I. ROLL CALL

The meeting was called to order by Chair Jesse Kiehl at 6:06 p.m.

Committee members present: Mary Becker, Maria Gladziszewski, Jesse Kiehl, Bill Peters, Mike Satre, Dennis Watson, Debbie White.

Committee members absent: None.

Staff present: Chris Orman, Assistant Attorney; Laurie Sica, Municipal Clerk; Rob Steedle, Deputy Manager; Hal Hart, Community Development Director; Samantha Stoughtenger, Wastewater Superintendent, Chrissy McNally, Planner.

II. APPROVAL OF AGENDA

Mr. Kiehl asked that the agenda be amended to allow the questions on wastewater to be first on the agenda. Hearing no objection, the agenda was approved as amended.

III. APPROVAL OF MINUTES

A. Minutes – July 23, 2015

Hearing no objection, the minutes of the July 23, 2015 meeting were approved.

IV. PUBLIC PARTICIPATION

Adam Burke said he thought it was important to allow consumption in the community. It compared it to people visiting the community and not being able to eat crab or drink beer. He spoke about the medical benefits of marijuana to his family. He spoke in favor of "vape lounges."

Ben Wilcox said he attended a recent DIG meeting at which there were several Assemblymembers in attendance and there was a good discussion on the topic of marijuana. He provided some statistics from a Colorado website about public opinion on marijuana use and visitor statistics, and said he believed there would be a positive effect on tourism based businesses from the legalization of marijuana.

James Markus said the discussion on a limit to retail establishments was an important topic. This committee is enacting the will of the people. Limiting licenses would push people into the black market. He sold tours on the dock and people consistently ask him about the legal marijuana market. This is a potential revenue source for many people. It is a difficult industry to
finance for young entrepreneurs, and he asked the Assembly to not make it more difficult. A safe, regulated and tested market place should be limited only by what the market would bear.

V. AGENDA TOPICS

A. Follow-up Questions regarding Water/Wastewater Issues

Mr. Watson asked if there was a requirement for a marijuana growing facility to connect directly to the wastewater system. Ms. Stoughtenger said if the facility was an outdoor farm, the storm water regulations were in place and those were monitored by CBJ and the Alaska Department of Environmental Conservation. If the facility was indoors, then it would be regulated by the CBJ sewer code. In either case, it would be regulated the same as any other business.

Mr. Watson asked if commercial greenhouses operating now were required to be compliant. Ms. Stoughtenger said they would have been reviewed for compliance when they were originally permitted.

Ms. White asked how someone would prove that the water would not be a problem at the WWTP and how she could find the regulations. Ms. Stoughtenger said CBJ 75.02.080 and 090 provided the limits for discharge into the sewer system for an indoor operation. During the design permit process, that was when staff would review how the facility would meet the regulations. This was typical for any business, such as a car wash, staff would do the same review, just for a different type of use.


Mr. Kiehl said Carole Triem had a background in public policy and volunteered to do research for the committee for no compensation. Ms. Triem said she worked for the state during the day and this was a volunteer project. She graduated from Georgetown with a Master’s degree in public policy last year. She explained how she arrived at the number of six retail establishments as a minimum number to be allowed in Juneau. She analyzed population ratios in Washington and Colorado and applied them to Juneau.

Ms. White said that Juneau was a regional hub for shopping and she thought the population of northern southeast was 40,000 and that did not account for visitors. Ms. Triem said that there was no legal way for people to take the product with them on the ferry or plane. She said she thought it would be better to err on the side of too many retailers allowed than too few. She explained the equilibrium of the market would be reached naturally based on supply/price and demand. Demand for marijuana was very inelastic. Mr. Watson said she had described a typical business profile. She said the only difference for this industry was that the city might limit the number of retail establishments.

Ms. Gladziszewski asked if there was information that proved that price was not a factor for the issue of supply and demand regarding marijuana. Ms. Triem said she would provide that.

Mr. Kiehl said price was a factor regarding alcohol with young people. Ms. Triem said that the study she looked at was involving teenagers, but the research is very new on this.
She said that if the retail establishments were limited, more consumers would purchase on the black market and there would be less tax revenue. She spoke about factors in the demand for product. She said she only looked at retail businesses and no other aspect of the industry.

Mr. Kiehl compared limiting the number of retail marijuana establishments to the regulation of the halibut fishery through IFQ's in order to reduce risks.

Mr. Watson asked if there were other businesses that were limited in Juneau other than alcohol, and if a marijuana license would be able to be sold by the licensee. Mr. Kiehl said he did not know of other businesses that were limited, and that his of the proposed regulation was that the marijuana licenses would not be able to be sold.

C. CDD Report - Regulating Marijuana Retail Businesses

Ms. McNally explained how Washington arrived at the numbers of licenses they would issue based on consumption and population data. If a similar approach was taken in Alaska, her rough estimate was that Juneau would be allowed one license. Colorado has no statewide limit on marijuana retail licenses. Local jurisdictions have set limits through regulations on zoning. She spoke to the limitations in the proposed regulations and the current marijuana committees recommendations. Alaska draft regulations include a 200 foot buffer from "child-centered facility, churches, and correctional facilities." Mr. Orman said that the MCB did vote to increase the buffer to 500 feet.

CDD did not recommend any limit on conditional use permits for marijuana retail stores as the state would provide its own limits and CBJ would provide limits in zoning and buffering and there was no history of limiting conditional use permits. She approached the topic through the CUP perspective because that was the current process and she was not sure if there would be a local licensing option and if that would be issued through CDD. Mr. Kiehl said the initiative gave municipalities the authority to limit the number of marijuana businesses and the committee had decided two meetings ago that it was interested in pursuing a local license. Mr. Orman said that if the Assembly chose to limit the number pursuant to AS 17.38.110, the “Local Option,” the next question would be what would be the mechanism, whether it was a conditional use permit, a business license, or other way, a limit would be justified.

VI. COMMITTEE MEMBER COMMENTS AND QUESTIONS

Mr. Kiehl asked if the committee wished to express any opinion on limiting the number of marijuana businesses of any type, or if there was a need for further information.

Mr. Satre said in Colorado the limit came through zoning regulations. Looking at Juneau’s population and location, we will be fairly self-limiting. A 500 foot buffer within the restricted zoning zones the committee recommended may kill this all together, so he said there were enough restrictions and a cap may not be needed. The city could always revisit establishing local licenses.

Mr. Watson supported Mr. Satre's opinion and did not support a limit. If we establish six licenses and they are doing a terrible job, those business opportunities were tied up. If there was a cap
someone could sit on a license and it could create an inadvertent monopoly. If people got tired of a business they stopped shopping there. The market would free flow and he was not comfortable capping private business.

In response to Ms. Becker's question, Ms. Gladziszewski explained her comment that Telluride, CO had four stores because they began as medical dispensaries and then was allowed to sell recreationally. They were discreet stores, in a tourism community that had significant overnight guests.

Ms. White said she did not favor establishing a limit. If Juneau could support 15 package liquor stores, then a limit on marijuana establishments should be at least 15, but she did not favor limiting private businesses any further.

The committee discussed the population requirements for the various types of liquor establishments.

Ms. Becker said she did not have enough information and was not ready to state an opinion.

Mr. Kiehl said it was reasonable to limit the marijuana industry as there were limits on the alcohol industry. Mr. Kiehl said there were significant concerns about this industry in the community. He thought it would be easier to increase the number of licenses rather than reduce the number in the future after a business owner made an investment. He was reluctant to take an unlimited approach. It was entirely reasonable to cap the number of businesses, which did give those people in business an advantage. He thought that it would be a significant expense to go into business and people would not sit on licenses. Six is probably too few, and he could support going to a per capita number higher than that of Washington State. He would be comfortable with one for 4000, and could be one for 3000 if the number was adhered too. He argued for some limitation on retail stores, but did not support a limitation on the other related industries.

Mr. Satre said that this ad hoc committee was for initial policy discussions and he still supported that a cap was not needed. It might be fair to report back to the Assembly that there was a split in the point of view.

Ms. Becker said she did not believe there was enough information to support one, three or six licenses. She thought it would be easier to add licenses than take them away, but she did not believe that there would be significant regulations limiting the locations for the establishments or that it would be difficult to find a place to run a business.

Ms. Gladziszewski asked about the MCB regulations regarding “adjacent to liquor license establishments” if that meant package stores, or other types of alcohol businesses. Mr. Orman said that was not clear and it would be discussed further at the MCB meetings.

Mr. Peters agreed that without knowing the final buffer distance in the MCB regulations or the locations of the businesses in the regulations, there was not enough information to set a number.

Mr. Satre asked if the state was going to limit the number of state licenses based on population. Mr. Orman said that had not been discussed by the state. The regulations were up in the air and the MCB was addressing a number of issues that were yet to be resolved. The local option allows a community to limit the number of establishments. The word “establishments” was broad
and included cultivation. The local authority can limit retail stores of retail sales and only pass an ordinance regarding that limitation and leave the other establishments unlimited.

Ms. Gladziszewski said that there would need to be clear definition of a retail store or a vape club or other types of businesses that arise when setting a limit. She was inclined to not limit the number of establishments, but acknowledged that it was marijuana, so wanted to think about the issue more.

Mr. Kiehl said he heard that the committee should continue the discussion and asked the committee to direct any questions to him for direction and answers for future meetings. The MCB is not likely to finish before Mid-November and there were five sets of regulations at this point. It will put those local people who want to start businesses in a rough spot if we don't give any indication where we are going, but it doesn't make sense to make regulations that are taken away by the state.

Mr. Watson made a plea to make any regulations clear, easy to follow and defensible. Otherwise regulations could be subject to many interpretations.

Ms. Becker said she did not want to give businesses false hope and invest money before regulations were finished. At the DIG meeting, there was a lot of interest in asking the Assembly to extend the moratorium on allowing businesses to apply for permits before the state regulations and any local codes are established.

Mr. Kiehl said that October 19 was the moratorium on accepting land use applications, not for the end of this committee.

Mr. Satre said that the Planning Commission would start to review Title 49 changes based on this committee’s discussions next week and there would be significant discussions. He recommended the moratorium be extended because there was a good process in place but it would be a while before zoning recommendations could move through the planning commission.

Hearing no objection, the committee forwarded a recommendation to the Assembly to extend the moratorium on taking land use applications be extended. No date was recommended for the extension.

VII. ADJOURNMENT

There being no further business to come before the committee, the meeting adjourned at 7:30 p.m.

Submitted by Laurie Sica, Municipal Clerk