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## MEMORANDUM TO COUNCIL

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To: Mayor and City Council Members  
From: Marjie Veeder, Assistant City Manager  
Through: William Homka, City Manager  
Date: September 12, 2023  
Re: Dutch Harbor Cannabis

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**SUMMARY:** On July 19, 2023, the State of Alaska, Alcohol and Marijuana Control Office, notified the city of a complete application for a retail marijuana establishment in Unalaska. The application was submitted by Dutch Harbor Cannabis Co. The deadline for the city to protest is September 17, 2023.

There are two potential reasons the city could protest the issuance of the license: the applicant has not yet obtained a building permit; and has not applied for a business license in Unalaska. Staff recommends submitting a conditional protest, and once the proper permit and license are obtained, the protest is null.

**PREVIOUS COUNCIL ACTION:** None.

**BACKGROUND:** The applicants have completed a lengthy application process with the state and have submitted all the required applications, documents and certifications to the state, including their ground lease, operating plan and premises design. The applicant has also accomplished public and local government notification.

The State of Alaska regulates retail marijuana and Unalaska's Code of Ordinances at § 9.24 contains additional requirements covering prohibited acts, operating hours, restrictions on the location of licensed premises, prosecution of licensee for acts of employees and accessibility for inspection. UCO Title 11, Health and Safety, contains further marijuana regulations at § 11.28 – remedies, prohibition on use of marijuana in public places, prohibiting unlawful use of marijuana, prohibiting possession and use by those under age 21 and prohibiting unregistered commercial cultivation.

The applicant is Dutch Harbor Cannabis Co., LLC doing business as Dutch Harbor Cannabis Co. The designated licensee is Michael Chance Miller. The LLC members are Michael Chance Miller and Muhammad Ashraf.

The physical address of the proposed retail store is given as 749 E. Broadway Avenue in Unalaska (see aerial photo below). This is a parcel owned by Steve Engman and zoned general industrial. The applicant has leased the location from Mr. Engman for a period of three years, with three options to renew totaling an additional nine years.

The proposed location meets the city's requirement that a licensed premises not be located within 500 feet of any premises used for a school ground, recreation or youth center, a building where religious services are regularly conducted, a correctional facility or a facility managed or administered by the city Department of Parks, Culture and Recreation.

Proposed location:



**DISCUSSION:** The applicants are in the process of obtaining a building permit, but review by the State Fire Marshall has not yet been completed. Therefore, a building permit has not been issued. Utilities must also be extended to the proposed facility. Finally, Dutch Harbor Cannabis has not yet applied for a City of Unalaska business license, though a business license may be premature at this point given that physical location is not yet constructed.

The local government notice indicated that the application would be reviewed by the Marijuana Control Board at their August 23-24, 2023, meeting, which was before the deadline for the city to protest. When questioned about the timing of this, Staff was informed that if the license is approved by the board in August, that it would be a provisional approval, pending a potential protest from the City of Unalaska. The City has since received notification that the provisional approval was granted.

If the protest is a “conditional protest” as defined in 3 AAC 306.060(d)(2) and the application otherwise meets all the criteria set forth by the regulations, the Marijuana Control Board may approve the license, but require the applicant to show to the board’s satisfaction that the requirements of the local government have been met before the director issues the license.

**ALTERNATIVES:** (1) Council could choose not to submit a protest; or (2) submit a protest that is not conditional, but the reasons for protest must be stated; or (3) submit the conditional protest as recommended by Staff; or (4) alter or amend the recommended conditional protest.

**FINANCIAL IMPLICATIONS:** There are no financial implications in submitting a conditional protest. If the applicant’s license is not granted and the business does not begin, the City would not receive additional property tax for the increased property value or sales tax on any retail sales from the retail marijuana facility.

**LEGAL:** None.

**STAFF RECOMMENDATION:** Submit a conditional protest as set out on the attached document.

**PROPOSED MOTION:** I make a motion that the City of Unalaska submit a conditional protest to the application of Dutch Harbor Cannabis Co., LLC for a retail marijuana establishment in Unalaska, due to the applicant not securing either a building permit or a business license as required in Unalaska.

**CITY MANAGER COMMENTS:** I concur with Staff's recommendation.

**ATTACHMENTS:** Proposed conditional protest

CITY OF UNALASKA  
Department of Administration  
43 Raven Way - P.O. Box 610  
Unalaska, Alaska 99685  
Tel (907) 581-1252 FAX (907) 581-4469



September 13, 2023

State of Alaska  
AMCO  
550 W. 7<sup>th</sup> Avenue, Suite 1600  
Anchorage, AK 99501

Delivered electronically to: [marijuana.licensing@alaska.gov](mailto:marijuana.licensing@alaska.gov)

Michael Chance Miller  
Dutch Harbor Cannabis Co., LLC  
18540 Kittiwake Circle  
Anchorage, AK 99516

Delivered electronically to: [mike\\_chance\\_ak@hotmail.com](mailto:mike_chance_ak@hotmail.com)

**Re: License 35626 for Retail Marijuana Store  
Dutch Harbor Cannabis Co, LLC**

The City of Unalaska submits a conditional protest to the application of Dutch Harbor Cannabis Co., LLC for a retail marijuana establishment in Unalaska, due to the applicant not securing either a building permit or a business license as required by the City of Unalaska. The applicant is in the process of obtaining a building permit, though it has not yet been issued; and an Unalaska business license is required before commencement of retail sales in Unalaska.

The City of Unalaska expects that the applicant can meet these requirements within a reasonable period of time.

Sincerely,

CITY OF UNALASKA

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Marjie Veeder  
Assistant City Manager