



City of Blaine

City Council Workshop

February 3, 2025 | 5:30 PM
Blaine City Hall
10801 Town Square Drive NE
Blaine, MN 55449

MINUTES

NOTICE OF WORKSHOP MEETING

In accordance with the provisions of Section 3.01 of the Blaine City Charter, a Council Workshop meeting is scheduled for the following purpose:

1. Call to Order

The meeting was called to order by Mayor Sanders at 5:30PM.

2. Roll Call

PRESENT: Mayor Tim Sanders, Councilmembers Terra Fleming, Chris Ford, Leslie Larson, Chris Massoglia, Tom Newland, and Jess Robertson.

ABSENT: None.

Quorum Present.

ALSO PRESENT: Acting City Manager/Director of Administrative Services Scott Johnson; Community Development Director Erik Thorvig; Assistant Community Development Director Sheila Sellman; Deputy Police Chief Joe Gerhard; Fire Chief Dan Retka; Director of Engineering Dan Schluender; City Attorney Tom Loonan; Communications Manager Ben Hayle; and City Clerk Catherine Sorensen.

3. New Business

- 3.1. 2025-37** Closed Session Pursuant to MN Statute 13D.05(3)(c)(3) - Discuss Potential Purchase of Portions of Land Identified as PIDs 11-31-23-12-0003 and 11-31-23-11-0001 Located at the Southwest Corner of 125th Avenue and Lexington Avenue

Sponsors: Erik Thorvig, Community Development Director

After motion and second, the council moved to a closed session meeting to discuss the

potential purchase of land located at the southwest corner of 125th Avenue and Lexington Avenue.

3.2. 2025-38 SBM Fire Department - Quarterly Update

Sponsors: Dan Retka, Fire Chief

Fire Chief Retka provided the city council with a quarterly update. He commented on the operational and staffing changes that occurred in 2024, noting the department was operating as a full time department and has sleeping quarters at Station 1. He discussed how the new staffing model was improving turnout and response times. He described how the department's training efforts doubled over the past year. He reported he was pleased with the culture within the department and noted the turnover rate was down. He explained Fire Corp and care teams were now in place to provide assistance to SBM firefighters. He commented on how there was a need to address repeat customers and medical calls. He indicated there was a potential for the SBM Fire Department to provide contract services to other communities, as was being with Centennial, perhaps through a fire district.

Councilmember Ford thanked Fire Chief Retka and the entire SBM Fire Department for their tremendous efforts on behalf of the community.

Councilmember Massoglia asked how long the Centennial contract was extended. Chief Retka explained this contract was entered into in 2020 for three years for administrative services. He reported this contract was renewed for one additional year with a 3% increase each year and the City received roughly \$350,000 per year for providing administrative services.

Councilmember Massoglia questioned how the fire department would be addressing those who repeatedly need support from the Fire Department. Chief Retka noted a company called Care Resources was a company that would be working in collaboration with the fire department to provide those with the resources they need. He explained there were other communities in the metro area that were already utilizing this resource.

Councilmember Massoglia inquired if the fire department was committed to having a fire station in the northeast corner of Blaine. Chief Retka indicated he was committed to having a fire station in the northeast corner of Blaine but noted the build out of this fire station was a matter of timing.

Councilmember Newland asked when Care Resources would be rolled out in the community. Chief Retka noted these services are slowly being rolled out.

Councilmember Larson questioned who would be paying for the Care Resources advocates. Chief Retka indicated he had funding allocated within his budget for this expenditure.

3.3. 2025-39 Municipal Cannabis Partnership Discussion

Sponsors: Erik Thorvig, Community Development Director

Community Development Director Thorvig stated on December 9, 2024, a presentation was made to the city council from the Red Pine Group. They presented information on a potential public/private partnership to open a retail cannabis location in Blaine. The premise is that the Red Pine Group would invest capital (approximately \$2MM) into a new retail location, own/lease facility, hire staff and operate the facility. The city would receive a percentage of proceeds (proposed at 25%) which could generate approximately \$500,000 annually for the city. The advantage to Red Pine Group is they would utilize the city's cannabis license versus having to enter the general application process with the State of Minnesota.

Mr. Thorvig explained the licensing process related to retail adult-use cannabis has changed as the Office of Cannabis Management (OCM) navigates the process. Originally, the OCM had implemented a social equity licensing lottery in late 2024 which allowed applicants that met certain social equity criteria to apply for a state license ahead of the general application process. In December, due to litigation and other challenges that were identified, the OCM dropped the social equity lottery process and pivoted to an early 2025 lottery combining social equity and general applicants. The OCM will open a new license application window for all applicants from February 18, 2025 to March 14, 2025. There is no indication of when an additional application window would open in the future.

Mr. Thorvig reported staff contacted the OCM to understand what process a municipality would need to follow if they chose to apply for a state license. Municipalities would be required to apply during the same application window, however are reviewed separately from general applications. Licenses for municipal cannabis stores shall be issued regardless of the lottery selection process for cannabis retailer licenses if all conditions in Minnesota Statute 342.17 are met. Those conditions were reviewed in further detail with the council. As stated above, the primary motivation of the Red Pine Group partnering with the city is that they would essentially be guaranteed a state license and not have to apply and be placed in the general lottery.

Mr. Thorvig commented at the December 9, 2024 workshop, the city council directed staff to continue to explore the potential of the partnership. Since that meeting, staff met with the Red Pine Group to answer additional questions. A primary concern that has arisen is potential impacts on federal funding the city receives if the city were to be a party to a cannabis operation. Though legal at the state level, cannabis is still considered illegal by the federal government. Though cannabis has been legalized in many other states in which cities receive tax revenue from the sale of cannabis, Minnesota is the first state to allow municipal cannabis operations where cities can directly profit from retail sales. As such, there is little guidance available from either the League of Minnesota Cities, OCM or federal agencies regarding the issue.

Mr. Thorvig indicated staff has discussed the idea of applying for and receiving the license while continuing to understand potential federal dollar implications and work towards agreements with the Red Pine Group. This allows for the city to complete its due diligence in a longer time period versus trying to understand everything prior to the application window opening. If the city receives the license and later determines that the city should not proceed due to federal dollar implications and/or not wanting to partner with the Red Pine Group, the city could forego the license. If the city council wants to proceed, the Red Pine

Group has asked the city to enter into a non-binding letter of intent (LOI). Red Pine Group would still assist the city in the application process. The Red Pine Group has indicated the city would still need to act relatively quickly as they have budgeted certain dollars for this endeavor and they may identify enough other locations where they would no longer be interested in Blaine.

City Clerk Sorensen explained the license fee was \$2,500 and the application fee would be an additional \$2,500.

Mayor Sanders thanked staff for the additional information. He supported the city moving forward through the licensing process in order to have more time to make the best decision possible for the city.

Councilmember Robertson indicated she understood this would be a new revenue stream for the city, but she had concerns with the fact the OCM did not have answers for the city at this time. She explained she could support the city applying for a license with the state, but noted she was not interested in signing an LOI at this time as she did not want to put the city in jeopardy of losing federal funding.

Councilmember Newland stated he supported the city applying for the municipal cannabis license.

Councilmember Larson explained she did not support the city signing an LOI but indicated she did support the city applying for a license. She was of the opinion it was strange the state was forcing the city to allow retail cannabis when the substance was federally illegal and the city could lose federal funding if a municipal store was opened.

Councilmember Massoglia supported the city moving forward with the license and explained he appreciated the opportunity the Red Pine Group was presenting the city with. Councilmember Fleming agreed.

Council consensus was to move forward with applying for a license while staff continues to research federal grants and possible other impacts before utilizing the municipal license or partnering with the Red Pine Group or any other group.

4. Other Business

None.

5. Adjournment

Signed by



Tim Sanders, Mayor



Signed by

A handwritten signature in black ink, appearing to read "Catherine M. Sorensen", written in a cursive style.

Catherine M. Sorensen, CMC, City Clerk

The workshop was adjourned at 6:57PM.