

**BIG LAKE CITY COUNCIL
WORKSHOP MINUTES**

AUGUST 23, 2023

1. CALL TO ORDER

Mayor Knier called the meeting to order at 5:00 p.m.

2. ROLL CALL

Council Members present: Sam Hanson, Paul Knier, Kim Noding, and Paul Seefeld. Council Member Ken Halverson was absent. Also present: City Administrator Hanna Klimmek, City Clerk Gina Wolbeck, Finance Director Deb Wegeleben, Community Development Director Therese Haffner, City Engineer Layne Otteson, Police Chief John Kaczmarek, Police Captain Sam Olson, Liquor Store Manager Greg Zurbey, Assistant Liquor Store Manager Megan Knopik, Streets/Parks/Fleet Superintendent Norm Michels, Water/Wastewater Superintendent Dan Childs, and Big Lake Student Liaison Allie Cross.

3. PROPOSED AGENDA

Council Member Seefeld motioned to adopt the proposed Agenda as presented. Seconded by Council Member Hanson, unanimous ayes, Agenda adopted.

4. BUSINESS

4A. Discussion on Potential Sales of THC Infused Products at the Municipal Liquor Store

Greg Zurbey discussed recent changes in MN law regarding the sale and possession of cannabinoids for personal use, noting staff feels it is an appropriate time to begin discussions regarding the City's goals and if they include a financial gain from the new products on the market. Legal forms of these products are currently being sold by both private and municipal businesses in the state. Zurbey introduced Rusty Deters, President of Operations for Kuibl, who works with many businesses in the distribution of these types of products. Deters reviewed the health benefits these products can offer, and provided information on the difference between Delta 8 and Delta 9 products and the amount of THC allowed in these products. Deters also stated liquor stores are the no. 1 place to control the sale of these products. Zurbey discussed the sale of THC infused products will impact the Finance Department, relating to handling funds collected from the sale of these products, and the Big Lake Police Department may have oversight for sales and compliance checks. Zurbey also stated he believes this is a category of business the store should be involved in. Lake Liquors already controls the sale of alcohol and provides training for its staff, noting he would prefer to start with carrying THC infused products, but refrain from selling edibles at this time, noting the infused products can be sold in open areas, whereas edibles must be in a locked space. Zurbey also stressed he believes there is profit to be made from these products. In states

where cannabinoids have become legalized, his information shows the trend for alcohol sales to decrease, noting he believes by not participating in these sales, it will reduce funds generated by Lake Liquors in the near term. Zurbey asked Council to consider three possible options, including Option 1. Begin to sell THC infused drinks under current MN guidelines at Lake Liquor, Option 2. Delay the sale of THC infused drinks at Lake Liquors until more information is provided to the Council, or Option 3. Deny the sale of THC infused drinks at Lake Liquors at this time.

Council asked for feedback from the Police Chief. John Kaczmarek commented these products are now legal, noting the biggest thing to consider is that just like with alcohol consumption, it should be done in moderation.

Zurbey reviewed cannabis is big business in MN, noting liquor sales are going down and liquor stores are expanding the sale of these products just like they did when craft beer and seltzers became the popular trends. Mayor Knier stated the product is now legal, so he is alright with selling the products in the liquor store. Council Member Noding asked if we have received requests to carry THC infused products. Zurbey responded we have received a few requests, noting most customers understand we are doing our research before we carry any products. Council Member Hanson asked if there are issues with our financial institutions or our point of sale (POS) vendor. Deb Wegeleben reviewed sales of these products are not federally approved so we will need to do further research on what is allowed for taking payment on these products. Wegeleben also stated the City will want to increase its liability insurance if we are selling these products. Zurbey reviewed store clerks will be required to obtain identification from customers purchasing these infused products as that is required by state law. Zurbey also reviewed this is just a starting point, and noted they are planning to have cash only transactions for THC infused product sales. Council Member Seefeld commented military veterans can lose their VA benefits from these products. Zurbey discussed they are still looking at placement of the products, but they will for sure be in a stand-alone area, and we need to educate purchasers on what the product is when purchased. Noding discussed potential liability, asking if there are warnings on the products. Deters responded there are warnings similar to what is on alcohol products.

Council unanimously authorized implementing Option 1 at Lake Liquors.

4B. Review Year End Meeting Date Changes

Hanna Klimmek Wolbeck reviewed potential Council Meeting date changes through year-end 2023 due to holiday conflicts. Council was asked to discuss whether they want to keep the regularly planned meeting date of November 22, move the meeting date a day ahead to Tuesday, November 21, or change it to Monday, November 27 and hold the Public Input Hearing during the regular meeting. Klimmek also asked for Council feedback on the second meeting in December which falls two days after the Christmas Holiday. Klimmek discussed Council will be asked to set the Public Input Hearing date on November 27 at 6:00 p.m. and asked for discussion on designating a date to hold the annual Committee Workshop. The Chamber of Commerce generally schedules their Holiday Social either the first or second Thursday in December so staff is recommending setting the joint workshop to be held on Tuesday, December 5 beginning at 5:00 p.m.

Council reviewed the proposed meeting date changes and directed Staff to move forward with moving the second meeting in November to be held on November 27, 2023 and to schedule the Public Input Hearing to be held during the regular meeting that same night, schedule the Public Input Hearing continuation date to be held on November 29 at 6:00 p.m., cancel the second Council Meeting in December, schedule the Joint Committee Workshop on Tuesday, December 5 at 5:00 p.m., and schedule the Joint City/County/Township/School Meeting at 6:00 p.m. on January 18, 2024 in the Council Chambers. Klimmek noted staff will bring this item back to the next meeting for Council consideration.

4C. Discussion Water Tower Rehabilitation Schedule

Dan Childs discussed the MN Department of Health (MDH) recommends having water towers inspected and certified every three to five years. Staff recently had inspections and certifications completed on our three water towers. Several deficiencies were identified, noting part of the inspection included obtaining estimates for water tower rehabilitation. Childs reviewed the water tower located by the Public Works building was identified to be the first water tower for rehabilitation. Childs also discussed it is best to schedule water tower rehabilitations on differing years to avoid having them all come due at the same time in the future. Childs presented a proposal for reconditioning services of the City's south tower located by Public Works (Water Tower No. 3). The proposal includes \$108,000 for professional services from KLM Engineering and \$600,000 to \$650,000 for the rehabilitation of Water Tower No. 3. If Council wishes to move forward with the project, it would be scheduled for completion during the summer of 2024.

Mayor Knier stated he is hesitant to do something that doesn't necessarily need to be done right away, and asked if there would be a cost break to do all three towers in 12 years. Childs responded he can contact the vendor to see what options are available.

Council Member Noding asked what the financial impact is to rehab a water tower. Childs responded it generally costs over a \$1M per water tower, and the quote he has presented to Council is well below that amount due to their specialization in water tower maintenance. Wegeleben reviewed we have been budgeting for a debt payment as we thought we were going to have to bond for a new well, but with state restrictions on installing new wells in this area, these funds could be used to rehab a tower instead.

Council Member Hanson discussed the poor condition of Water Tower No. 3, noting if we don't do the rehab in this budget cycle, it should be re-evaluated within the next five years. Council Member Noding asked if the MDH penalizes cities for not addressing water tower issues. Childs responded there is no penalty program in place. Childs also reviewed the drywall insulation needs of our water towers, noting pin holes in our drywall insulation would create a catastrophic failure, so it is something that should be addressed. Wegeleben stated if the City decides to rehab one tower this year, we would be meeting OSHA standards as of today, noting we can transfer funds from water operations at year-end.

Mayor Knier discussed spreading out the costs, noting prices will fluctuate. Childs reviewed originally the cost was \$500,000 prior to COVID, and more recently the cost has been \$1.2M. The company we received a quote from specializes just in tower maintenance, which is why their quote is lower. Knier

asked if we can we lock in pricing for 3-years, reiterating he doesn't want to do something that doesn't need to be done right now. Childs responded there are a lot of items they would be fixing that can improve water quality so that should be a consideration. Noding stated she likes the price compared to last year, and the option to avoid an emergent situation. Council Member Seefeld discussed spreading out the costs, or getting a cost benefit for doing all three towers at the same time, asking if staff would prefer doing all three towers together. Childs responded we can't really do all at three towers at the same time as towers will be down for 12 weeks, and we need to maintain a stable water supply. Childs also noted we should be sandblasting/painting our towers every 20 to 30 years, noting they are an investment we need to protect.

Council directed staff to move forward with rehabbing Water Tower No. 3 in 2024, and stagger them every five years. Knier stated he would prefer we save cash to pay for the next two.

5. OTHER

Council Member Seefeld asked for Council support to begin discussions on eliminating the City's franchise fee program. There was no objection to this topic coming forward at the next Budget Workshop.

Mayor Knier discussed media talk on possible State and Federal face mask and vaccination mandates that could be coming back. Knier stated he is not interested in complying with these mandates. Council Member Seefeld agreed with the Knier's comments, noting he feels the City handled it well during the COVID mandates in 2020. Knier stated we can all be responsible for our own health.

6. ADJOURN

Council Member Noding motioned to adjourn at 5:47 p.m. Seconded by Council Member Hanson, unanimous ayes, motion carried.

Gina Wolbeck
City Clerk

09.13.23
Date Approved by Council