



Washington State Liquor Control Board Meeting

Wednesday, March 11, 2015, 10:00 a.m.
LCB Headquarters - Boardroom
3000 Pacific Avenue SE, Olympia WA 98501

Meeting Minutes

1. CALL TO ORDER

Chair Jane Rushford called the regular meeting of the Washington State Liquor Control Board to order at 10:00 a.m. on Wednesday, March 11, 2015. Member Ruthann Kurose and Member Russell Hauge were also present. Chair Rushford first acknowledged her fellow Board members and thanked the staff for the efforts in preparing for the Board meeting.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the February 25, 2015, meeting minutes.

SECOND: Member Kurose seconded.

ACTION: Motion passed unanimously.

3. ACTION ITEMS (A-F)

ACTION ITEM 3A - Board Adoption of Rules for Outside Service Area Requirements

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3A 1-3). She provided a brief background noting that this rulemaking is the result of a petition for rulemaking submitted by the cities of Seattle and Spokane. WAC 314-02-130 requires all outdoor alcohol service areas be enclosed by a 42 inch high barrier. Both Seattle and Spokane have active sidewalk café permitting programs. They have found the 42 inch barrier requirement may have negative effects on their street level environment. First, there is limited walkable space and the barrier requirement further encroaches on the remaining walkable zone, thereby limiting pedestrian access. Second, the barrier requirement around tables and chairs often does not allow enough room for pedestrians, which results in restaurants being denied the opportunity to have outdoor seating and the opportunity to expand their business. The cities of Seattle and Spokane are requesting the board allow local jurisdictions to decide where barriers

are appropriate. The Board has been briefed on the rulemaking background and public comment for this rulemaking. If approved, Ms. McCall will send an explanation of the rulemaking to all persons who submitted comments. After sending that explanation, she will file the rules with the Office of the Code Reviser. The effective date of the rules will be 31 days after filing.

Ms. McCall then requested approval from the Board to adopt the proposed rules.

MOTION: Member Kurose moved adoption of rules for Outside Service Area Requirements.

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3B - Board Approval of Rules for Spirits Sampling at Spirits Retail License Locations

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3B 1-3). She provided a brief background noting that this rulemaking is the result of a petition for rulemaking submitted by Cindy Zehnder, on behalf of Total Wines & More and Diageo, to delete the sentence "Spirits samples must be unaltered" from WAC 314-02-106. Total Wine & More would like to the ability to alter spirits with mixers, water, and/or ice, and better educate their customers about the unique qualities of their products and provide them with ideas for how those products can be served.

Ms. McCall then requested approval from the Board to adopt the proposed rules.

Member Kurose emphasized that these are non-alcoholic mixers and no additional alcohol is being added to the drinks.

MOTION: Member Hauge moved adoption of the rules for Spirits Sampling at Spirits Retail License Locations.

SECOND: Member Kurose seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3C - Board Decision on Petition for Rulemaking for WAC 314-28-030 & WAC 314-28-050 Spirits Sampling at a Distillery or Craft Distillery

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3C 1-2). She provided a brief background noting that a petition for rulemaking was submitted by Stephanie J. Meier on behalf of Blue Spirits Distributing, a licensed craft distiller in the state of Washington. The request is to allow licensed distillers and craft distillers to use mixers in addition to ice and/or water when providing samples to their customers at their licensed premises. The licensee is also requesting the Board adopt an interim policy to be effective immediately while the rules are being revised.

Staff recommends the Board approve the petition for rulemaking for the following reasons:

- All other requirements for spirits sampling by distiller/ craft distiller licensees will remain the same.
- There is no public safety issue with allowing samples to be altered with mixers.
- RCW 66.24.140 and RCW 66.24.145 are silent on the use of mixers in spirits sampling.

Ms. McCall then requested the Board's decision on the petition.

MOTION: Member Kurose moved to approve the petition for rulemaking for WAC 314-28-030 & WAC 314-28-050 - Spirits Sampling at a Distillery or Craft Distillery.

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3D - Board Decision on Interim Policy for Spirits Sampling at a Distillery or Craft Distillery

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUT 3D 1). She provided a brief background noting that the Board will be entering into rulemaking to revise WAC 314-28-030 and WAC 314-28-050 which lists the requirements for spirits sampling by distillery and craft distillery licensees. An interim policy is needed until a revision in the rules is adopted to allow distilleries and craft distilleries to alter spirits samples with mixers in addition to ice and/or water.

Policy Statement

Until superseded by rule, distilleries and craft distilleries must meet the following criteria to provide spirits samples:

- Provide free or for a charge one-half ounce or less samples of spirits of its own production to persons on the premises of the distillery.
- Samples may be altered with mixers, ice or water only.
- The maximum total per person per day is two ounces.
- Every person who participates in any manner in the service of samples must obtain a class 12 alcohol server permit.
- Samples must be in compliance with RCW 66.28.040.

Ms. McCall then requested the Board's decision on the petition.

MOTION: Member Kurose moved to approve the interim policy for Spirits Sampling at a Distillery or Craft Distillery.

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3E - Board Decision on Petition for Rulemaking to Create a New Rule to Allow Internet Sales of Beer & Wine for Licensees Holding a Beer & Wine Off-Premises Endorsement

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3E 1-2). She provided a brief background noting that a petition for rulemaking was submitted by Doug Engler, the licensee of Malt & Vine. Mr. Engler holds a beer/wine tavern license with an off-premises endorsement. The petition requests the Board adopt a rule to allow a beer/wine on-premises licensee holding an off-premises endorsement to sell beer and wine over the internet and deliver the product to their customers.

There are no current rules that allow a beer/wine on-premises licensee holding an off-premises endorsement to sell beer and wine over the internet and deliver the beer and wine to their customers. There are rules that allow grocery stores and beer/wine specialty shops to sell beer and wine over the internet and deliver to their customers. Mr. Engler was originally licensed as a Beer/Wine Specialty shop and was allowed to sell beer and wine over the internet and deliver to customers. When he converted his license to a Beer/Wine Tavern license with an off-premises endorsement he was not aware internet sales and delivery would not be included in his license. He has a large customer base that purchase beer and wine over the internet and have the products delivered to them.

Staff recommends the Board approve the petition for rulemaking for the following reasons:

- This would allow the Board to gain input from stakeholders on this issue.
- Staff could evaluate the public safety issues, if any, of allowing this action.

Ms. McCall then requested the Board's decision on the petition.

MOTION: Member Hauge moved to approve the petition for rulemaking to create a new rule to allow internet sales of beer & wine for licensees holding a beer & wine off-premises endorsement.

SECOND: Member Kurose seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3F - Board Decision on Petition for Rulemaking to Repeal All Rules in Chapter 314-55 WAC & Create New Rules to Implement Initiative 502

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3F 1-2). She provided a brief background noting that a petition for rulemaking was submitted by John Worthington, a private citizen. Mr. Worthington is requesting the Board repeal all current rules adopted to implement Initiative 502. Mr. Worthington is suggesting that the Board did not achieve the policy goals in Initiative 502.

The current rules for recreational marijuana are found in chapter 314-55 WAC. The Board adopted the original rules to implement Initiative 502 in October, 2013. Since then several revisions to those rules and new rules have been adopted. Mr. Worthington has filed at least one lawsuit against the Board challenging Initiative 502 and the rules.

Staff recommends the Board deny the petition for rulemaking for the following reasons:

- Mr. Worthington does not state a legal reason to repeal the rules but, rather a disagreement with the policies the Board implemented.
- Mr. Worthington has filed a lawsuit against the board challenging Initiative 502 and the rules adopted by the board to implement the Initiative.

Ms. McCall then requested the Board's decision on the petition.

MOTION: Member Kurose moved to deny the petition for rulemaking to repeal all rules in Chapter 314-55 WAC & create new rules to implement Initiative 502.

SECOND: Member Hauge seconded.

ACTION: Motion passed unanimously.

4. MARIJUANA LICENSING UPDATE

Frank O'Dell, Marijuana Supervisor, provided the weekly marijuana licensing update with the following highlights:

Producer/Processor Applications

- 440 Producer/Processor licenses have been issued
 - 325 Producer/Processor
 - 79 Producer
 - 36 Processor
- 49 licenses are pending payment
- 10 moved to enforcement for inspection
- 86 are waiting for applicant to build/hold

4,489,828 M square feet approved for plant canopy

Retail Applications

- 127 Retail licenses have been issued
- 9 are pending payment
- 11 moved to enforcement for inspection
- 111 out of 127 retailers are reporting sales

5. EMPLOYEE ANNOUNCEMENTS

State Service Recognition

Heidi Geathers, IT Director, presented Leslie Halstrom, Business Integration Specialist, with her 30-Year Service Award. Ms. Halstrom began her career at General Administration (GA) in 1984, in the telecommunications division. She worked with the SCAN system, the state's long distance telephone

network. When Department of Information Services (DIS) was formed, GA's telecomm division merged into the new agency. This provided her with the opportunity to shift from working as a Network Technician to assisting state agencies design and maintain their telecom systems. She decided to be a stay-at-home mom in 1992 and in late '93 a friend called from the Liquor Control Board and asked her if she could fill in for a couple weeks for their Telecommunications Coordinator and has been here ever since.

Ms. Halstrom said enjoys the warm, family-like atmosphere at LCB and immediately felt at home.

6. ADDITIONAL BUSINESS

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

No comments were offered.

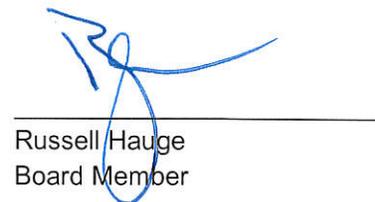
ADJOURN

Chair Rushford adjourned the meeting at 10:20.

Minutes approved this 25th day of March, 2015


Jane Rushford
Board Chair


Ruthann Kurose
Board Member


Russell Hauge
Board Member

Minutes Prepared by: Maureen Malahovsky, Confidential Secretary to the Board

LCB Mission - Promote public safety and trust through fair administration and enforcement of liquor, tobacco and marijuana laws.

Complete meeting packets are available online: http://lcb.wa.gov/boardmeetings/board_meetings
For questions about agendas or meeting materials you may email maureen.malahovsky@lcb.wa.gov or call 360.664.1717