



CITY OF SAINT PAUL

ALASKA

MEMORANDUM TO COUNCIL

TO: Mayor and City Council Members

FROM: Phillip A. Zavadil, City Manager

CC: Aubrey Wegeleben, City Clerk; Stephanie Mandregan, Finance Director

DATE: October 26, 2023

RE: Ordinance 23-09 - Amending the City Code of Ordinances by Adding Title 5 – Business Licenses and Regulations, Chapter 5.15 – Marijuana Regulations

SUMMARY: Ordinance 23-01 approves amending the City Code of Ordinances by adding Title 5 – Business Licenses and Regulations, Chapter 5.15 – Marijuana Regulations.

PREVIOUS COUNCIL ACTION: Council has not taken previous action on this topic but did discuss in budget workshops last year.

BACKGROUND AND DISCUSSION: The City has observed over a 60% loss in fish tax revenue because of the closure of BBRK and BSS crab fisheries. The decline in tax revenue has resulted in hiring freezes, limiting expenditures, deferring maintenance and other projects, an increase in public utility rates, and using investment funds to offset the loss in revenue. The City will need to look for new sources of revenue to continue to maintain and provide municipal services.

The City administration has meet with control office. Researched various marijuana regulations around the state, met with several individuals in the community that might want to start legal retail sales of marijuana products.

ALTERNATIVES: Council could choose not to approve this ordinance.

FINANCIAL IMPLICATIONS: The MuniRevs system that the City uses to collect and track sales tax will need to be updated. The cost to implement changes to MuniRevs to include this new tax estimated to be. The City could receive an estimated \$10,000 to \$40,000 in new tax revenue.

LEGAL: The City’s general legal counsel has reviewed and provided recommended changes to the enacting ordinance and coded ordinance.

ADMINISTRATION COMMENTS AND RECOMMENDATION: Administration recommends approval of this ordinance.

PROPOSED MOTION: I move to introduce Ordinance 23-08, and schedule it for public hearing, second reading on at the City Council meeting scheduled for November 14, 2023.

ATTACHMENTS: Ordinance 23-09 and draft of Chapter 5.15 – Marijuana Regulations.