





CITY AND BOROUGH OF SITKA

A COAST GUARD CITY

MEMORANDUM

To: Mayor Eisenbeisz and Assembly Members

Thru: John Leach, Municipal Administrator 

From: Amy Ainslie, Planning & Community Development Director 

Date: May 6, 2025

Subject: Ordinance for Onsite Marijuana Consumption Facilities

Background

In April 2019, State of Alaska Alcohol and Marijuana Control Office (AMCO) regulations allowing for onsite marijuana consumption came into effect under 3 AAC 306.370. Key provisions for onsite marijuana consumption under 3 AAC 306.370 include:

- Onsite marijuana consumption is available as an additional endorsement on top of an AMCO license for marijuana retail. This means that onsite consumption facilities must be operated in conjunction with, and on the same premises as, an approved retail store.
- Consumption areas can be indoors or outdoors of a freestanding licensed marijuana store (however the requirement for the building to be freestanding is waived if consumption will be limited to edible marijuana products only).
- Businesses with the endorsement:
 - May only allow consumption of marijuana/marijuana products at time of purchase and in a designated consumption area
 - Must follow specified daily serving limits
 - May not allow consumption of tobacco or tobacco products in the designated consumption area
 - May also sell food and beverages that do not contain marijuana or alcohol
 - Must provide a smoke-free area for employees to monitor the consumption area from

The City & Borough of Sitka (CBS) has not yet incorporated AMCO's onsite consumption regulations into Sitka General Code (SGC), meaning that retailers in Sitka cannot currently apply for the endorsement. The proposed ordinance seeks to incorporate those regulations, and provide for local permitting oversight through zoning authority. The application for this zoning text change was initiated by Marty and

Elizabeth Martin. The Planning Commission reviewed the draft ordinance at its regular meeting on April 16, 2025, and unanimously recommended approval.

Analysis

The following changes to the zoning code (SGC Title 22) are proposed:

- Adding a definition for “Onsite marijuana consumption facility”
- Adding onsite marijuana consumption facilities to the broader definition and regulations regarding “marijuana establishments”
- Adding “Onsite marijuana consumption facility” as a use in the Retail and Business Uses table
 - This use is proposed as conditional (meaning a conditional use permit is needed from the Planning Commission) in the central business district, general commercial 1 & 2, waterfront, industrial, general island, large island, and Gary Paxton special district. This treatment is consistent with all other marijuana establishments.
 - The use is prohibited in all other zones.

A change to Title 10, Public Peace, Morals and Welfare was also needed:

- SGC 10.25.010 prohibits public consumption of marijuana. A minor addition is proposed to make an exception for onsite marijuana consumption facilities operating under an approved conditional use permit.

Benefits & Concerns:

- Economic benefits: Incorporating the AMCO regulations to allow onsite consumption opens new business opportunities for local marijuana retailers and cultivators with associated tax revenue benefits for CBS.
- Visitors: Based on feedback from local retailers and those in the visitor industry, there is substantial demand for marijuana and marijuana products from visitors. However, many lack a safe and private place to consume their purchases which inevitably leads to unlawful/undesirable public consumption. Having designated consumption areas would help to alleviate this issue.
- Public safety: Reducing unlawful public consumption benefits public safety, but there are those with concerns regarding the potential for increased driving under the influence. AMCO regulations provide clear serving limits to help mitigate this impact. As each proposed location would require a conditional use permit, CBS retains the ability to consider each on a case-by-case basis, and may find that certain locations are not suitable given transportation constraints, or could add certain provisions to the conditions of approval such as requiring businesses to keep an up-to-date taxi/transportation listing available for their clients, or in extreme cases, requiring the business to provide transportation. It’s notable that bars/establishments serving alcohol are allowed outright (i.e. without needing a conditional use permit) in the central business district, general commercial zones, and the waterfront zone.

Fiscal Note

There is no cost to CBS associated with the passage of this ordinance. While difficult to estimate/project, there are additional revenue opportunities for CBS associated with the passage of this ordinance including increased sales tax, local share of State licensing fees, and registration/permitting fees.

Recommendation

Approve the ordinance to add and regulate onsite marijuana consumption facilities in the Sitka General Code.

Encl: 4.16.25 Planning Commission Packet Materials

CITY AND BOROUGH OF SITKA

ORDINANCE NO. 2025-12

**AN ORDINANCE OF THE CITY AND BOROUGH OF SITKA AMENDING TITLE 10,
“PUBLIC PEACE, SAFETY AND MORALS”, AND TITLE 22, “ZONING” OF THE SITKA
GENERAL CODE BY MODIFYING CERTAIN SECTIONS THROUGHOUT THESE TITLES
TO ADD AND REGULATE ONSITE MARIJUANA CONSUMPTION FACILITIES**

1. CLASSIFICATION. This ordinance is of a permanent nature and is intended to become a part of the Sitka General Code.

2. SEVERABILITY. If any provision of this ordinance or any application to any person or circumstance is held invalid, the remainder of this ordinance and application to any person or circumstance shall not be affected.

3. PURPOSE. The purpose of this ordinance is to add and regulate onsite marijuana consumption facilities in the Sitka General Code in accordance with applicable State of Alaska statutes and administrative codes. The proposed changes will define an onsite marijuana consumption facility, identify which zoning districts such an establishment could operate in, prescribe the conditional use permit process for those applying to operate an onsite marijuana consumption facility, and exempt consumption of marijuana and marijuana products at an onsite marijuana consumption facility from the general prohibition of public consumption of marijuana.

4. ENACTMENT. NOW, THEREFORE, BE IT ENACTED by the Assembly of the City and Borough of Sitka that the Sitka General Code Title 10 and Title 22, be amended by modifying Chapter 10.25 entitled “Marijuana”, Chapter 22.05 “Definitions”, Chapter 22.16 “District Regulations” and Chapter 22.25 entitled “Special Use Permits” to read as follows (deleted language stricken, new language underlined):

**Title 10
PUBLIC PEACE, SAFETY AND MORALS**

Chapters:

Division III. Offenses Against Public Decency

10.25 Marijuana

**Chapter 10.25
MARIJUANA**

Sections:

Article I. Public Consumption

10.25.010 Public consumption.

A. Pursuant to AS 17.38.040, public consumption of marijuana is prohibited. A person who violates this law is guilty of a violation punishable by a fine of up to \$100.00. An exception is made for onsite marijuana consumption facilities as defined in SGC 22.05.1000 that operate under an approved conditional use permit.

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**Title 22
ZONING**

Chapters:

- 22.05 General Provisions**
- 22.10 Administration**
- 22.15 Zoning Maps and Boundaries**
- 22.16 District Regulations**
- 22.20 Supplemental District Regulations and Development Standards**
- 22.25 Special Use Permits**
- 22.30 Mobile and Manufactured Homes**

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**Chapter 22.05
General Provisions**

Sections:

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Article II. Definitions

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22.05.1000 Marijuana.

“Marijuana” means all parts of the plant of the genus Cannabis whether growing or not, the seeds thereof, the resin extracted from any part of the plant, and every compound, manufacture, salt, derivative, mixture, or preparation of the plant, its seeds, or its resin, including marijuana concentrate. “Marijuana” does not include fiber produced from the stalks, oil, or cake made from the seeds of the plant, sterilized seed of the plant which is incapable of germination, or the weight of any other ingredient combined with marijuana to prepare topical or oral administrations, food, drink, or other products.

“Marijuana cultivation facility” means an entity registered to cultivate, prepare, and package marijuana and to sell marijuana to retail marijuana stores, to marijuana product manufacturing facilities, and to other marijuana cultivation facilities, but not to consumers.

“Marijuana cultivation facility, limited” means a marijuana cultivation facility with fewer than five hundred square feet under cultivation.

“Marijuana establishment” means a marijuana cultivation facility, a marijuana testing facility, a marijuana product manufacturing facility, ~~or a retail marijuana store,~~ or an onsite marijuana consumption facility.

“Marijuana product manufacturing facility” means an entity registered to purchase marijuana; manufacture, prepare, and package marijuana products; and sell marijuana and marijuana products to other marijuana product manufacturing facilities and to retail marijuana stores, but not to consumers.

“Marijuana product manufacturing facility, extract only” means an entity registered to purchase marijuana; manufacture, prepare, and package marijuana concentrate; and sell marijuana concentrate to other marijuana product manufacturing facilities and to retail marijuana stores, but not to consumers.

“Marijuana products” means concentrated marijuana products and marijuana products that are comprised of marijuana and other ingredients and are intended for use or consumption, such as, but not limited to, edible products, ointments, and tinctures.

“Marijuana retail facility” means an entity registered to purchase marijuana from marijuana cultivation facilities, to purchase marijuana and marijuana products from marijuana product manufacturing facilities, and to sell marijuana and marijuana products to consumers.

“Marijuana testing facility” means an entity registered to analyze and certify the safety and potency of marijuana.

“Onsite marijuana consumption facility” means a marijuana retail facility that is authorized to sell marijuana and marijuana products for onsite consumption at the time of purchase and only in an area designated as the consumption area. Onsite marijuana consumption facilities may not allow any person to consume, or bring into the designated consumption area, marijuana or marijuana products that were not purchased at the marijuana retail facility. The designated consumption area may be indoors or outdoors.

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Chapter 22.16 DISTRICT REGULATIONS

Sections:

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22.16.015 Permitted, conditional and prohibited uses.

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22.16.015 Permitted, conditional and prohibited uses.

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**Table 22.16.015-6
Retail and Business Uses**

ZONES	P (1)	SF	SFLD	R-1	R-1 MH	R-1 LDMH	R-2	R-2 MHP	CBD (8)	C-1	C-2	WD (2)	I (3)	GI (4)	LI (4)	R	OS	GP	C (10)
RETAIL USES																			
• Building, hardware and garden materials										P	P		P	C	C			P	
• Bulk forest products sales									P	P	P	P	P	P				P	
• Retail forest products sales										P	P	P	P					C	
• Art galleries and sales of art									P	P	P	P							
• Department and variety stores									P	P	P	P(5)		C	C				
• Food stores									P	P	P	P(5)		C	C	C(6)		C	
• Agricultural product sales										P	P		P	C	C			P	
• Motor vehicle and boat dealers									P(7)	P	P	P(5)		C				P	
• Auto supply stores									P	P	P			C	C			P	
• Gasoline service stations									C	P	P		P	C	C			C	
• Apparel and accessory stores									P	P	P	P(5)		C	C				
• Furniture and home furnishing stores									P	P	P			C				C	
• Eating and drinking places									P	P	P	P	C	PU/ CS	C			C	
• Drug stores									P	P	P			C	C				
• Liquor stores									P	P	P	P(5)		C	C				
• Used goods, secondhand stores									P	P	P	P(5)		C	C			C	
• Sporting goods									P	P	P	P(5)		C	C				
• Book, stationery, video and art supply									P	P	P	P(5)		C	C				
• Jewelry stores									P	P	P	P(5)		C	C				

ZONES	P (1)	SF	SFLD	R-1	R-1 MH	R-1 LDMH	R-2	R-2 MHP	CBD (8)	C-1	C-2	WD (2)	I (3)	GI (4)	LI (4)	R	OS	GP	C (10)
• Monuments, tombstones and gravestones									P	P	P		P	C	C			P	
• Hobby, toy, game stores									P	P	P			C	C				
• Photographic and electronic stores									P	P	P	P(5)		C	C				
• Fabric stores									P	P	P			C	C				
• Fuel dealers										P	P		P	C	C			C	
• Florists									P	P	P			C	C				
• Medical supply stores									P	P	P			C	C				
• Pet shops									P	P	P			C	C				
• Sales of goods that are wholly manufactured at Gary Paxton industrial park GPIIP																		P	
• Sales of gifts, souvenirs and promotional materials that bear the logo or trade name of a GPIIP permitted use business																		P	
• Stand alone souvenir and gift shops									P	P	P	P							
• Bulk retail										P	P			C	C				
• Commercial home horticulture	P	C	C	C(9)	C(9)		C(9)	C(9)	P	P	P	P		PU/ CS(9)	C(9)	P	P		
• Horticulture and related structures	P								P	P	P	P						P	
• Marijuana retail facility									C	C	C	C	C	C	C			C	
• <u>Onsite marijuana consumption facility</u>									<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>	<u>C</u>			<u>C</u>	

ZONES	P (1)	SF	SFLD	R-1	R-1 MH	R-1 LDMH	R-2	R-2 MHP	CBD (8)	C-1	C-2	WD (2)	I (3)	GI (4)	LI (4)	R	OS	GP	C (10)
BUSINESS SERVICES																		P	
• General business services									P	P	P	P(5)	P	C	C			C	
• Professional offices							C	C	P	P	P	P(5)		C	C			P	
• Communications services									P	P	P	P(5)		C	C			P	
• Research and development services									C	P	P	C(5)	P	C	C			P	

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Chapter 22.25 SPECIAL USE PERMITS

Sections:

- 22.25.005 General.
- 22.25.010 Conditional uses.
- 22.25.020 Variances.
- 22.25.025 Commercial home horticulture permits.
- 22.25.026 Marijuana conditional use permits.
- 22.25.030 Planned unit developments.
- 22.25.040 Binding site plan approval.
- 22.25.050 Nonconforming use permit.

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22.25.026 Marijuana conditional use permits.

A. *Intent.* This section shall govern the approval of all conditional use permits for the following uses defined as: SGC 22.05.1000, marijuana establishment; marijuana cultivation facility; marijuana cultivation facility, limited; marijuana product manufacturing facility; marijuana product manufacturing facility, extract only; marijuana retail facility; ~~and~~ marijuana testing facility; and onsite marijuana consumption facility. Such uses shall only be approved where there are no negative impacts that exist or where any negative impacts are mitigated through conditions that shall mitigate any potential negative impacts to preserve the public's health, safety, and welfare.

B. *Application Requirements.* Same as conditional use application in Table 22.25.010-1.

C. *Standard Regulations, Dimensions, and Setbacks.*

1. Owners, operators, and staff of conditional uses shall comply with all state and municipal licensing regulations.

2. All licensed facilities shall comply with all life and safety regulations as promulgated by the municipal building official.

3. All licensed manufacturing and cultivation uses shall provide a fire safety plan, material handling plan, and comply with all fire safety regulations that satisfy the fire marshal or their designee and the building official.

4. All licensed facilities and/or uses shall provide screening from public view of any marijuana-related commercial, retail, consumption, cultivation, or manufacturing use.

5. All licensed facilities and/or uses shall establish an active sales account and business registration with the municipality and shall comply with all standard and required accounting practices.

6. It shall be a standard regulation that all conditional uses comply with all applicable state regulations and licensing laws or it shall be deemed to abandon and extinguish any associated municipal license or conditional use permit.

7. All approved conditional use permits shall comply with all of the Sitka General Code or shall be deemed to abandon and extinguish any associated municipal license or conditional use permit.

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5. EFFECTIVE DATE. This ordinance shall become effective on the day after the date of its passage.

PASSED, APPROVED, AND ADOPTED by the Assembly of the City and Borough of Sitka, Alaska, this 29th day of May, 2025.

Steven Eisenbeisz, Mayor

ATTEST:

Sara Peterson, MMC
Municipal Clerk

1st reading: 5/13/2025

2nd and final reading: 5/29/2025

Sponsor: Administrator