I. ROLL CALL

Committee Members Present: Jesse Kiehl, Chair; Mary Becker, Maria Gladziszewski, Bill Peters, Mike Satre, Dennis Watson, Debbie White.

Committee Members Absent: None.

Staff Present: Chris Orman, Assistant Municipal Attorney; Kim Kiefer, City Manager; Laurie Sica, Municipal Clerk; Bob Bartholomew, Finance Director; Clinton Singletary, Sales Tax Administrator; Chrissy McNally, Planner II, CDD; Bryce Johnson, Chief of Police

II. APPROVAL OF AGENDA

The agenda was approved as submitted.

III. APPROVAL OF MINUTES

Hearing no objection, the minutes of November 12, 2015 Meeting of the Marijuana Committee were approved as presented.

IV. PUBLIC PARTICIPATION

Gavin Burke thanked the committee for its work. He is from Ketchikan and has read the minutes of the meetings and has followed the issue.

V. AGENDA TOPICS

A. Update on State Marijuana Control Board – Loren Jones

Mr. Jones reported on his experience as a member of the State Marijuana Control Board (MCB) and the work of the Board at recent meetings. The Board met on November 20 and reviewed 49 pages of excel spreadsheets with comments and 450 pages of written comments. At that same meeting, the board adopted the regulations. On December 1, the Board met and made one amendment related to residency requirements. The regulations next go to the Governor’s office for comment, the Department of Law for standard regulatory review and the Legislature for comment. By February 24, the regulations will be published by the Governor. We need to be ready to accept license applications by that date per the law. Up until then, no license applications will be accepted. The next meeting of the MCB is February 10 in Juneau. The Alcohol Beverage Control Board will meet on February 9.

Once a complete application is filed, the MCB will have 90 days to approve/disapprove a license, which includes the time for the local government to do its review as well. The plan is to issue licenses for testing first, then manufacturing and retail, when legal products would be
available that have been grown under a cultivation license. Cultivation licenses may begin to be issued in April.

Mr. Jones spoke about the regulations. The MCB eliminated the section about no licensing for clubs. Residency was changed to those Alaskans qualifying for a permanent fund dividend. The prohibition that a marijuana retail store could only sell marijuana or marijuana products was eliminated, and they now can sell anything except for alcohol. Under certain conditions the MCB will issue a rider on a retail license to allow consumption in a separate part of the facility. That was controversial, it passed 3-2, and he was not sure if it would pass the Department of Law review.

Ms. Gladziszewski said that MCB took language out that prohibited clubs, but didn’t replace it with anything and Mr. Jones said that was true. Ms. Gladziszewski asked how an endorsement to allow consumption in a separate section of a retail establishment did not violate the law about no public consumption. Mr. Jones said that the DOL had a concern about this and it was discussed that there is an endorsement with prior approval from the board, and the only product that could be consumed was product purchased on the premises. Defining prior approval of the board still needs to be determined.

The committee discussed the potential timing for the applications for and issuance of specific licenses. Ms. Gladziszewski asked if the MCB would require an applicant to obtain a local conditional use permit (CUP) prior to issuing a license, and Mr. Jones said yes, the license would be issued if the local community did not file a protest. He assumed if there was no conditional use permit issued, then the Assembly would file a protest. If a local community was still involved with the CUP process, the Board would honor a protest from the community unless it was determined to be arbitrary and capricious, similar to how the alcohol licensing was done.

The committee discussed proposed licensing fee amounts.

B. Draft CBJ Marijuana Land Use Ordinance

Mr. Kiehl opened discussion and pointed to a memo in the packet provided by the Law Department. Mr. Orman said the memo explained seven items in the draft ordinance for which the Law Department would like guidance.

Ms. Gladziszewski questioned staff about the list of items that would need to be included in a conditional use permit a marijuana permit on lines 21-25 in page 6 of 10, asking how it was different, or not from a standard CUP. Ms. McNalley said the list was in addition to the other requirements for a standard CUP. A security plan and a waste disposal plan would be unique to marijuana establishments, but noted that she would look at Title 49 and ensure there was no duplication.

Ms. Gladziszewski noted a drafting error on line 9, page 7 of 10, regarding the code numbering.

Mr. Kiehl said the attorney was asking for some guidance on any additions to the signage requirements currently in place. The committee discussed the matter.

**MOTION, by Gladziszewski, to compose language to add a warning sign inside retail establishments regarding the prohibitions on the transport of the product and on public consumption.** Hearing no objection, the motion passed.
MOTION, by Becker, to compose language to require a sign with the language from the state regulations regarding the health warning to pregnant and breastfeeding women, the health risks of consumption, and regarding non-use by children, to be of a size that is visible for reading. Hearing no objection, the motion passed.

The committee discussed the civil penalty table and fee for license application.

MOTION, by Gladziszewski, to create a flat fine of $300 for a civil penalty.

Mr. Watson objected and thought there should be consistency if the fine was in the land use code.

Mr. Peters asked about deferring fines to the Title 49 committee work. Mr. Kiehl supported that approach.

Ms. Gladziszewski did not object if the recommendation from the Title 49 committee would return to the Committee of the Whole.

Ms. Gladziszewski withdrew her motion.

MOTION, by Gladziszewski, to create a $50 marijuana establishment license fee.

Mr. Peters objected to the license itself, and a fee. This won’t pay for itself, and will be a burdensome regulation.

Ms. White said if we start requiring a license for particular industry, it could snowball to all businesses. The Assembly would have the ability to protest a state issued license, and that should be sufficient.

Ms. Gladziszewski said this was a local control issue to handle a new industry in Juneau that carried some risks. It seems prudent to be able to control our destiny by pulling a local license – this will quickly help people to comply with local rules – the state will take longer to pull a license. It has been hard to enforce our own laws with civil penalties.

Mr. Watson agreed that a local business license was not needed, and that the city could approach the state with a local violation.

Mr. Kiehl said the law department has done a good job drafting a local license so it doesn’t snowball to a wide local business license and this is a one of a kind business. He said we can’t count on the state to shut down bad actors.

Mr. Satre said he was undecided on whether a local license was needed or not and there were good points on both side. This group makes recommendations to the PC and Assembly. He would support the motion on fees so that this conversation could continue. We should have public comment on this issue, through the ordinance process.

Roll call:
   Aye: Gladziszewski, Kiehl, Satre, Becker
   Nay: White, Peters, Watson
Motion carried, 4 ayes, 3 nays.
The committee discussed the issue of allowing consumption on licensed premises with a state license endorsement.

**MOTION, by Kiehl, to add language in 11.45.b.on page 7 that would include “any change to a state license or the issuance of an endorsement” as a condition that would require the filing of an amended plan.**

Hearing no objection, it was so ordered.

The committee discussed the manner of an appeal to a revocation or suspension of a local license as a decision of the director. The possibilities suggested were an appeal to the Planning Commission or to the City Manager.

**MOTION, by Watson, to direct the appeal of the director decision in this matter to the city manager.** Hearing no objection, it was so ordered.

Hearing no objection, the committee supported using consistent definitions for the four types of marijuana businesses with reference to state law.

Mr. Peters said on page 8, lines 21 – 22, there was a duplication of a sentence.

Ms. Gladziszewski asked if the business or person would be issued a license. Mr. Orman said he would pass that issue on to Ms. Mead for clarification.

Ms. Gladziszewski said on page 3, line 16-17, item 3 is a list of all uses on the property that is needed to be provided for a license. She thought this was covered by the Conditional Use Process. Mr. Orman said it was not clear to him and he would coordinate with CDD regarding that issue.

Ms. Gladziszewski said on page 3, line 23, she asked what the grounds for denial of a license were and where they were listed. Mr. Orman said he thought it was implied but it could be clarified in 49.65.1115.

Ms. Gladziszewski said on page 4, line 20, spoke to corrective orders and spoke to a violation of ANY law of the state or municipality and suggested this was too broad.

**MOTION, by Gladziszewski, to narrow the language to a violation of AS 17.38 or a regulation adopted under that chapter, specific to marijuana laws.** Hearing no objection, it was so ordered.

Ms. Gladziszewski said on page 9, in 49.65.1165 regarding processing in residential areas, she asked if this had been discussed in previous meetings. Mr. Kiehl said it was. Ms. Gladziszewski asked if this was necessary since the Table of Permissible Uses outlined activities. Mr. Kiehl said this was a reference to the “at-home” extractors and not businesses, and he wondered if this belonged in Title 49 or if it should be moved to another section of the code. The intent was to limit those who were non-licensed processors regarding the method of extraction with butane. Ms. Gladziszewski said that it seemed that it did need to go in another section of the code. There was no objection to moving the matter to another section of CBJ code.

**MOTION, by Gladziszewski, to move this ordinance to the Planning Commission, with the inclusion of the direction of the committee.** Hearing no objection, it was so ordered.
VI. COMMITTEE MEMBER COMMENTS AND QUESTIONS

Mr. Kiehl noted that this would be the last meeting of this committee he would schedule. Mr. Watson and Mr. Satre were “termining out” from the Planning Commission. Mr. Kiehl thanked Mr. Watson and Mr. Satre for their insights and expertise. He thanked all committee members for their work. He thanked the public for their thoughts and insights. He gave thanks to staff and said Ms. McNally has become an expert on this issue. Ms. Mead has done significant amount of work and he gave a special thanks to Deb Senn for taking the minutes and preparing the packets.

Mr. Satre thanked all the members of the public who provided input and he asked people to pay attention to the Planning Commission process as public comment would happen at those meetings.

Mayor Becker thanked Mr. Watson and Mr. Satre for their work on the Planning Commission and said their departure would be a big loss to the Commission. She thanked Mr. Kiehl for his chairmanship of the committee. She thanked Mr. Jones for the many hours he has spent on the issue.

VII. SUPPLEMENTAL MATERIALS – None.
VIII. ADJOURNMENT – 8:04 p.m.

Submitted by Laurie Sica, Municipal Clerk