

KODIAK CITY COUNCIL

WORK SESSION AGENDA

Tuesday, April 12, 2016

Kodiak Public Library Multi-Purpose Room

7:30 p.m.

Work sessions are informal meetings of the City Council where Councilmembers review the upcoming regular meeting agenda packet and seek or receive information from staff. Although additional items not listed on the work session agenda are sometimes discussed when introduced by the Mayor, Council, or staff, no formal action is taken at work sessions and items that require formal Council action are placed on a regular Council meeting agenda. Public comments at work sessions are NOT considered part of the official record. Public comments intended for the "official record" should be made at a regular City Council meeting.

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8. Elected Officials Training/Travel Requests
9. April 14, 2016, Agenda Packet Review

To Be Scheduled

1. Unionization of the Workforce

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KODIAK ISLAND BOROUGH

PLANNING AND ZONING COMMISSION

NAME	TERM	HOME PHONE	WORK PHONE	CELL PHONE	EMAIL
Scott Arndt (B) Chair PO Box 76 Kodiak, AK 99615	2018	481-3745	FAX 481-3333	414-791- 3745	<u>Call instead of email</u>
Jay Baldwin (B) Vice Chair 3343 Eider St Kodiak, AK 99615	2016			942-0386	<u>Jay.baldwin@kibplanning.org</u> <u>kodiakjay@yahoo.com</u>
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Alan Schmitt (C) 3295 Woody Way Loop Kodiak, AK 99615	2017	486-5314			<u>alan.schmitt@kibplanning.org</u>
Greg Spalinger (B) PO Box 2635 Kodiak, AK 99615	2017	486-8366	486-3725		<u>greg.spalinger@kibplanning.org</u>
VACANT (C)	2016				

B=Borough Seat
C=City Seat

This commission is governed by Kodiak Island Borough Code 2.105

STAFF:

CDD DIRECTOR, BOB PEDERSON	486-9360	<u>bpederson@kodiakak.us</u>
ASSOCIATE PLANNER, JACK MAKER	486-9362	<u>jmaker@kodiakak.us</u>
ASSISTANT PLANNER, VACANT		
CODE ENFORCEMENT OFFICER, VACANT		
CDD SECRETARY, SHEILA SMITH	486-9363	<u>ssmith@kodiakak.us</u>

COMMUNITY DEVELOPMENT DEPARTMENT
710 MILL BAY ROAD
ROOM 205
KODIAK, AK 99615



Kodiak Island Borough

Office of the Borough Clerk

710 Mill Bay Road

Kodiak, Alaska 99615

Phone (907) 486-9310 Fax (907) 486-9391

EMAIL: njavier@kib.co.kodiak.ak.us



BOARD APPLICATION

NAME: Don Gates

HOME PHONE: 486-2871 WORK: 539-2881 E-MAIL: Kodiakdwg@gmail.com

STREET ADDRESS: 1217 Larch St

MAILING ADDRESS: Box 229 Kodiak, AK

LENGTH OF RESIDENCE IN KODIAK: 27 years IN ALASKA: same

ARE YOU A REGISTERED VOTER IN KODIAK? YES () NO ()

ARE YOU A PROPERTY OWNER IN KODIAK? YES () NO ()

COMMUNITY ACTIVITIES: Compulsory board member 20+ years
Winnans member for 10 years

PROFESSIONAL ACTIVITIES: taught school one year

owner of Kodish Builders for 20 years

In construction over 40 years

AREA OF EXPERTISE AND/OR EDUCATION: Self-Employed - College Degree

I AM INTERESTED IN SERVING ON THE FOLLOWING BOARD(S) (List in order of preference)

- Planning & Zoning
- _____
- _____
- _____

Signature Donald Gates

Date Mar 16, 2016

A resume or letter of interest may be attached, but is not required. This application will be kept on file for one year. Please return the application by the advertised deadline.

- STAFF USE ONLY -		
Voter ID No Verified By <u>JP</u> Applicant's Residence Borough () City <u>AK</u> Date Appointed _____ Term Expires on: <u>2016</u> Comments _____	Documentation _____	Appointment Letter _____ Roster _____ Oath of Office: _____ Financial Disclosure: _____



Kodiak Island Borough

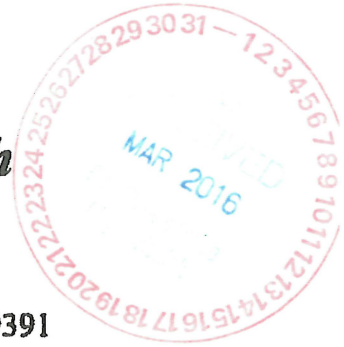
Office of the Borough Clerk

710 Mill Bay Road

Kodiak, Alaska 99615

Phone (907) 486-9310 Fax (907) 486-9391

EMAIL: njavier@kib.co.kodiak.ak.us



BOARD APPLICATION

NAME: Russell Anderson

HOME PHONE: 907-654-5182 WORK: _____ E-MAIL: russandsea@gmail.com

STREET ADDRESS: 508 W. Marine Way, Suite 100, Apt. #3

MAILING ADDRESS: _____

LENGTH OF RESIDENCE IN KODIAK: 1 year IN ALASKA: 1 year

ARE YOU A REGISTERED VOTER IN KODIAK? YES () NO ()

ARE YOU A PROPERTY OWNER IN KODIAK? YES () NO ()

COMMUNITY ACTIVITIES: Fish, trail running, hiking, attending library events, fundraisers, city & KIB meetings, general comm. events.

PROFESSIONAL ACTIVITIES: CPR/1st AID, OSHA 10, oil spill cert, private professional research, data collection, documentation, classification, science, topography, etc.

AREA OF EXPERTISE AND/OR EDUCATION: No degree yet, in & out of college, 4.0 standing GPA

I AM INTERESTED IN SERVING ON THE FOLLOWING BOARD(S) (List in order of preference)

1. Planning & Zoning 2. _____

3. _____ 4. _____

Signature: Russell Anderson Date: 02/29/16

A resume or letter of interest may be attached, but is not required. This application will be kept on file for one year. Please return the application by the advertised deadline.

-STAFF USE ONLY-	
Voter ID No Verified By: <u>LP</u> Applicant's Residence: Borough () City <u>X</u> Date Appointed: _____ Term Expires on: _____ Comments: _____	Documentation: _____ Appointment Letter: _____ Roster: _____ Oath of Office: _____ Financial Disclosure: _____

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Handouts for Marijuana Legislation

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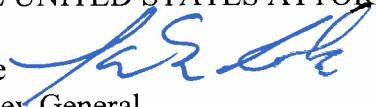
U.S. Department of Justice
Office of the Deputy Attorney General

The Deputy Attorney General

Washington, D.C. 20530

February 14, 2014

MEMORANDUM FOR ALL UNITED STATES ATTORNEYS

FROM: James M. Cole 
Deputy Attorney General

SUBJECT: Guidance Regarding Marijuana Related Financial Crimes

On August 29, 2013, the Department issued guidance (August 29 guidance) to federal prosecutors concerning marijuana enforcement under the Controlled Substances Act (CSA). The August 29 guidance reiterated the Department's commitment to enforcing the CSA consistent with Congress' determination that marijuana is a dangerous drug that serves as a significant source of revenue to large-scale criminal enterprises, gangs, and cartels. In furtherance of that commitment, the August 29 guidance instructed Department attorneys and law enforcement to focus on the following eight priorities in enforcing the CSA against marijuana-related conduct:

- Preventing the distribution of marijuana to minors;
- Preventing revenue from the sale of marijuana from going to criminal enterprises, gangs, and cartels;
- Preventing the diversion of marijuana from states where it is legal under state law in some form to other states;
- Preventing state-authorized marijuana activity from being used as a cover or pretext for the trafficking of other illegal drugs or other illegal activity;
- Preventing violence and the use of firearms in the cultivation and distribution of marijuana;
- Preventing drugged driving and the exacerbation of other adverse public health consequences associated with marijuana use;
- Preventing the growing of marijuana on public lands and the attendant public safety and environmental dangers posed by marijuana production on public lands; and
- Preventing marijuana possession or use on federal property.

Under the August 29 guidance, whether marijuana-related conduct implicates one or more of these enforcement priorities should be the primary question in considering prosecution

under the CSA. Although the August 29 guidance was issued in response to recent marijuana legalization initiatives in certain states, it applies to all Department marijuana enforcement nationwide. The guidance, however, did not specifically address what, if any, impact it would have on certain financial crimes for which marijuana-related conduct is a predicate.

The provisions of the money laundering statutes, the unlicensed money remitter statute, and the Bank Secrecy Act (BSA) remain in effect with respect to marijuana-related conduct. Financial transactions involving proceeds generated by marijuana-related conduct can form the basis for prosecution under the money laundering statutes (18 U.S.C. §§ 1956 and 1957), the unlicensed money transmitter statute (18 U.S.C. § 1960), and the BSA. Sections 1956 and 1957 of Title 18 make it a criminal offense to engage in certain financial and monetary transactions with the proceeds of a “specified unlawful activity,” including proceeds from marijuana-related violations of the CSA. Transactions by or through a money transmitting business involving funds “derived from” marijuana-related conduct can also serve as a predicate for prosecution under 18 U.S.C. § 1960. Additionally, financial institutions that conduct transactions with money generated by marijuana-related conduct could face criminal liability under the BSA for, among other things, failing to identify or report financial transactions that involved the proceeds of marijuana-related violations of the CSA. *See, e.g.*, 31 U.S.C. § 5318(g). Notably for these purposes, prosecution under these offenses based on transactions involving marijuana proceeds does not require an underlying marijuana-related conviction under federal or state law.

As noted in the August 29 guidance, the Department is committed to using its limited investigative and prosecutorial resources to address the most significant marijuana-related cases in an effective and consistent way. Investigations and prosecutions of the offenses enumerated above based upon marijuana-related activity should be subject to the same consideration and prioritization. Therefore, in determining whether to charge individuals or institutions with any of these offenses based on marijuana-related violations of the CSA, prosecutors should apply the eight enforcement priorities described in the August 29 guidance and reiterated above.¹ For example, if a financial institution or individual provides banking services to a marijuana-related business knowing that the business is diverting marijuana from a state where marijuana sales are regulated to ones where such sales are illegal under state law, or is being used by a criminal organization to conduct financial transactions for its criminal goals, such as the concealment of funds derived from other illegal activity or the use of marijuana proceeds to support other illegal activity, prosecution for violations of 18 U.S.C. §§ 1956, 1957, 1960 or the BSA might be appropriate. Similarly, if the financial institution or individual is willfully blind to such activity by, for example, failing to conduct appropriate due diligence of the customers’ activities, such prosecution might be appropriate. Conversely, if a financial institution or individual offers

¹ The Department of the Treasury’s Financial Crimes Enforcement Network (FinCEN) is issuing concurrent guidance to clarify BSA expectations for financial institutions seeking to provide services to marijuana-related businesses. The FinCEN guidance addresses the filing of Suspicious Activity Reports (SAR) with respect to marijuana-related businesses, and in particular the importance of considering the eight federal enforcement priorities mentioned above, as well as state law. As discussed in FinCEN’s guidance, a financial institution providing financial services to a marijuana-related business that it reasonably believes, based on its customer due diligence, does not implicate one of the federal enforcement priorities or violate state law, would file a “Marijuana Limited” SAR, which would include streamlined information. Conversely, a financial institution filing a SAR on a marijuana-related business it reasonably believes, based on its customer due diligence, implicates one of the federal priorities or violates state law, would be label the SAR “Marijuana Priority,” and the content of the SAR would include comprehensive details in accordance with existing regulations and guidance.

services to a marijuana-related business whose activities do not implicate any of the eight priority factors, prosecution for these offenses may not be appropriate.

The August 29 guidance rested on the expectation that states that have enacted laws authorizing marijuana-related conduct will implement clear, strong and effective regulatory and enforcement systems in order to minimize the threat posed to federal enforcement priorities. Consequently, financial institutions and individuals choosing to service marijuana-related businesses that are not compliant with such state regulatory and enforcement systems, or that operate in states lacking a clear and robust regulatory scheme, are more likely to risk entanglement with conduct that implicates the eight federal enforcement priorities.² In addition, because financial institutions are in a position to facilitate transactions by marijuana-related businesses that could implicate one or more of the priority factors, financial institutions must continue to apply appropriate risk-based anti-money laundering policies, procedures, and controls sufficient to address the risks posed by these customers, including by conducting customer due diligence designed to identify conduct that relates to any of the eight priority factors. Moreover, as the Department's and FinCEN's guidance are designed to complement each other, it is essential that financial institutions adhere to FinCEN's guidance.³ Prosecutors should continue to review marijuana-related prosecutions on a case-by-case basis and weigh all available information and evidence in determining whether particular conduct falls within the identified priorities.

As with the Department's previous statements on this subject, this memorandum is intended solely as a guide to the exercise of investigative and prosecutorial discretion. This memorandum does not alter in any way the Department's authority to enforce federal law, including federal laws relating to marijuana, regardless of state law. Neither the guidance herein nor any state or local law provides a legal defense to a violation of federal law, including any civil or criminal violation of the CSA, the money laundering and unlicensed money transmitter statutes, or the BSA, including the obligation of financial institutions to conduct customer due diligence. Even in jurisdictions with strong and effective regulatory systems, evidence that particular conduct of a person or entity threatens federal priorities will subject that person or entity to federal enforcement action, based on the circumstances. This memorandum is not intended, does not, and may not be relied upon to create any rights, substantive or procedural, enforceable at law by any party in any matter civil or criminal. It applies prospectively to the exercise of prosecutorial discretion in future cases and does not provide defendants or subjects of enforcement action with a basis for reconsideration of any pending civil action or criminal prosecution. Finally, nothing herein precludes investigation or prosecution, even in the absence of any one of the factors listed above, in particular circumstances where investigation and prosecution otherwise serves an important federal interest.

² For example, financial institutions should recognize that a marijuana-related business operating in a state that has not legalized marijuana would likely result in the proceeds going to a criminal organization.

³ Under FinCEN's guidance, for instance, a marijuana-related business that is not appropriately licensed or is operating in violation of state law presents red flags that would justify the filing of a Marijuana Priority SAR.

Department of Commerce, Community, and Economic Development Alcohol & Marijuana Control Office

State of Alaska > Commerce > Alcohol & Marijuana Control Office > Marijuana Initiative FAQs

ALCOHOL & MARIJUANA CONTROL OFFICE

MARIJUANA INITIATIVE FAQs

Many Alaskans have questions regarding AS 17.38, the act to tax and regulate the production, sale, and use of n ("proposition 2" or ballot measure 2"). The Department of Commerce, Community and Economic Development cre frequently asked questions. [Register](#) to receive notification when new FAQs are added.

What is AS 17.38?

AS 17.38 was passed by citizen's initiative on the November 4, 2014 ballot. The initiative directs the Alcoholic Be entity if the Legislature chooses to create one) to adopt regulations governing marijuana-related entities and then The ABC Board has nine months from the effective date, which is 90 days after certification of the act by the elec regulations. The ABC Board will follow the intent of the initiative and state requirements for the development of n

MARIJUANA ESTABLISHMENT LICENSE QUESTIONS:

▼ Now that the effective date has passed, can I sell or buy marijuana legally?

No. No marijuana establishment licenses have been issued at this time. The marijuana retail store regulation marijuana and marijuana products that have been grown in a licensed marijuana cultivation facility or produc manufacturing facility. The Marijuana Control Board anticipates beginning to issue cultivation and testing lice and product manufacturing licenses in September, 2016.

Only after retail marijuana stores are licensed and have legal products on their shelves will you be able to leg products. Only licensed marijuana establishments will be able to sell marijuana or marijuana products. Buyin license is illegal and could be prosecuted as a crime. .

▼ I want to apply for a license. What is the first thing I must do?

Secure a location. All licenses are premises based, meaning that the first question to answer is where the lic Applicants must demonstrate a right of possession to the property. You must submit a lease or rental agreem

Zoning is a local issue, other than the buffer zones set out in 3 AAC 306.010. The Marijuana Control Board v a physical place where the license type is allowed by the local government. The Alcohol and Marijuana Cont applicant if the address chosen is locally zoned in such a way that a commercial marijuana establishment wc contact your local government. .

▼ What types of licenses will be available and when will they be issued?

The regulations in 3 AAC 306 provide for six types of marijuana establishment licenses:

- Retail Marijuana Store
- Standard Cultivation Facility
- Limited Cultivation Facility
- Marijuana Product Manufacturing Facility
- Marijuana Concentrate Manufacturing Facility

- Testing Facility

License applications will be taken before the board within 90 days of receipt of a completed application, as o
The exact date of license issuance is dependent upon several factors including the 1) type of license applied
governments, and 3) the implementation of the marijuana inventory tracking system.

1. Type of license and completed application –AS 17.38.100(b) calls for the board to begin accepting and pi
the effective date of the act; therefore, applications will be accepted beginning on February 24, 2016. The
license within 90 days after a completed application is received. The Marijuana Control Board will issue t
licenses first, with retail store and product manufacturing facility licenses to follow. This sequential issuing
latter license types can have legally grown and tracked marijuana in their inventory before opening for bu
2. Response time from local governments – After the director of the Alcohol and Marijuana Control Office de
staff will transmit the application to the local government with jurisdiction over the proposed licensed pre
days from the date of receipt of the notice of the application to file a protest to the application or waive its
received, the Marijuana Control Board will consider the application and protest at its next meeting.
3. Marijuana inventory tracking system – All marijuana license types will be required to use the State of Ala
tracking system to assure that marijuana sold in licensed retail stores was grown, produced and tested by
will not issue any licenses before the marijuana inventory tracking system is implemented; the anticipat
2016.

▼ Can I own more than one license?

Yes, with one exception—testing facility licenses are independent of all other license types. According to 3 A
testing facility may not have any licensee, employee, or agent who holds any type of marijuana establishmer
license.

▼ Can I get a delivery license?

No. No. Delivering marijuana to consumers is not permitted under AS 17.38 or 3 AAC 306. .

▼ Can I get a dispensary license?

No. The term "dispensary" is used in other legalized marijuana states but does not appear in AS 17.38 or 3 A
marijuana stores.

▼ How many licenses will the MCB issue?

The Marijuana Control Board is not limited in the number of marijuana licenses it can issue at the state level.
that local governments can restrict the time, place, manner and number of marijuana licenses. Check with yc
a local limit on licenses.

▼ What is the deadline to apply for a license?

There is no deadline to apply. The Marijuana Control Board will continue to accept applications year round a
licenses at its regularly scheduled meetings throughout the year. .

▼ I don't have internet access. How do I apply on a paper form?

By regulation 3 AAC 306.020, applications must be initiated electronically in order for applicants to demonst
submit data/documents electronically. You cannot participate in the commercial marijuana industry in Alaska
internet access. All marijuana licensees are required to use the statewide marijuana inventory tracking syste
stable internet connection and basic computer literacy. The application is initiated electronically so applican
they have the technological resources to enter the industry at this time.

▼ Why do I have to initiate my application online?

By regulation 3 AAC 306.020, applications must be initiated electronically in order for applicants to demonstrate to the board that they have the technological resources to enter the industry at this time.

▼ What if I need help with the application?

The Alcohol and Marijuana Control Office will provide a detailed set of instructions for the application process available on the website on February 24, 2016. .

▼ I just need the short version, can you please just tell me what to do to get a license?

It is very important to read and understand the regulations. For those who have questions after reading the regulations, reviewing the instructions and watching the training video, the Alcohol and Marijuana Control Office has appointments and walk-ins with questions; the hours will be published on the AMCO website as they are scheduled.

AMCO has a small staff serving a large number of people involved in both the alcoholic beverage and marijuana industry. If you have not read the regulations when you meet with staff, you will lose your appointment until you have read the regulations.

▼ What can I do now, since I cannot apply for a license yet?

Prepare to submit your application—

1) Read 3 AAC 306 articles 1, 7, 8, 9 and the specific article(s) that pertains to the type of license(s) you plan to apply for. When you apply for a license, you are stating that you have read and understand all of the marijuana regulations, and are prepared to comply with them.

2) Work on your operating plan. All license types are required to submit an operating plan with their application. The requirements for operating plans are set forth in 3 AAC 306.020(c). You can begin drafting your operating plan based on the information in the regulations. .

▼ Are cultivation and testing facilities expected to be 100% ready when we apply for license, or will we have time to fix them before June 24 and June 9, when cultivation facility and testing licenses are expected to be issued?

Because the board must approve or deny your application within 90 days from the date your application is denied, applicants should not initiate your application until you are approximately 90 days from being ready to operate your premises. Facility schedules are often optimistic. The applicant must ensure that their finished facility matches what is laid out in the regulations. A preliminary inspection will undergo a preliminary inspection before operations begin.

Because all licenses are premises based, applicants are required to secure a location before applying and receiving a license. Possession to the property. You do not have to own it but you must submit a lease or rental agreement if you do not own the property.

▼ Can I take cuttings or clones from my personal use grow for commercial use when my cultivation facility license is issued?

It's expected that cultivators will either start their plants from seeds or from cuttings only after receiving a license from the Board. The regulations require that all cuttings that are 8" tall and present on the licensed premises on the date of the initial inventory be entered into the marijuana inventory tracking system. After the initial inventory is established, the regulations prohibit marijuana grown outside the licensed premises being entered into the tracking system.

▼ Is the Alcohol and Marijuana Control Office keeping a list of individuals or businesses interested in starting a marijuana business?

The Alcohol and Marijuana Control Office will begin accepting applications for licenses on February 24, 2016.

individuals/businesses is being kept by the office.

▼ **Where can I get the license application forms? I looked all over your website and can't find them.**

The Marijuana Control Board reviewed application forms at its February 11, 2016 meeting. The finalized form February 24, 2016.

▼ **Has anyone had access to the forms ahead of the 2/24 application date?**

No. The forms were approved by the board at its meeting on 02/11/16. The forms have not been released all board's packet for the meeting. The board changed a few of the forms so no one should attempt to complete available on 02/24/16.

▼ **I would like to run my business idea by you and see if you think it will be good enough. How do I do that?**

The AMCO staff cannot answer hypothetical questions or give advice about how the board will respond to a application is structured in a way that requires an applicant to outline its operating plan and for the board to r or deny the license. AMCO staff is not authorized to tell any applicant that their plan is "good enough" to pas questions will be referred to the pertinent regulations and the applicant must take on the responsibility of arti regulations to the board.

PERSONAL USE QUESTIONS:

▼ **Since the effective date has passed, where can I legally buy marijuana?**

Nowhere. The Marijuana Control Board will begin issuing cultivation and testing licenses in approximately Ju Store regulations state that stores may only sell marijuana and marijuana products that have been grown in : facility or produced in a licensed marijuana product manufacturing facility.

Until those other facility types are licensed and begin producing legal marijuana and marijuana products, the licenses. Until Retail Marijuana Stores are licensed and have legal products on their shelves, buying or sellin illegal and could be filed and prosecuted as a crime.

▼ **Will it continue to be a criminal offense for persons under 21 years of age to possess any amount of marijuana?**

Yes. AS 17.38.010 made the use of marijuana legal only for persons 21 years of age or older.

▼ **AS 17.38.040 bans public consumption. How is "public" defined?**

Based on the emergency regulation filed by Lieutenant Governor Byron Mallott on February 24, 2015, in AS place to which the public or a substantial group of persons has access and includes highways, transportati amusement or business, parks, playgrounds, prisons, and hallways, lobbies, and other portions of apartmen rooms or apartments designed for actual residence. On November 20, 2015, the Marijuana Control Board ar marijuana retail stores that have a consumption endorsement issued by the board. No such endorsements h continues to be a violation of AS 17.38.040 to consume marijuana in a public place, including unlicensed, un

▼ **How much harvested marijuana does AS 17.38 allow an unlicensed person to possess in his or her home?**

AS 17.38.020 allows for the in-home production and possession of marijuana for personal use. AS 17.38.021 marijuana harvested from up to six plants (three or fewer being mature, flowering plants) on the premises wh statute does not specify a limit on the amount of harvested marijuana that may be possessed.

▼ **If multiple people live in a single residence, can they combine personal-use plant and/or harvested-marijuana limit: the legal limit for the residence?**

AS 17.38.020 allows for the in-home production and possession of marijuana for personal use. That statute of 21 may grow up to six plants, up to three of which may be flowering, in their home. The statute is silent on the number of plants that may be grown when more than one adult resides there. There is legislation this plant per household limit. The Marijuana Control Board has clarified through definitions that personal grows circumvent licensure requirements. See 3 AAC 306.990.

▼ **Can a person legally possess more than four ounces of harvested marijuana by establishing an unlicensed cooper acting as a proxy for another person?**

No.

▼ **How does AS 17.38 change the legality of operating a motor vehicle while under the influence of marijuana?**

Marijuana continues to be a controlled substance in Title 11 even after the effective date of AS 17.38. It is a crime to operate a motor vehicle while under the influence of any controlled substance, inhalant, alcoholic beverage, or any other substance. It is a crime to drive a motor vehicle while impaired.

▼ **Do persons registered in the Alaska Medical Registry Program as set forth in AS 17.37 receive any benefit or protection under AS 17.38.020?**

No. Nothing in AS 17.38 changed any privileges and prohibitions related to medical cards issued per AS 17.37.

▼ **Can a property owner ban someone from possessing, growing or consuming marijuana on his/her private property?**

Yes. AS 17.38.120(d) states that a person, employer, school, hospital, recreation or youth center, correctional institution, or other entity who occupies, owns or controls private property may prohibit or otherwise regulate the possession, consumption, distribution, sale, transportation or growing of marijuana on or in that property.

FINANCING QUESTIONS:

▼ **I am hoping to start a marijuana business. What do I need to know about raising capital for my business?**

Seeking investors for your business may involve state and federal securities laws. Before offering securities, you should consult securities laws and regulations and consult a professional who is knowledgeable about securities transaction. Before meeting certain securities law requirements, you may not advertise to find investors. This prohibition includes your own website, Facebook, Twitter, and Craigslist.

Offering a security may involve legal and financial consequences that can result in civil liability and money damages. Contact the Division of Banking and Securities at (907) 269-8140 or (888) 925-2521 or visit the [Division](#) website for more information.

LOCAL OPTION QUESTIONS:

▼ **Will individual communities be able to opt out of allowing commercial marijuana establishments?**

Yes. AS 17.38 and 3 AAC 306.200 provide that local governments as defined in AS 17.38.900 can opt out of allowing commercial establishments by ordinance or petition election. Local government officials interested in the opt-out process should consult the regulations.

▼ **Do you maintain a list of communities that have already opted out?**

No. At this time, local governments are not required to report to the Alcohol and Marijuana Control Office (AMCO) a list of communities that have opted out of allowing commercial marijuana establishments by ordinance or petition election. AMCO is attempting to obtain assistance from local governments to obtain this information. Check back on this question in the future for updates.

▼ **Do you maintain a list of municipal zoning ordinances or other local government ordinances related to marijuana?**

No. Again, there is no obligation on the part of local governments to report this information to the Alcohol and

▼ **I want to open a marijuana business at 123 Sally Street in Medium City, Alaska. Can you tell me if this location will v**

The Alcohol and Marijuana Control Office cannot advise any potential applicant if the address chosen is local commercial marijuana establishment would be permitted in that location. This is a question for your local gov

▼ **The 500 foot buffer zone blocks off the location I want to use for a marijuana licensed premises. Can my local gover Marijuana Control Board to allow it?**

No. The 500 foot buffer zone is the inside limit for the proximity of a marijuana licensed establishment to a sc building where religious services are held, or correctional facility. Please read 3 AAC 306.010(a) to determin 500 foot distance represents the State of Alaska's Drug Free School Zone.

REGULATORY QUESTIONS:

▼ **Who wrote the regulations in 3 AAC 306?**

The contract attorney, Alcohol and Marijuana Control Office staff, the Marijuana Control Board, the Departme final regulatory product together.

The Alcohol and Marijuana Control Office retained Virginia Rusch, a contract attorney who specializes in writ the Alaska Attorney General's Office in the Regulations Section for many years. Ms. Rusch and AMCO staff Marijuana Control Board (MCB); prior to the MCB members being seated on July 2, 2015, draft regulations v Beverage Control Board as outlined in 17.38.080. The board put sections of regulations out for public comm received, and made many changes to the regulations during 14 separate board meetings in 2015. Once the Department of Law reviewed the regulations and recommended technical changes. Lieutenant Governor By January 22, 2016 with an effective date of February 21, 2016.

▼ **Where can I get a copy of the marijuana regulations?**

You may download and save the final regulations as amended and adopted by the Marijuana Control Board. if you choose to print the regulations you may want to consider printing two pages on one sheet of paper, i.e. properties screen.

▼ **The location of the premises I am considering is near a park. Is that allowed?**

The only location rules defined by the State of Alaska are the buffer zones set out in 3 AAC 306.010(a), whic license from being issued within 500 feet of a school, recreation or youth center (defined in 3 AAC 306.900(3 services are regularly conducted, or a correctional facility. Please see the regulation for instructions regardin other zoning issues are locally established; contact your local government to inquire about zoning restriction:

▼ **Can I lease some warehouse space and tend to my friend's personal use grows?**

No. AS 17.38.020 only permits adults over the age of 21 to possess one ounce and grow 6 plants, with three permits adults to keep the harvest of their personal use plants on the premises where the plants were grown less of marijuana and give an ounce or less to someone else. You cannot buy or sell your personal use marij others to make what looks like a commercial grow operation.

▼ **Do the existing regulations allow a home-rule municipality to protest the issuance of a marijuana license? Also, do municipalities from charging a permit fee to operate marijuana facilities in city limits?**

A home rule municipality is included in the definition of local government. Local governments have a right of governments can tax marijuana or charge fees for municipal licenses or permits.

Department/Division	Contact Person	Title	Email
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“LEGAL-NESS” OF MARIJUANA UNDER ALASKA STATE LAW

	BEFORE BM2	AFTER BM2
ACTIVITY		
Public Consumption	Illegal ¹ - <i>Penalty: B Misdemeanor</i>	Illegal ² - <i>Penalty: Noncriminal violation; Max \$100 fine</i>
DUI-Marijuana	Illegal ³	Illegal (no change)
Simple Possession –Marijuana (Non-Plant)		
Up to 1 ounce	Illegal ⁴ - <i>Penalty: B Misdemeanor</i> * <i>Adults over 18 may possess up to four ounces of marijuana in the privacy of the home for personal use under Ravin v. State</i> ** <i>The Alaska Medical Marijuana Law permits possession of up to one ounce of marijuana for registered users.</i>	Legal ⁵ - <i>Adults over 21 only</i> * <i>The provisions of Ravin v. State and the Alaska Medical Marijuana Law remain in effect.</i>

¹ AS 11.71.060(a)(1)

² AS 17.38.040

³ AS 28.35.030

⁴ AS 11.71.060(a)(2)

⁵ AS 17.38.020(a)

More than 1 ounce	<p>Illegal⁶</p> <p>- <i>Penalty: A Misdemeanor</i></p> <p><i>*Adults over 18 may possess up to four ounces of marijuana in the privacy of the home for personal use under Ravin v. State.</i></p>	<p>Illegal⁷</p> <p>- <i>Penalty: A Misdemeanor</i></p> <p><i>*Adults over 21 may possess all of the marijuana produced by lawfully-possessed marijuana plants on the premises where the plants were grown.</i></p> <p><i>**Adults over 18 may possess up to four ounces of marijuana in the privacy of the home for personal use under Ravin v. State.</i></p>
More than 4 ounces	<p>Illegal⁸</p> <p>- <i>Penalty: C Felony</i></p>	<p>Illegal</p> <p>- <i>Penalty: C Felony</i></p> <p><i>*Adults over 21 may possess all of the marijuana produced by lawfully-possessed marijuana plants on the premises where the plants were grown.</i></p>
Simple Possession – Marijuana Plants		
Up to six plants	<p>Illegal</p> <p><i>*The Alaska Medical Marijuana Law permits registered users to possess up to six marijuana plants (three of which may be flowering).</i></p> <p><i>**Adults over 18 may possess up to four ounces of marijuana (whether in plant or other form) in the privacy of the home for personal use under Ravin v. State.</i></p>	<p>Legal</p> <p><i>-Only three plants may be flowering at any time</i></p> <p><i>-The provisions of Ravin v. State and the Alaska Medical Marijuana Law remain in effect.</i></p>
25 or more plants	<p>Illegal⁹</p> <p>- <i>Penalty: C Felony</i></p>	<p>Illegal (no change)</p> <p>- <i>Penalty: C Felon</i></p>

⁶ AS 11.71.050(a)(2)(E)

⁷ AS 11.71.050(a)(2)(E)

⁸ AS 11.71.040(a)(3)(F)

⁹ AS 11.71.040(a)(3)(G),(d)

Manufacture, Delivery, Possession with Intent to Manufacture or Deliver <i>[Excluding marijuana establishments licensed under AS 17.38]</i>		
Up to 1 ounce	Illegal ¹⁰ <i>-Penalty: A misdemeanor</i>	Illegal <i>- Penalty: A misdemeanor</i> <i>*Adults over 21 may transfer up to 1 ounce of marijuana (and up to six plants) to another person over 21 without remuneration. AS 17.38.020(c)</i>
More than 1 ounce	Illegal ¹¹ <i>- Penalty: C Felony</i>	Illegal (no change)
Personal Home Grow	Legal* <i>*Adults over 18 may possess up to four ounces of marijuana (whether in plant or other form) in the privacy of the home for personal use under Ravin v. State. Possession of more than 25 plants is a felony, regardless of weight.</i>	Legal* <i>*BM2 and the Alaska Medical Marijuana Law permit possession of up to six marijuana plants (three of which may be flowering)</i> <i>*Failure to comply with the statutory requirements for personal grow operations is punishable by a fine of up to \$750.¹²</i>
Non-Personal Grow	Illegal	Illegal

¹⁰ AS 11.71.050(a)(1)

¹¹ AS 11.71.040(a)(2)

¹² AS 17.38.030(b)

MEMORANDUM

TO: KODIAK CITY COUNCIL

**FROM: HOLLY C. WELLS
KATIE S. DAVIES**

**RE: FEDERAL REGULATIONS THAT MAY IMPACT MARIJUANA RELATED
BUSINESSES**

CLIENT: CITY OF KODIAK

FILE NO.: 505786,86

DATE: FEBRUARY 29, 2016

INTRODUCTION

This memo will address certain areas of federal law where issues may arise impacting the Alaska marijuana industry. Since marijuana is listed as a Schedule 1 narcotic under the federal Controlled Substances Act, its use, possession and distribution is prohibited under federal law. As states began decriminalizing or legalizing limited types of marijuana for use within their borders, and medical marijuana gained political support, federal policy became more complex. Certain federal agencies have taken limited action, short of what they would apply if the U.S. government legalized the drug, to clarify how they treat marijuana-related issues.

Environmental Protection Agency The EPA is primarily responsible for regulating pesticides in the U.S. under a federal law¹ that gives the EPA power to determine which pesticides can be used for specific purposes. The EPA's job is to evaluate new pesticides and proposed uses, and among other things, decide whether temporary approval is justified by emergency situations. The EPA's reluctance to exercise its exclusive jurisdiction over pesticides that can be safely applied to marijuana plants has left a void, increasing public health and safety risks.

The EPA has been navigating the void with states that have legalized marijuana. It has given Colorado, for example, official guidance that it may file for a Special Local Needs

¹ The Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA)

("SLN") registration for EPA's approval to use a specific pesticide on marijuana plants.² The SLN process is essentially a way for EPA to give approval to an off label use of an already accepted pesticide.

In its letter to Colorado's Agriculture Department, EPA encouraged Colorado to pursue a special authorization registration request where the federal agency had approved a pesticide for similar uses. The EPA said that it would view the pesticide as having a similar use if the pesticide had been approved for use:

- on food;
- on tobacco;
- by the same type of application method;
- on crops with similar agronomic characteristics similar to cannabis; and
- in the same kind of structure.³

We understand that EPA's test poses a very high barrier to approval, but that if a pesticide can satisfy it, it will likely be approved. It poses a good alternative to a full EPA registration since it takes a shorter time and is less expensive.

As another hurdle though, states may need to rely on the pesticide manufacturer to develop information for the registration application. The EPA conducts a number of different risk assessments, including assessing effects on the environment, on human health with consumption, and on workers who handle the pesticide prior to registration to ensure that the pesticide can be used without causing unreasonable adverse effects. Manufacturers may refrain from developing and presenting the necessary supporting information, though, in part because the business opportunity may be too limited or risks of liability may be too great.

To our knowledge, the EPA has not yet issued any approvals under this process. We understand it has suggested publicly that since marijuana is a drug, the FDA should have primary regulatory responsibility. EPA may be trying to pass the buck to FDA to avoid involvement.

Food and Drug Administration The FDA has described its regulatory role in a limited way, as regulating marijuana as a potential prescription drug. Generally, the FDA approves the safety and efficacy of drugs for medical purposes under the federal Food, Drug and Cosmetic Act ("FD&C Act"). The FD&C Act requires that drugs be shown to be safe and effective for their intended uses before being marketed in the U.S. To date, it has not approved a marketing application for any medical indication for marijuana.

² See e.g. Letter from Jack E. Housenger, Director, Office of Pesticide Programs, EPA, to Mitchell Yergert, Director, Division of Plant Industry, Colorado Department of Agriculture, May 19, 2015. ("EPA Letter to Colorado Ag")

³ EPA Letter to Colorado Ag, p. 1.

The FDA could potentially find that if a food or beverage contains marijuana as an ingredient, it has been “adulterated” under the FD&C Act. A food is considered adulterated, for example, if it contains a substance that makes it injurious to health.⁴ The FDA has not exercised this authority or stated that it plans to do so anytime soon, however.

The FDA’s Criminal Investigations Office has issued warning letters to some individuals who touted marijuana’s benefits in supplements over the Internet, in interstate commerce. Otherwise, the FDA is not playing any role right now in the oversight of edibles.

Department of the Treasury Treasury’s Financial Crimes Enforcement Network has issued guidelines that discuss how financial institutions such as banks can provide financial services to state-licensed marijuana businesses consistent with federal anti-money laundering laws.⁵ Banks must label all transactions with marijuana-related businesses “suspicious” and file Suspicious Activity Reports (SARs) where the bank knows, suspects or has reason to suspect that a transaction (i) involves funds derived from illegal activity or is an attempt to disguise funds derived from illegal activity; (ii) is designed to evade regulations promulgated under the Banking Secrecy Act, or (iii) lacks a business or apparent lawful purpose.⁶ Because marijuana distribution and sale are illegally under federal law, banks are required to file a SAR on activity involving a marijuana related business in accordance with the guidance.

The rules create three categories of SARs for transactions with marijuana businesses. If the bank provides financial services to a marijuana-related business that it reasonably believes, based on customer due diligence, does not violate one of the Cole memo priorities or violate state law, it must file a “marijuana limited” SAR. However, if it provides financial services to a marijuana-related business that the bank believes violates one of the Cole priorities or state law, it must file a “marijuana priority” SAR, triggering regulators to conduct a further examination. If the financial institution decides it is necessary to end its relationship with the marijuana-related business, it must file a Marijuana Termination SAR. Consistent with standard practice, banks must also file currency transaction reports if marijuana-related businesses make deposits or withdrawals of more than \$10,000 per day.

The guidance is significant in several respects. First, it does not give banks any real guidance on regulatory enforcement. On the one hand, it shows banks have an affirmative obligation to distinguish good from bad marijuana activities, and enforce

⁴ 21 U.S.C. 342(a).

⁵ Guidance, Department of the Treasury Financial Crimes Enforcement Network, FIN-2014-G001, “BSA Expectations Regarding Marijuana-Related Businesses, Feb. 14, 2014.

⁶ Id. and 31 CFR Section 1020.320

industry's compliance with state marijuana laws. On the other, though, the guidance does not offer any further detail on how rigorous a bank's anti-money laundering program must be, and does not provide a safe harbor even if banks comply with the guidance. As enforcement risks grow, banks may be very reluctant to engage in any efforts that may shed a spotlight on their compliance programs, at least until they see, with stronger assurances, that they will not be penalized. Information gathered just six months after FinCEN issued the guidelines showed that many banks terminated relationships with marijuana businesses.⁷

Internal Revenue Service Marijuana-related businesses may face a high federal tax bill due to the application of Section 280E⁸ of the tax code that bars taxpayers from taking business expenses related to marijuana businesses on their federal tax returns even where marijuana use is legal in a state. There may be at least a partial way around this issue. The IRS issued limited guidance under Chief Counsel Advice 201504011,⁹ which discusses how a taxpayer trafficking in a Schedule I or II substance would determine cost of goods sold for purposes of Section 280E.¹⁰ It also discussed that its Examination and Appeals section could require a taxpayer to change from a method of accounting that did not clearly reflect income to a method that reflect income, regardless of whether a positive or negative adjustment would be made.¹¹

U.S. Patent and Trademark Office Persons who include marijuana in an edible with a trademarked name or other marking could be sued for infringing on trademark

⁷ "SAR Data Reveals Few Institutions Willing to Bank the Marijuana Industry, Despite FinCEN and DOJ Guidance, Association of Certified Financial Crime Specialists, Aug. 13, 2014, last viewed at 2/8/15 <http://www.acfcs.org/sar-data-reveals-few-institutions-willing-to-bank-the-marijuana-industry-despite-fincen-and-doj-guidance/>

⁸ Section 280E states: No deduction or credit shall be allowed for any amount paid or incurred during the taxable year in carrying on any trade or business if such trade or business (or the activities which comprise such trade or business) consists of trafficking in controlled substances (within the meaning of schedule I and II of the Controlled Substances Act) which is prohibited by Federal law or the law of any State in which such trade or business is conducted. The Companion Senate Report read as follows, however: All deductions and credits for amounts paid or incurred in the illegal trafficking in drugs listed in the Controlled Substances Act are disallowed. To preclude possible challenges on constitutional grounds, the adjustment to gross receipts with respect to effective costs of good sold is not affected by this provision of the bill. S. REP. No. 97-494 (Vol. I), at 309 (1982). The Senate bill was adopted in conference. CONF. REP. NO. 97-760, at 598 (1982) 198202 C.B. 661.

⁹ Office of Chief Counsel IRS Memorandum No. 201504011, released January 23, 2015. (IRS Memo)

¹⁰ Id. pp. 5-7.

¹¹ Id. pp. 7-8

protections. For example, in 2014, The Hershey Company sued a Colorado edibles maker, TinctureBelle claiming it made four marijuana-infused candies, Ganja Joy, Hasheath, Hasheath and Dabby Patty that too closely resembled its products, Almond Joy, Heath, Reese’s peanut butter cups and York peppermint patty candies. The products were sold in Colorado’s legal retail stores and medical marijuana dispensaries. Hershey claimed the products were packaged in a way that would confuse consumers, including children, and create a genuine safety risk for consumers who might inadvertently eat them thinking they were ordinary chocolate candy. In September, 2014, the Colorado district court entered a final judgment that reflected a settlement agreement between the parties. TinctureBelle stopped selling its products and committed to refrain from using product packaging and trade dress that could be confused with Hershey products.¹²

Drug Enforcement Agency The DEA is the lead federal agency responsible for regulating controlled substances and enforcing the Controlled Substance Act (“CSA”). Marijuana is listed as a Schedule 1 narcotic under the CSA because it has a “high potential for abuse,” “no currently accepted medical use in treatment,” and “a lack of accepted safety for use of the drug or other substance under medical supervision.”¹³ Under the CSA, criminal penalties for use, possession, and sale of marijuana are serious and can include life in prison.¹⁴

When Washington and Colorado legalized the purchase and sale of marijuana for recreational purposes, the U.S. Department of Justice (“DOJ”) realized that it needed to respond. It explained that, while it remained committed to enforcing the federal marijuana prohibition, it would not immediately take legal action to attempt to overturn the Colorado and Washington laws. Instead, it announced a “trust but verify” approach. It issued a memo, known as “Cole Memo II”, where it described key aspects of its policy. It allowed the two states’ laws to take effect, permitted medical marijuana distributors and suppliers operating consistent with state law to continue, and stated that the federal government would not prosecute seriously ill medical marijuana patients, their caregivers or individuals who possessed small amounts of marijuana for personal use.¹⁵

¹² The Hershey Company and Hershey Chocolate and Confectionery Corporation v. TinctureBelle, LLC, TinctureBelle Marijuanka LLC and Charmin Mayes, C.A. No. 14-cv-01564-WYD-MJW, Final Judgement, September 25, 2014.

¹³ 28 USC Sec. 812 (b)(1)(A)-(C).

¹⁴ 21 USC Sec. 841 (b) (2012).

¹⁵ Cole Memo II available at:

<http://www.justice.gov/iso/opa/resources/30520138291322756857467.pdf>.

Cole Memo II listed eight circumstances which were so serious that they would warrant enforcement of federal marijuana law even in states where marijuana use and possession was decriminalized. These were:

- distribution of marijuana to minors;
- revenue from marijuana sales going to criminal enterprises;
- exportation of marijuana from states where it is legal to states where it is now illegal;
- the use of state-authorized marijuana activity as a cover or pretext for other illegal activity;
- violence and use of firearms in the cultivation and distribution of marijuana;
- driving under the influence of marijuana and other public health consequences associated with marijuana use;
- growing marijuana on public lands; and
- marijuana use or possession on federal property.

In short, marijuana still remains an illegal drug under federal law even though marijuana has been decriminalized in certain respects in Alaska. Marijuana use and possession continues to risk serious criminal consequences, particularly in instances that could appear to implicate any of the eight federal law enforcement priorities.

CONCLUSION

Our firm will continue to monitor and provide any developments that occur on the federal level that could impact the State's regulation of the marijuana industry.

KSD



MEMORANDUM

TO: State of Alaska

DATE: February 12, 2016

FROM: Cynthia Franklin, Director

RE: Timeline for MJ Establishment Applications

Applications Timeline for Calendar Year 2016 discussed by Marijuana Control Board 02-11-16

February 11, 2016	MCB Meeting Juneau- approve forms
February 24, 2016	AMCO begins accepting applications for all license types
March 16, 2016	Earliest date application initiated 2/24/16 could be deemed complete; cultivation and testing facility licenses begin to be deemed complete and forwarded to local governments
April 27, 2016	MCB Meeting Anchorage- review progress with applications received; discuss date for deeming retail store and product manufacturing facility applications complete
May 23, 2016	Implementation of Marijuana Inventory Tracking System
June 9, 2016	MCB Meeting- in person in Anchorage- approve first cultivation and testing licenses
July ___, 2016	MCB Meeting Fairbanks- continue to review and issue cultivation and testing licenses
September ___, 2016	MCB Meeting Nome- approve first retail store and product manufacturing facility licenses
December ___, 2016	MCB Meeting Anchorage- continue to approve and issue licenses, other licensing business as it arises

(All meetings are conducted remotely except for one board member and one member of staff other than the meeting which indicates board will be in person)



MEMORANDUM

TO: State of Alaska

DATE: February 12, 2016

FROM: Cynthia Franklin, Director

RE: Timeline for Consumption Endorsement
Regulations Project

Consumption Endorsement Regulations Timeline for Calendar Year 2016

February 11, 2016	MCB Meeting Juneau- review and discuss questions provided by staff, indicate direction of draft regulation in areas related to questions posed;
April 27, 2016	MCB Meeting Anchorage- review draft regulation; potential for amendments; approve draft regulation to go out for public comment
May 2, 2016	Post draft regulation; begin public comment period
June 1, 2016	Public comment period closes; compile public comments for board review
June 9, 2016	MCB Meeting Anchorage- Board reviews public comment and decides whether to adopt regulation; If adopted, regulation forwarded to Department of Law for its review and forwarding to Lt. Governor for signature; Board could defer action to July meeting
July __, 2016	MCB Meeting Fairbanks
September __, 2016	MCB Meeting Nome
December __, 2016	MCB Meeting Anchorage

(All meetings are conducted remotely except for one board member and one member of staff other than the meeting which indicates board will be in person)



MEMORANDUM

TO: State of Alaska DATE: February 12, 2016
FROM: Cynthia Franklin, Director RE: Timeline for MJ Handler's Permits

Marijuana Handler Permit Timeline reviewed by Marijuana Control Board 02-11-16

February 11, 2016 MCB Meeting Juneau- review and approve or amend form for application to provide Marijuana Handler Permit Education

February 24, 2016 Forms available for potential education course providers to fill out and return to AMCO Office with attached Curricula. Staff begin submitting applications and curricula documents to board members as they are filed with AMCO.

April 10, 2016 Cut-off date to submit handler education course for review by board at April 27, 2016 meeting. All remaining applications and attached curricula are provided to board members by staff.

April 27, 2016 MCB Meeting Anchorage- board reviews and votes on qualified courses

April 28, 2016 Qualified education course providers begin offering education classes

May 12, 2016 Marijuana Handler Permit applications available; applications may be brought to AMCO in Anchorage, Juneau and Fairbanks with course completion certificates and state issued ID for card issuance, applications may be mailed to AMCO main office in Anchorage with copy of state issued ID from all other Alaska locations.

Remainder of year Education providers may continue to apply and board will review additional provider applications at regular meetings as necessary. Marijuana handler permits continue to be issued at AMCO offices and by mail.

CITY OF KODIAK

ORDINANCE NUMBER _____

AN ORDINANCE OF THE KODIAK CITY COUNCIL AMENDING KODIAK MUNICIPAL CODE TITLE 8 ENTITLED “PUBLIC PEACE, SAFETY, AND MORALS” TO ADOPT KODIAK CITY CODE 8.40, “PROHIBITED ACTS REGARDING MARIJUANA,” TO PROHIBIT THE EXTRACTION OF TETRAHYDROCANNABINOL ("THC") OR ANY CANNABINOID BY USE OF MATERIALS OR METHODS DEEMED DANGEROUS TO PUBLIC HEALTH AND SAFETY, UNLESS OTHERWISE PERMITTED BY LAW.

WHEREAS, in 2014, Alaska voters approved a ballot measure legalizing personal recreational marijuana use and possession of marijuana and marijuana paraphernalia; and

WHEREAS, other jurisdictions that have legalized marijuana have experienced an increase in fires and explosions related to certain methods of manufacturing marijuana products, including the use of highly flammable materials and methods to extract THC oil from the marijuana plant, resulting in significant personal injury, death and property damage; and

WHEREAS, it is in the interest of the City of Kodiak and its residents to protect the public health and safety against known and unreasonable risks of certain manufacturing processes of a legalized marijuana industry.

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Kodiak, Alaska, as follows:

Section 1: Kodiak City Code 8.40.010, “Certain manufacturing processes prohibited,” is adopted to read as follows:

(a) It shall be unlawful for any person to: Manufacture a marijuana concentrate, hashish, or hash oil by use of solvents containing compressed flammable gases or through use of a solvent-based extraction method using a substance other than vegetable glycerin, unless the person is validly licensed and permitted in accordance with statute, regulation, or ordinance.

(b) Definitions. For purposes of this section.

1. "manufacture" means the preparation, compounding, conversion, or processing of marijuana, hashish, or hash oil, either directly or indirectly by extraction from substances of natural origin, independently by means of chemical synthesis, or by a combination of extraction and chemical synthesis, and includes any packaging or repackaging of the marijuana, hashish, or hash oil, or labeling or relabeling of its container. It includes the organizing or supervising of

the manufacturing process. It does not include the legally authorized planting, growing, cultivating, or harvesting of a plant.

2. "marijuana concentrate" means any product which, through manufacture, contains tetrahydrocannabinol (THC). Common names and types of product include "shatter", butane or CO2 hash oil, "ring pots", butter, hash, hashish, keif, oil, or wax.

(c) Seizure. Any marijuana as defined in AS 17.38.900, equipment, material, product, package or container possessed, used or intended to be used, or produced in violation of this section may be seized and held as evidence to be used in any future proceeding and may be disposed of as appropriate after their use for evidentiary purposes is no longer required, including in accordance with chapter 18.30 of this code.

Section 2: This ordinance shall be effective upon the date that is one month after its final passage and publication in accordance with Kodiak Charter Section 2-13.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading:
Second Reading:
Effective Date:

CITY OF KODIAK
ORDINANCE NUMBER _____

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF KODIAK, ALASKA
AMENDING KODIAK MUNICIPAL CODE TITLE 7 ENTITLED “HEALTH AND
SANITATION” TO ADOPT CHAPTER 7.40 ENTITLED “MARIJUANA
REGULATION,” AND DESIGNATING THE KODIAK CITY COUNCIL AS THE
CITY’S LOCAL REGULATORY AUTHORITY ON MARIJUANA**

WHEREAS, the voters of Alaska approved Ballot Measure 2 on November 4, 2014; and

WHEREAS, Ballot Measure 2 provided for general legalization of marijuana and adopted a new chapter in the Alaska Statutes, which has been codified at Alaska Statute 17.38; and

WHEREAS, Alaska Statute 17.38.100(c) provides for the transfer of a portion of license application fees to the “local regulatory authority” in a municipality and thus it is in the City’s best interest to establish a “local regulatory authority” to ensure collection of any available fees; and

WHEREAS, the Kodiak City Council is hereby designated the “local regulatory authority” pursuant to Alaska Statute 17.38.100(c).

NOW, THEREFORE, BE IT ORDAINED by the Council of the City of Kodiak, Alaska, as follows:

Section 1: Section 7.40.010 Health and Sanitation, of the Kodiak City Code, is hereby amended to add a chapter designating the Kodiak City Council as the City’s local regulatory authority on marijuana as that term is used in Alaska Statutes Chapter 17.38 and any implementing legislation or rule-making.

Section 2: This ordinance shall be effective one month following final passage and publication in accordance with Kodiak Charter article II section 13.

CITY OF KODIAK

MAYOR

ATTEST:

CITY CLERK

First Reading:

Second Reading:

Effective Date:

DRAFT

EIGHT IS ENOUGH?

The United States Department of Justice, Office of Deputy Attorney General, has identified eight priorities that every municipality should adopt when regulating marijuana. These eight priorities are:

1. PREVENTING THE DISTRIBUTION OF MARIJUANA TO MINORS
2. PREVENTING REVENUE FROM THE SALE OF MARIJUANA FROM GOING TO CRIMINAL ENTERPRISES, GANGS, AND CARTELS
3. PREVENTING THE DIVERSION OF MARIJUANA FROM STATES WHERE IT IS LEGAL UNDER STATE LAW IN SOME FORM TO OTHER STATES
4. PREVENTING STATE-AUTHORIZED MARIJUANA ACTIVITY FROM BEING USED AS A COVER OR PRETEXT FOR THE TRAFFICKING OF OTHER ILLEGAL DRUGS OR OTHER ILLEGAL ACTIVITY
5. PREVENTING VIOLENCE AND THE USE OF FIREARMS IN THE CULTIVATION AND DISTRIBUTION OF MARIJUANA
6. PREVENTING DRUGGED DRIVING AND THE EXACERBATION OF OTHER ADVERSE PUBLIC HEALTH CONSEQUENCES ASSOCIATED WITH MARIJUANA USE
7. PREVENTING THE GROWING OF MARIJUANA ON PUBLIC LANDS AND THE ATTENDANT PUBLIC SAFETY AND ENVIRONMENTAL DANGERS POSED BY MARIJUANA PRODUCTION ON PUBLIC LANDS
8. PREVENTING MARIJUANA POSSESSION OR USE ON FEDERAL PROPERTY

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Introduced by: Assembly member Rohrer
Requested by: Assembly member Rohrer
Drafted by: KIB Clerk
Introduced on: 03/17/2016
Adopted on: 03/17/2016

**KODIAK ISLAND BOROUGH
RESOLUTION NO. FY 2016-31**

**A RESOLUTION OF THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH
ESTABLISHING A MARIJUANA TASK FORCE**

WHEREAS, on November 4, 2014, Ballot Measure 2 was approved statewide by the voters;
and

WHEREAS, Ballot Measure 2 also allows for the Borough to prohibit and/or implement regulations governing the number, time, place and manner of marijuana cultivation facilities, manufacturing facilities, retail stores and testing facilities; and

WHEREAS, there are many issues and factors to be considered by the Borough in deciding all the local issues associated with the legalization of marijuana; and

WHEREAS, the Assembly is creating a Marijuana Task Force to advise the Assembly and Administration on any and all aspects, impacts, and concerns related to the legalization of marijuana; and

NOW, THEREFORE BE IT RESOLVED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH that there is established a Kodiak Island Borough Marijuana Task Force.

Section 1: Created-membership. The formation of the Task Force will consist of the following eleven members. The quorum for this committee is attendance of six members and it takes a majority vote of those present for a motion to carry.

- 2 Borough Assembly Members
- 2 City Council Members
- 1 Medical Professional
- 1 Law Enforcement
- 1 Retail Business Owner
- 1 Marijuana Advocate
- 3 members at large

Section 2: Organization. The chairperson and the vice chairperson are assigned by the Borough Mayor. The Chair person shall report to the entire Assembly on behalf of the Task Force.

Section 3: Appointments. The Mayor shall appoint the members of the task force subject to confirmation of the Assembly. The City Council members are appointed by the City Council.

51 **Section 4: Powers and duties.** The scope of review of the task force includes, but not
52 limited to:

- 53 • Land use
- 54 • Law enforcement
- 55 • Revenue
- 56 • Regulatory compliance
- 57 • Cultivation
- 58 • Manufacturing
- 59 • Retail Stores
- 60 • Testing

61 The responsibility of the task force is to offer advice and recommendations to the Assembly and
62 administration on both the upsides and downsides of any issue related to or impacted by the
63 legalization of marijuana.

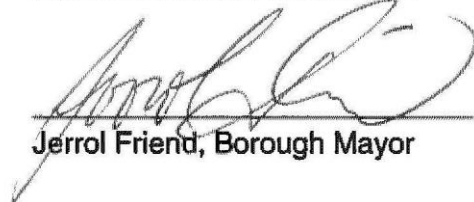
64
65 **Section 5: Administrative assistance.** The clerk's office staff shall provide the committee
66 with supplies, meeting space, and secretarial assistance.

67
68 **Section 6: Reporting.** The Task Force chairperson shall report to the Assembly during a
69 public meeting.

70
71 **ADOPTED BY THE ASSEMBLY OF THE KODIAK ISLAND BOROUGH**
72 **THIS SEVENTEENTH DAY OF MARCH 2016**

73
74
75

KODIAK ISLAND BOROUGH



Handwritten signature of Jerrol Friend, Borough Mayor.

Jerrol Friend, Borough Mayor

ATTEST:



Handwritten signature of Nova M. Javier, Borough Clerk.

76 Nova M. Javier, MMC, Borough Clerk

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**CITY OF KODIAK
RESOLUTION NUMBER 2015-16**

A RESOLUTION OF THE COUNCIL OF THE CITY OF KODIAK RESCINDING RESOLUTION NO. 2014-19 AND ESTABLISHING FUNDING CRITERIA FOR NONPROFIT GRANTS

WHEREAS, the City Council recognizes and supports local nonprofit organizations and has historically made funding available to these organizations on an annual basis; and

WHEREAS, it has been determined that the appropriate total amount of City funds to grant to nonprofit organizations is a maximum of one percent of budgeted general fund revenues, exclusive of any fund balance appropriation; and

WHEREAS, City funds have been provided to nonprofit organizations that supplement and compliment the services provided to residents by the City; and

WHEREAS, it is the intent of the City Council to update this policy statement.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Kodiak, Alaska hereby establishes the following additional funding criteria for nonprofit grants provided by the City:

1. Organizations receiving funds must be legally recognized by the Internal Revenue Service.
2. Funding will be granted only for the following kinds of programs/activities and up to the maximum identified funding amount per organization and program type:

Youth Recreation Programs	\$2,500
Adult Recreation Programs	\$5,000
Public Safety Support Programs (Shelter/Food)	\$10,000
Emergency Response Support Programs	\$10,000
3. Subject to available funding, the Council may authorize a special one-time funding increase for a special project.



ATTEST:

CITY OF KODIAK


MAYOR


DEPUTY CITY CLERK

Adopted: May 28, 2015

CITY OF KODIAK
Nonprofit Grant Applications
Fiscal Year 2017
Calendar

- April 12 Council review of City's nonprofit application and award process
- Week of May 9 Mail applications, FY16 financial reports *(if no change to criteria)*
- June 17 Applications and FY16 financial reports due to the City Manager's Office
- July 12 or 26 City Council evaluates applications
- July 14 or 28 Nonprofit funding resolution on agenda for Council approval
- July 15 or 29 Check requests prepared and forwarded to finance
- July 15 or 29 FY16 award notification letters and agreements mailed
- July 22 or Aug 5 Checks returned to City Manager's Office
- August 1 or 8 Grant checks available upon execution of grant agreements and verification of FY16 reports filed

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FY 2017 Budget

	<u>Total Wages</u>	<u>TOTAL Benefits</u>	<u>Total Wages & Benefits</u>	COLA 5-yr Average based on Anchorage CPI = 2.38% Increase \$	<u>Total Wages & Benefits including COLA</u>
General Fund	5,581,657.30	6,753,121.96	12,334,779.26	293,567.75	12,628,347.00
Enterprise Funds	1,816,551.25	2,277,456.57	4,094,007.82	97,437.39	4,191,445.21
Totals	7,398,208.55	9,030,578.53	16,428,787.08	391,005.13	16,819,792.21

**State of Alaska - Dept of Labor and Workforce
Development Analysis**

Anchorage CPI	Year 2014	1.60%
Anchorage CPI	Year 2013	3.10%
Anchorage CPI	Year 2012	2.20%
Anchorage CPI	Year 2011	3.20%
Anchorage CPI	Year 2010	1.80%
	Average	2.38%