

**WAYZATA CITY COUNCIL
WORKSHOP MEETING MINUTES
March 12, 2024**

4:45 p.m. Update of 2024 Property Value Assessments by Hennepin County

Mayor Mouton called the meeting to order at 4:45 p.m. Council Members present in-person in the community room at City Hall offices: Iverson, MacDonald, Parkhill, and Plechash. Also present: City Manager Jeff Dahl, Deputy City Manager Aurora Yager, Community Development Director Emily Goellner, and Police Chief Marc Schultz. Hennepin County Appraisers Michael Smerdon and Shane Larsen were also present.

Michael Smerdon, Appraiser from Hennepin County, provided a summary of the 2024 property assessments in preparation for this year's Local Board of Appeal and Equalization hearing scheduled for April 18th. In addition, staff provided specific examples of this year's valuations.

5:30 p.m. Update on Status and Discussion of Municipal Cannabis Enterprise Feasibility Study Framework

Ms. Goellner provided an update on new information and discussed next steps in the cannabis enterprise exploration process.

The City is exploring operation of a municipal dispensary to diversify and add revenues as a benefit to property taxpayers and to ensure and protect community safety and character.

The City Council has prioritized the consideration of operating a municipal dispensary in its updated Strategic Plan.

Goellner reminded the Council of the discussion at the Council workshop on December 5, in which the feasibility study framework was explained.

The Council was interested in what potential revenue this enterprise could generate and the positive impact it could have on the in terms of diversification of revenues. Members noted that the City has a long history of successfully operating the Muni and liquor store and can draw on that expertise, but was cautious of the amount of work required by staff to start a new enterprise and maintain profits. They noted that this is a unique time in the market and that demand will likely be strong, but that there will likely be dispensaries opening in neighboring cities that could stifle the success of a Wayzata Muni dispensary. The Council questioned whether the City should be in this type of business or whether it's better run by a private business that can be more nimble for quick decisions and access to more nimble sources of capital. The Council was also concerned with the high level of investment necessary for a dispensary buildout, staff, and inventory.

Goellner reiterated a few important clarifications from the State's Office of Cannabis Management (OCM):

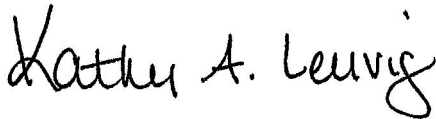
- Some had assumed the City would be able to sell adult-use cannabis products in the existing Muni (like low-potency hemp-derived products sold currently), but after discussions with various attorneys, staff is working under the assumption that the license application will require the exclusive sale of adult-use cannabis within a separate retail store in order to obtain a license.
- The adult-use cannabis legislation allows for a municipal retail store, but there are no special provisions similar to liquor codes that would allow the Muni to be the exclusive seller within a community. While the legislation allows a community to pass a local ordinance that limits retail licenses

1 to 1 per 12,500 people, the City would need to compete with other license applicants to be the first retail
2 store awarded a license within city limits and thus would not have exclusive rights for a license within the
3 community. Ultimately, the Council was interested in conducting the initial research to understand the
4 potential revenue opportunities since this is such a strong focus of the City's Strategic Plan.

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6 Goellner then noted that through existing connections, staff was introduced to two consultants that
7 conduct a variety of services that support cannabis businesses: Point Seven Group and Bridge West
8 Consulting. Goellner briefly described their proposals, which included a recommendation for multiple
9 phases of study. The first phase ranged from \$15,000 to \$20,000 for the initial assessment of potential
10 revenues. Goellner noted that this could be funded by a portion of the \$100,000 allocated in the 2024
11 budget for this cannabis enterprise exploration. She recommended moving forward with Point Seven
12 Group because of their strong listening skills, clear communication style, the competitive cost for
13 services, and the quality of the proposal submitted.

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15 The Council directed staff to prepare an agreement with Point Seven Group for only the first phase of a
16 financial feasibility study for Council's review at the next meeting. The Mayor requested that the results
17 of the study be ready for review and discussion at the first Council workshop in June because June marks
18 a crucial decision point within the study framework. Goellner noted that Point Seven Group required up
19 to 8 weeks to complete the work, so this timeline is achievable if an agreement is executed at the next
20 meeting. Goellner also noted that staff will begin preparing a more detailed description of community
21 engagement options (such as a task force), continue to closely follow OCM updates on the rulemaking
22 process, and continue exploring whether the City could hire an operator through a competitive selection
23 process. This summer, regardless of whether the City pursues a municipal dispensary, staff will begin
24 working on zoning ordinance updates to incorporate cannabis business in accordance with state law. The
25 Council acknowledged that the results of the financial feasibility study will provide helpful information
26 about how dispensaries operate in a community, which is helpful for drafting zoning regulations. The
27 Mayor noted that a community meeting will be an important component in the zoning process and
28 Goellner agreed.

29
30 Respectfully submitted,



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32 Kathy Leervig, City Clerk