



## Washington State Liquor Control Board Meeting

Wednesday, March 12, 2014, 10:00 a.m.  
LCB Headquarters Building  
3000 Pacific Avenue SE, Olympia WA 98501

### Meeting Minutes

#### 1. CALL TO ORDER

Chair Sharon Foster called the regular meeting of the Washington State Liquor Control Board to order at 10:00 a.m. on Wednesday, March 12, 2014. Member Chris Marr was present. Member Ruthann Kurose was absent.

#### 2. APPROVAL OF MEETING MINUTES

MOTION: Member Marr moved to approve the March 5, 2014, meeting minutes.

SECOND: Chair Foster seconded.

ACTION: Motion passed unanimously.

#### 3. ACTION ITEMS (A-B)

##### **ACTION ITEM 3A - Board Approval to File Supplemental (CR 102) for Additional Revisions to Current Marijuana Rules**

Karen McCall, Agency Rules Coordinator, began the briefing with a packet of materials (HANDOUTS 1-4). She provided a brief background noting that this revision to the proposed rules to current marijuana rules is needed to provide additional clarity for marijuana license applicants and potential licensees. Staff have received many questions from applicants on some the marijuana rules. Additional clarity in the rules will assist our applicants in better understanding the rules.

##### Proposed Changes

Amended Section: WAC 314-55-075 - What is a marijuana producer license and what are the requirements and fees related to a marijuana producer license? Clarified what activities a marijuana producer is allowed to do conduct under the license, such as, harvest, trim, dry, cure, and package marijuana into lots for sale to marijuana processors and other marijuana producers.

Amended Section: WAC 314-55-077 - What is a marijuana processor license and what are the requirements and fees related to a marijuana processor license? Added language to clarify that a marijuana processor must accept return of products and sample jars from a marijuana retailer for destruction. They are not required to provide refunds to the retailer. Also added language banning potential hazardous foods infused with marijuana.

Amended Section: WAC 314-55-079 - What is a marijuana retailer license and what are the requirements and fees related to a marijuana processor license? Added language to clarify that internet and delivery or product "to customers" is prohibited. Added language that a marijuana retailer may transport product to other marijuana retail businesses they own and operate but they must follow the transport rules. Marijuana retailers may not accept return of product that has been opened.

Amended Section: WAC 314-55-084 - Production of marijuana. Section 1 was removed. The language was no longer needed because the Department of Agriculture has posted a list on their website that lists the soil amendments, fertilizers, pesticides, and other crop aides that may be used in the production of marijuana.

Amended Section: WAC 314-55-085 - What are the transportation requirements for a marijuana licensee? Added language to provide information about the transporting vehicle and clarified the transport manifest must be completed on a form provided by the board. Added certified testing labs as entities allowed to transport marijuana and marijuana infused products.

Amended Section: WAC 314-55-089 - What are the tax and reporting requirements for marijuana licensees? Added language to clarify that a marijuana producer must pay the 25% marijuana excise tax on sales to another producer.

Amended Section: WAC 314-55-092 - What if a marijuana licensee fails to pay or report, or reports or pays late? Added language to clarify how the board will determine if a payment or report is late if there is no postmark.

Amended Section: WAC 314-55-104 - Added language to clarify the use of a closed loop extraction system and define the requirements of a closed loop extraction system.

Amended Section: WAC 314-55-105 - Packaging and labeling requirements. Added the word "infused" to marijuana products. Removed language that allowed marijuana retailers to destroy sample jars of marijuana. The sample jars must be returned to the marijuana processor for destruction.

### Timeline

March 19, 2014 Board is asked to approve filing the revised proposed rules  
April 2, 2014 Code Reviser published notice - LCB sends to rules distribution list  
April 23, 2014 Public hearing held  
April 23, 2014 End of written comment period  
April 30, 2014 Board is asked to adopt rules  
April 30, 2014 Agency sends notice to those who commented  
April 30, 2014 Agency files adopted rules with Code Reviser  
May 31, 2014 Rules are effective (31 days after filing)

Ms. McCall requested approval from the Board to file the supplemental (CR 102).

MOTION: Member Marr moved to approve the filing of Supplemental (CR 102) for Additional Revisions to Current.

SECOND: Chair Foster seconded.

ACTION: Motion passed unanimously.

### **ACTION ITEM 3B - Board Approval to Expand the Responsible Vendor Program (RVP)**

Alan Rathbun, Licensing & Regulations Director, opened the presentation by introducing the program and the history of the Responsible Vendor Program. He then invited Kim Sauer, Program Manager, to the podium to present the concept of the expansion of the program for the Board's consideration.

Ms. Kim Sauer outlined (3) primary points including:

#### 1. What is RVP?

The Responsible Vendor Program RVP (RVP) is free, self-monitoring and voluntary that rewards retailers to take positive steps to ensure alcohol is sold responsibly. Currently we offer RVP to only spirits retailers and more than 65% of the retailers have join the program since it was offered with I-1183.

Program components include:

- Licensee must establish and enforce in-house alcohol policy
- Post signs to deterring illegal purchase by patrons
- Train employees on the responsible liquor sales such as types of acceptable forms of ID, how to check ID and consequences in selling alcohol illegally. Employee training is required to be repeated at least annually
- Maintain training records for inspection and
- Post RVP member certificate at a main entry to the premises

Retailers participating in the program produced the highest compliance rate at 94.5% as of 2nd quarter of fiscal year 2014. 1.5% improved compared to fiscal year 2013 @93%.

#### 2. Why do we Need to Extend the RVP to Beer and Wine Retailers?

There are more than 5,000 grocery stores, selling beer and wine, in our communities, providing easy access to minors as many of them are within walking distances. They make up the second largest license base comprised mostly of small business owners with less than 10,000 square feet of retail spaces; a significant number of them speak English as their second language; they don't have training requirement for themselves and for their employees, other than the applicant is required to view the liquor laws and rules at the time of license approval. During fiscal year 2013, retailers selling beer and wine produced lowest compliance rate at 79% compared to 93% spirits RVP retailers, 92% non-RVP spirits and 85% of all liquor licensees. The goal is to bring their compliance rate up to 94.5% from 79%.

This is an obtainable goal if we can increase the number of retailers to establish and follow best practices and train employees to sell alcohol responsibly. The aim is to reach 100% compliance but this can't be done by 1,400 spirits retailers alone. 5,534 beer and wine retailers must join the effort.

### 3. The Plan to Implement the Program

- We want to start the rule making process and establish a RVP for beer and wine retailers. We will work with our Enforcement and other counterparts to ensure their concerns and issues are addressed
- Actively educate internal staff about the program and help promote and encourage licensees to join the program
- We plan to send out the information to all retailers as we did for the spirits retailers, write in their organization's newsletter, meet the licensees whenever possible by attending their meetings, and visiting their stores with Licensing's Education and Outreach team members
- Help retailers to adopt the program by providing resources that fit their specific needs including translation; pass out RVP booklets; continually seek out and improve our resources that meet today's life and learning styles and that include finding funding sources to support our program such as applying for grant
- We will start initiating our working relationships with industry and community partners who will assist us in promoting the RVP in their respective communities. They are Drug Free Communities Coalition of Coalitions, Korean American Grocers Association, and the WA Coalition to Reduce Underage Drinking

How success will be measured:

- Obtaining 95% RVP participation among the Spirits Retailers by December 2014, and 50% participation among the Beer and Wine Retailers by September 2015
- By 2018, reach and maintain a 100% compliance rate for RVP participants, both Spirits and Beer and Wine retailers
- Establish a culture where alcohol is sold and served responsibly by trained work forces eliminating all preventable harms caused by the misuse of alcohol

Mr. Sauer closed by stating that a well-operated RVP provides incentive for not only to the participating retailers but for the LCB as well. Retailers receive their incentive by not having the violations and LCB receives incentive by not having to issue the citation. She also provided a sample of the RVP Trainer's Guide (HANDOUT 3B1).

Mr. Sauer then requested approval from the Board to approve the concept to expand the RVP. There was a brief Q&A and the Board entered a motion.

MOTION: Member Marr moved to approve the expansion of the Responsible Vendor Program.

SECOND: Chair Foster seconded.

ACTION: Motion passed unanimously.

## 4. PUBLIC HEARING

### PUBLIC HEARING 4A - Public Hearing for Additional Rules to Implement I-502

Karen McCall, Agency Rules Coordinator, began the briefing with a packet of materials (HANDOUTS 1-4). She provided a brief background noting that the purposed of this request is to file a supplemental CR 102 with proposed rules and revisions to current rules to implement I-502. New rules for search and seizure and additional revisions to WAC 314-55-083 and WAC 314-55-102 are needed to further clarify I-502 for marijuana licensees. The additional revisions require the Board to file a supplemental CR 102 with the Code Reviser's Office.

#### Proposed Changes

WAC 314-55-083 - What are the security requirements for a marijuana licensee? A revision to subsection 5 (Start-up inventory for marijuana producers) is needed to clarify that the marijuana producer licensee must record each marijuana plant into the traceability within 24 hours of the time the plant is brought into the licensed premises. Additional requirements for key events that are required to be entered into the traceability system were added.

WAC 314-55-102 - Quality assurance testing. Added language to clarify third party testing labs. A revision to subsection 4 is needed to clarify that labs are responsible for any cost to the vendor for validation and ongoing monitoring. Removed the word "accredited" and replaced it with "certified". Clarified that any certified lab with a direct or indirect financial interest in a marijuana producer or processor license must disclose the information to the board by affidavit. Revised the table of quality assurance tests to be performed by certified labs. Added language that requires certified labs to enter test results into the traceability system within 24 hours and also enter into the traceability system the receipt of samples from marijuana producers and processors.

New Section: WAC 314-55-200 - How will the liquor control board identify marijuana, usable marijuana, and marijuana-infused products during checks of licensed businesses? Includes language that identifies how the liquor control board will identify marijuana, useable marijuana and marijuana-infused products during premises checks of licensed marijuana businesses.

New Section: WAC 314-55-210 - Will the liquor control board seize or confiscate marijuana, usable marijuana, and marijuana-infused products? Explains the circumstances under which the liquor control board may seize marijuana, useable marijuana, and marijuana-infused products.

New Section: WAC 314-55-220 - What is the process once the board summarily orders marijuana, usable marijuana, or marijuana-infused products of a marijuana licensee to be destroyed? Explains the process that will be followed once the liquor control board issues an order for marijuana, useable marijuana, or marijuana-infused products to be destroyed.

New Section: WAC 315-55-230 - What are the procedures the liquor control board will use to destroy or donate marijuana, usable marijuana, and marijuana-infused products to law enforcement? Includes the procedure that will be followed if the liquor control board finds product in excess of maximum limits allowed on a marijuana licensed premises at any given time.

Chair Foster opened the public hearing and invited citizens to the podium to provide comments. No comments were made.

## 5. I-502 UPDATES (A-B)

### UPDATE 5A - I-502 General Updates

Randy Simmons, Deputy Director, provided brief updates on background checks and daycares.

#### Background Checks

The FBI has not yet agreed to process background checks for applicants although the LCB team has been working on this for a year. He noted that the Governor's Office has also been working on this issue as well as Senator Patty Murray and Congressman Denny Heck. The recent Associated Press (AP) report is based on information obtained by the Department of Justice. The AP will be contacting the FBI and Jenny Durkin. We are currently conducting background checks through Washington State Patrol.

Chair Foster clarified that the FBI has not said no - they simply have not responded. Deputy Director Simmons said that is correct.

#### Daycares

The GIS system that pulls all daycare license types from its data source. The law requires 1000' from a 'child care center' which is defined by WA 170-295. This is one specific license type of daycare specifically required by law. Our data source was pulling all daycare types. He noted that they are changing the GIS system.

### UPDATE 5B - I-502 Licensing Updates

Becky Smith, Marijuana Licensing & Regulations Manager, provided an update on the licensing process noting that they have issued two additional licensing since last week in Bremerton (producer licenses) and Pacific County (producer/processor license). There is another that has been approved in Seattle and is awaiting insurance. There have been (15) more applications sent to enforcement for final inspection and (7) have been scheduled for inspection. She said the process is going well. Some of the hurdles for inspections have been build-outs, insurance issues, failure to disclose, and security.

## 6. EMPLOYEE ANNOUNCEMENTS

### EMPLOYEE ANNOUNCEMENTS 6A - New Employee Introductions

#### New Employee Introduction - Alan Rathbun, Licensing & Regulations Director

Mr. Rathbun introduced Gigi Zenk noting she has over 20 years of experience in public service. She *returns* to the LCB after most recently working for the Department of Licensing for 10 years building a communications team of 12 employees and creating an award winning, customer centered website. Mr. Rathbun added that her leadership and management skills will be a nice complement to the team in Licensing Services. She also comes with a Lean Green Belt. Ms. Zenk will join the LCB team on Monday, March 3, as a License Manager. In Ms. Zenk's spare time she enjoys gardening, travel, and spending time with family and friends.

Ms. Zenk said she is pleased to be back with the agency at such an exciting time.

The Board welcomed Ms. Zenk back to the agency.

#### New Employee Introduction - Chief Justin Nordhorn

Chief Nordhorn introduced Mr. Marc Siegfried who is originally from Miami Florida and joined the United States Army and after 29 years of service he will officially retire from the Army on May 1<sup>st</sup> of this year. Mr. Siegfried retired in the rank of First Sergeant. He obtained his Master's degree from Wayland University in Business Administration. During his Military years he spent time in Germany, Alaska, Korea, Kuwait, Egypt, Saudi Arabia, Iraq and Georgia. His last job in the Army was logistical management for the 593<sup>rd</sup> ESC at Fort Lewis. Mr. Siegfried will perform a variety of research and analytical tasks which includes compiling data, analyzing and preparing results in areas such as DUI statistics, performance data, consumption rates, populations and best practices. He will begin on Monday, March 10, 2014. Mr. Siegfried is married to Donna and has two sons, who are currently going to Washington State University and Bethel High School. In his spare time he enjoys hiking and sea kayaking.

Mr. Siegfried said he is looking forward to the transition from federal government to Washington State.

The Board welcomed Mr. Siegfried and thanked him for his dedicated service to the country.

#### **EMPLOYEE ANNOUNCEMENTS 6B - Swearing in of New Officers**

##### Swearing In of New Officer - Chief Justin Nordhorn

Chief Nordhorn introduced Lieutenant Joshua Bolender who was raised in Mossyrock, WA on a Christmas tree farm. He holds two Bachelor degrees in Criminal Justice and Political Science from the Washington State University. Mr. Bolender started his career with Washington State Parks and Recreation Commission in 2005 where I worked as a Park Ranger in the Green River Gorge Area. In 2008 he started with the LCB as a Liquor Enforcement Officer 2., working out of Region 2 in King County. While in Region 2, he covered Rainier Valley, Renton, Issaquah, Redmond, Woodinville and Snoqualmie Pass. After a very competitive process he was promoted to Lieutenant of the Enforcement and Education Division's Non-Retail Marijuana Unit on February 1, 2014. He brings to this position with a wealth of experience and reports to Commander Jim Martinez and is currently in the process of developing and building the first marijuana non-retail team. In his spare time he enjoys spending time with his wife, Raquel, and two girls, Skye and Agatha.

Chief Nordhorn then conducted the swearing in ceremony for Lieutenant Joshua Bolender.

Lieutenant Bolender said his first site investigations have been going well and he looks forward to creating a new unit and getting more people in the field.

The Board welcomed him to his new position.

##### Swearing In of New Officer - Chief Justin Nordhorn

Chief Nordhorn introduced Lieutenant Kandra Tinnerstet who was raised in Tenino, WA. She attended the University of Washington where she graduated with a degree in political science. In 2006, she began her career with the LCB as a Liquor Enforcement officer and graduated from the Idaho POST academy in the same year. Ms. Tinnerstet was assigned to the LCB Vancouver office then transferred to the Tacoma office in 2007. On February 16, 2014, Ms. Tinnerstet promoted to Lieutenant and is now assigned to our headquarters office as the Enforcement Division Training Coordinator. As part of her new role, Ms. Tinnerstet will help organize and provide training for enforcement officers and coordinate various training events. Ms. Tinnerstet enjoys spending time with her family and friends. In her spare time she enjoys going to the gym and spending quality time with her husband and dog Lulu.

Chief Nordhorn then conducted the swearing in ceremony for Lieutenant Kandra Tinnerstet.

Lieutenant Tinnerstet said she looks forward to her new role and growing with the agency.

The Board welcomed her to her new role.

## 7. NEW BUSINESS/OLD BUSINESS

No new or old business reported.

Chair Foster invited citizens to address the Board regarding any issue(s) related to LCB business.

One citizen came forward to provide comment.

### Brenda Lumsten - Citizen

Ms. Lumsten stated that her mother is pursuing a marijuana retail license in Lewis County and she expressed her concern about local moratoriums.

Chair Foster informed her that the Legislature is working through this issue.

Member Marr reiterated the Board's position noting that moratoriums and bans could lead people to the black market.

## ADJOURN

Chair Foster adjourned the meeting at 10:55.

Minutes approved this 12<sup>TH</sup> day of March, 2014



Sharon Foster  
Board Chair

~~Not Present~~

~~Ruthann Kurose  
Board Member~~



Chris Marr  
Board Member

### LCB Mission

Promote public safety by consistent and fair administration of liquor and cannabis laws through education, voluntary compliance, responsible sales and preventing the misuse of alcohol, cannabis and tobacco.

Complete meeting packets will be available online following each meeting: <http://www.liq.wa.gov/board/board-information>