



## ***Business Advisory Council***

### ***Minutes***

Wednesday, July 23, 2008

#### **Present:**

**LCB:** Lorraine Lee, Roger Hoen, Ruthann Kurose, Pat Kohler, Rick Garza, Alan Rathbun, Brian Smith, Randy Simmons, Pat McLaughlin, Matt Pridgeon, Mona Moberg, PK Dan,

**OFM:** Mike Steenhout

**Business Stakeholders:** Steve Lynn, Gilbert Canizales, Jan Gee, Phil Wayt, Chuag Leiu, Adam Cook, Ted Yi, TK Bentler, Theresa Hancock, Brent Young, John Byrne, Michael Transue, Jean Leonard, Scott Hazlegrove

Called to order at 10:30 by Roger Hoen.

#### Roundtable Update:

Steve Lynn, Small Businesses and Distributors, asked for an update on the uniform pricing issue.

Gilbert Canizales, Beer Institute, noted that the buyout of Anheuser-Busch by InBev awaited FTC approval. He does not see much change for Washington wholesalers. Anheuser-Busch has about 38% market share currently.

Phil Wayt, Washington Wine & Beer Wholesalers Association (WWBWA), is less concerned for the wholesalers, but sees some shuffling of secondary brands. Mr. Wayt is retiring at the end of this year and there may be an announcement next week

Jan Gee, Washington Food Industry (WFI), is waiting for the random selection of the independent grocery stores to participate in the new Wine & Beer Sampling Pilot. Director of Licensing, Alan Rathbun, is drafting an interim policy to bring before the Board and working on the procedure for choosing the stores.

Chuag Leiu, Korean American Grocers Association of Washington State (KAGRO), explained that LCB Advertising Coordinator Tony Kim will travel shortly to Spokane to educate tobacco and alcohol vendors.

Board Member Roger Hoen noted that when last speaking with him regarding the new Tacoma Alcohol Impact Area(AIA), he had tried to put Mr. Leiu in touch with some

vendors in the first Tacoma AIA and asked if that had worked well. Mr. Leiu agreed that it had.

Adam Cook, Washington State Sports and Entertainment Facility Operations Association, attending for Martha Fuller, stated that the group is reviewing some proposed alternative penalties. Board Member Hoen noted that it has been an ongoing effort with Enforcement and the Sports Group.

TK Bentler, Washington Association of Neighborhood Stores, also attending for Arlen Harris of the Washington Brewers Guild, mentioned the concern in California over the issue of Money's Worth. The Joint Committee in the Washington Legislature is being closely watched.

Theresa Hancock, Contract Managers Advisory Committee (CMAC), affirmed her group was working with our IT Division on a technology refresh for the contract stores.

Keynote Speaker:

Larisa Benson, Director of Government Management Accountability and Performance (GMAP) for the State of Washington, gave a presentation with the attached Powerpoint and had an open question period. She noted that all the meetings were open, the schedule and streaming video clips are posted on the GMAP website, [www.accountability.wa.gov](http://www.accountability.wa.gov).

Business Enterprise:

Director, Pat McLaughlin, with the assistance of Matt Pridgeon, Director of the Distribution Center, District Manager Debbie McVicker and Management Analyst Jim Hutchins, presented an outline of the Liquor Control Board's Business Enterprise Standards (see attached file).

Key Impact Measures Workgroup:

Project Manager Mona Moberg gave an update on the work of the group and asked for feedback and comments on the progress to date, as well as welcoming continuing input. Anthony Anton, Washington Restaurant Association, offered to help as well as Gilbert Canizales. Mona explained that the intention is to develop a universal screening tool for issues that face the LCB. The topic of Alcohol Impact Areas (AIA) was cited as an example. As a specific solution to a specific problem, using the screening tool could help measure whether the problem was fixed and the AIA could be discontinued.

Policy and Legislative Update:

Deputy Administrative Director Rick Garza led a discussion of what the future might look like with the change in regulations, particularly in regard to trying to maintain a level playing field between the large and smaller licensees. The clear priorities of the Board are supporting public safety and reducing underage drinking. The group also

discussed the issue of quantity discounts and alternatives such as combined shipments of diverse and competing products, or delivery once a week instead of twice. The Board stated that they would look to the industry for data and information about how different regulations and rules would affect them. Three proposals will come out in the mail next week: a nightclub license, a verticle license that becomes horizontal on the 21<sup>st</sup> birthday, and the possibilty of the Enforcement Division issuing a cigarette license.

#### Agency Update:

Administrative Director Pat Kohler summarized the work done to date on the Budget Proposals due to the Office of Financial Management (OFM) in mid-August. Some of the items for which funding is being requested include: a public safety media campaign, research capacity for regulatory reform, equipment upgrades for contract liquor stores and the possible opening of six new stores.

She announced that the first poster for our Alcohol Awareness Program is going in to our stores now. We expect to change the poster three times a year. We eventually hope to get it into the contract stores as well. Chairman Lee noted that youth and adult focus groups we conducted had helped with the design and message of the initial poster.

Director Kohler also brought the Council up to date on the Board's new beer policy. In the stores, we are moving away from the value beers and towards more craft beers.

Jan Gee (WFI), asked how long it had been since license fees were increased. It has been a long time and Deputy Administrative Director Garza explained that Licensing Director Alan Rathbun is looking at it right now.

#### Staff Reports:

Licensing Director Alan Rathbun updated the group on a number of issues. He covered the attached resolution recognizing an additional AIA for Tacoma and Seattle has requested to include additional products on the banned list for the Seattle AIAs. Next week he will propose an Interim Policy for Wine and Beer Sampling in supermarkets for the Board to approve. In addition, shortly there will be a random lottery to select the fifteen independent grocery stores--twelve west of the Cascades and three east of the Cascades.

Enforcement Assistant Chief Rex Prout reported the results of the Locations of Strategic Interest program. Research showed that a small percentage of licensees cause most of the problems. Each region identified the problem licensees. These businesses were approached with resources to help them come into compliance. The two results from this method were that they improved their compliance or, with the increased enforcement, went out of business. In the cases where the compliance improved, the results were dramatic. He noted that the statistics of improvement offered a way to measure exactly what effect we have. Enforcement is exploring having each officer manage his or her own schedule, with this program as part of the toolbox.

Anthony Anton, Washington Restaurant Association (WRA), said their group is looking at a voluntary compliance program and is open to ideas to work this problem in their industry. He noted that there have been an increased number of complaints and asked if there is anything he needs to get out in the newsletter. Mr. Prout replied he would be happy to help with the program. Many new officers have been hired recently and complaints may stem from how they present themselves. Director Pat Kohler offered that the Board will be training the officers on crucial conversations. The Captains are getting advanced training at this time.

Adjourned 2:45 pm

Next meeting 10/22/08, WSLCB Headquarters, Conference Room 201