sale intoxicating liquor license.” He stated that removing the restriction would eliminate an uneven playing field due to the ability of the bars and liquor stores in Mankato to sell THC products. Attorney Kennedy stated that the law would be unenforceable on August 1, 2023. Police Chief Gullickson reported that after August 1, 2023, the licensing would be transferred to the OCM. Mayor Carlson stated he was not in favor and would want to wait until there is more clarity on what other cities are doing. A discussion was held on the tax rate for cannabinoid products and future marijuana products. Attorney Kennedy stated it would be similar to liquor with a higher tax rate of 10%.

Caswell Park Improvement (Indoor Recreation)

City Administrator McCann reported that since the City’s legislative bonding request was not approved in 2023, City staff is preparing a request for 2024. He stated that according to R.W. Carlstrom, the estimated cost for the project is estimated to increase by approximately 10% up to \$25.5 million. The bonding request to the State is due by June 16, 2023; he noted that a resolution supporting the bonding request is included in the Council Packet. The resolution will need to be approved in order for the City to submit the request. City Administrator McCann did note that the City also submitted a request to the Federal Government and is still waiting to hear about those results. Mayor Carlson noted that he is a proponent of the investment and would like to move forward with the request. He did request clarification on if the project could be phased. Daniel Umhoeffer from R.W. Carlstrom appeared before Council and stated it would be possible but would be difficult and may alienate a user group. Mayor Carlson asked about updating the drawings. Mr. Umhoeffer stated that the project could be updated, and it would take minimal design updates to make it possible to phase the project. Mayor Carlson stated he was not a big fan of reducing the size of the project because once you reduce the size, you lose the ability to host tournaments. Council Member Peterson stated that not compromising on size would allow the City to host larger tournaments like Caswell North will be hosting soccer fest on June 10, 2023, with over 143 teams and 1600 participants. Council Member Oachs stated she believes in the project but is concerned that the City should consider cash flow with the upcoming expenditures at the All Seasons Arena (ASA). Mayor Carlson stated that the City should review community partner funding and search for local partners in the meantime. Council Member Steiner stated the City should move forward with the request. City Administrator McCann stated that Pinnacle Sports should be able to present its proforma for the facility at an upcoming Council Work Session.

All Seasons Arena

City Administrator McCann reported the ASA board received estimates for the proposed improvements and maintenance of the ASA facility. He stated there were six options presented, and the City of Mankato recommended either option one or option 2. Option one included items 1-13 on the improvement plan, which included equipment replacement and addition, reducing the Olympic-sized rink to NHL-sized, and Interior Space Improvements. Option two included equipment replacement and addition, reducing the Olympic-sized rink to NHL-sized, and Interior Space Improvements along with Exterior Building Improvements and other options. The total cost for option one was \$11,372,559, with 22.4% of the total cost for the City of North Mankato. Option two total costs were \$12,956,241, with the City of North Mankato’s portion at 22.4%.

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Mayor Carlson requested clarification on why option 6, which includes only the high-priority options, was not recommended. The total cost for option six is \$7,660,000, with the City of North Mankato responsible for 22.4%. He stated that option would complete high-priority items, and sometimes we can't get everything we want. Council Member Oachs stated that while she agrees that the Caswell Recreation Center is an important project, she believes the ASA is more important due to the fact that without the ASA, the Mankato area will lose hockey.

Council Member Steiner moved, seconded by Council Member Oachs, to adjourn the Council Work Session at 6:57 pm.

Mayor

City Clerk