



Washington State Liquor Control Board

Washington State Liquor Control Board Meeting

Wednesday, March 25, 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 25, 2015. Member Russell Hauge was also present. Member Ruthann Kurose was absent. 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 March 11, 2015, meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

3. ACTION ITEMS (A-D)

ACTION ITEM 3A - Board Approval to File CR 101 for Distillery & Craft Distillery Sampling

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3A 1-2). She provided a brief background noting that this rulemaking is the result of a petition for rulemaking submitted by Stephanie J. Meier on behalf of Blue Spirits Distributing, LLC, a licensed craft distiller in the state of Washington. The petition requests the Board 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.

Timeline

March 25, 2015 Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)

April 15, 2015 Code Reviser publishes notice - LCB sends notice to rules distribution list

May 20, 2015 End of written comment period

May 20, 2015 Board is asked to approve filing the proposed rules (CR 102 filing)
June 3, 2015 Code Reviser publishes notice - LCB sends notice to rules distribution list
June 24, 2015 Public hearing held
July 24, 2015 End of written comment period
July 1, 2015 Board is asked to adopt rules
July 1, 2015 Agency sends notice to those who commented both at the public hearing and in writing.
July 1, 2015 Agency files adopted rules with the Code Reviser (CR 103)
August 1, 2015 Rules are effective (31 days after filing)

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

MOTION: Member Hauge moved approval to file CR 101 for Distillery & Craft Distillery Sampling.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3B - Board Approval to File CR 101 for Internet Sales & Delivery for B/W Restaurants & B/W Taverns with Off-Premises Endorsements

Ms. McCall began the briefing with materials (HANDOUTS 3B 1-2). She provided a brief background noting that this rulemaking is the result of a petition for rulemaking 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.

Timeline

March 25, 2015 Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
April 16, 2015 Code Reviser publishes notice - LCB sends notice to rules distribution list
May 20, 2015 End of written comment period
May 20, 2015 Board is asked to approve filing the proposed rules (CR 102 filing)
June 3, 2015 Code Reviser publishes notice - LCB sends notice to rules distribution list
June 24, 2015 Public hearing held
July 24, 2015 End of written comment period
July 1, 2015 Board is asked to adopt rules
July 1, 2015 Agency sends notice to those who commented both at the public hearing and in writing.
July 1, 2015 Agency files adopted rules with the Code Reviser (CR 103)
August 1, 2015 Rules are effective (31 days after filing)

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

MOTION: Member Hauge moved approval to file CR 101 for Internet Sales & Delivery for B/W Restaurants & B/W Taverns with Off-Premises Endorsements.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3C - Board Approval to File CR 102 for Chapter 314-07 WAC - How to Apply for a Liquor License

Ms. McCall began the briefing with materials (HANDOUTS 3C 1-3). She provided a brief background noting that this rulemaking is part of the Liquor Control Board's on-going rules review process, Chapter 314-07 WAC is being reviewed for relevance, clarity, and accuracy.

Timeline

March 25, 2015 Board is asked to approve filing proposed rules
April 16, 2015 Code Reviser publishes notice - LCB sends notice to stakeholders
May 6, 2015 Public hearing held
May 6, 2015 End of written comment period
May 13, 2015 Agency sends notice to those who commented
May 13, 2015 Agency files adopted rules with Code Reviser
May 13, 2015 Agency files adopted rules
June 13, 2015 Rules are effective (31 days after filing)

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

MOTION: Member Hauge moved approval to file CR 102 for Chapter 314-07 WAC - How to Apply for a Liquor License.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3D - Board Approval to File Supplemental CR 102 for Recreational Marijuana Rules

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3D 1-2). She provided a brief background noting that these revisions are needed to provide additional clarity to the marijuana rules to marijuana license applicants and potential marijuana licensees.

Timeline

March 25, 2015 Board is asked to approve filing proposed rules
April 15, 2015 Code Reviser publishes notice - LCB sends notice to stakeholders
May 6, 2015 Public hearing held
May 6, 2015 End of written comment period
May 13, 2015 Agency sends notice to those who commented
May 13, 2015 Agency files adopted rules with Code Reviser
May 13, 2015 Agency files adopted rules
June 13, 2015 Rules are effective (31 days after filing)

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

MOTION: Member Hauge moved approval to file Supplemental CR 102 for Recreational Marijuana Rules.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

4. PUBLIC HEARING (A)

PUBLIC HEARING 4A - Expansion of Olympia's Alcohol Impact Area (AIA) Banned Product's List

Patrick Woods, Education & Outreach Manager, began the briefing with materials (HANDOUTS 4A 1-2). He provided a brief background noting that on December 18, 2013, the Board approved the establishment of an AIA in the City of Olympia's downtown core, with an effective date of the February 15, 2014. In a letter dated November 25, 2014, the City of Olympia requested an expansion of their existing banned products list in accordance with WAC 314-12-215(3)(e). Under this rule the local authority may request the addition of new products to the "Banned Products List" provided it is developed on a product by product basis along with the demonstrated need for including these products it on the list.

Staff Recommendation: The City of Olympia's petition to expand its products list meets the requirements for Board approval under WAC 314.12.215.

Chair Rushford opened the public hearing and invited the first citizen to the podium to provide testimony.

Meghan Sullivan - Executive Director of Together

Ms. Sullivan noted that the group 'Together' focuses on substance abuse and violence prevention. She participated on a work group that addressed product bans and they have seen a proliferation of other products that were banned in the downtown core. She urged the Board to expand the ban list so they will have a comprehensive initiative that will protect the downtown area, increase public safety, and make it a safe environment for kids, families, and businesses.

Brian Wilson - City of Olympia Downtown Liaison & Resident/Business Owner

Mr. Wilson noted this is his fourth time in front of the Board addressing alcohol related issues. He stated that the City's AIA efforts represents thousands of staff hours. He noted that the City Council has a goal to create a clean, safe, welcoming environment in the downtown area. In 2011 they created the Downtown Project which has a multi-pronged approach to accomplish these goals. He provided an overview of the Project's details and accomplishments. When the City submitted their first petition identifying nine banned products they expressed concern that the stores would simply restock their shelves with similar products and that was in fact what happened. The expanded list is an essential next step. He also stated that they continue to survey their citizens to ensure vitalization of the downtown core.

Darren Nienaber - Deputy City Attorney for the City of Olympia

Mr. Nienaber stressed that the City has been working on this AIA for four years and still do not have a comprehensive AIA. He noted that at the time of the original approval they understood that they would have the option to expand their AIA product list. He indicated that they are not trying to solve alcoholism rather protect and revitalize the downtown core. They don't believe they need detailed crime statistics to understand that some products are problematic. Mr. Nienaber believes they have met all legal requirements of the WAC. They look forward to staying involved in the process.

Kelly Wood - Board Member of the Olympia Downtown Association (ODA)

Mr. Wood stated that they are key partners with the City and in full support of the expanded AIA list. Downtown Olympia is a unique area in the region and a focal point for alcohol related activities and needs this expanded list. She said they want downtown to be a walkable, workable, livable area.

David Rauh - Mixx 96.1 KXXO Business Owner Olympia & Board Member of the PBIA

Mr. Rauh thanked the Board for considering the petition noting that it is a critical part of what the downtown merchants are trying to do to improve the downtown core. He supports the additional products being added to the list noting that it is a key part of the program.

Pit Kwiecinski - Owner of the Brotherhood Lounge

Mr. Kwiecinski endorsed the petition. Downtown Olympia has been struggling with substance abuse and alcohol issues for some time and many are trying to turn it around and this is a huge step in that direction.

Connie Phegley - Downtown Business Owner & Board Member of the PBIA

Ms. Phegley serves on the Clean and Safe Committee and they had an email survey go out to all business owners and the number one concern expressed was having a clean safe downtown area. She supports the petition noting that it is time to halt some of the product use and remove them from the shelves. She also noted that some of the products are packaged in ways that are misleading to the consumer. She would like to see Olympia follow the best practices of other cities. She appreciated the Board's consideration for expanding the AIA list.

Sam Costello - Officer, Olympia Police Department

Mr. Costello is a member of the foot patrol unit and they are tasked with alcohol related disorder in the downtown area. One of the primary contributors to disorder is alcohol and inebriation. They are not asking the Board to solve crime downtown rather they are seeking to mitigate some of the occurrences and expanding the banned products list will contribute to that effort.

Phil Rollins - Board Member of the PBIA and Owner of Archibald Sisters

Mr. Rollins noted that he thinks this is an important step in making the downtown area a better place and urged the Board approve the petition as it stands.

Cynthia Salazar - Capitol Florist

Mr. Salazar said that Olympia has an opportunity to be a clean, safe city and this petition is a small step in the right direction. Her business is two doors down from a grocery store and she observes that people want to get intoxicated quickly and inexpensively. She wants others to feel safe coming downtown. She thanked the Board for considering the petition.

Scott Hazelgrove - Executive Director of the Washington Beer & Wine Distributors Assoc.

Mr. Hazelgrove asked that the Board deny the the petition of the City of Olympia. They do not believe that the City has met its burden under the law. He also suggested a fundamental consideration for whether AIA's are effective. He noted that the Olympia litter survey data shows that the products that are banned are still appearing and very few of the products on the list are even sold in the AIA. He urged the Board to reject the petition and focus on rulemaking to improve standards for an AIA program in the interest of public safety and the safe use of alcohol. He would be happy to work with them on a successful alternative.

John Guadnola - Executive Director of the Association of Washington Spirits & Wine Distributors

Mr. Guadnola was not in support of the Olympia petition without further examination. He is concerned that this will set a precedent for other cities. He also noted that he is unsure why there are products on the list that do not qualify to be on the list. He did agree that packaging that appeals to minors is inappropriate. Mr. Guadnola would be happy to work with the City and the Board on an alternative approach.

Derek R. Harris - Deputy Director of Community Youth Services

Mr. Harris provided a brief overview of his program and noted that approximately 239 youth have been involved in MIP issues. They are in support of the comprehensive list and asked that the Board approve the petition.

Mark Rentfrow - Thurston EDC/SCNA

Mr. Rentfrow stated that he is in full support of the petition.

Julie Hankins - Olympia City Council Member

Ms. Hankins shared her commitment to addressing the downtown health and safety concerns. She urged the partnership with the LCB and wants to work in concert with one another. She provided an overview of the City's related programs and noted that they have established best practices with downtown businesses. She noted that the Olympia AIA was working well until new products were introduced. To meet the intent of the law they need to be able to continue to expand the banned products list. She also requested that the Board streamline the AIA process as it is cumbersome and time consuming.

Nicole Butigan - Owner, Swing & Lucy's Lunchbox

Ms. Butigan supported the expansion of the list noting that these products target a vulnerable market. She is eager to see the downtown area improve and this step will help perpetuate momentum.

Kira DeRito - Owner, Olympia seafood Company

Ms. DeRito supported the expansion of the list.

Alexis Sarah - Olympia Family Theater

Ms. Sarah supported the expansion of the list and feels it will contribute to the health and safety of the downtown area. Visitors to the city see the evidence of the results of alcohol inebriation in the downtown area. She encouraged the Board to expand the list.

Brian Wilson - City of Olympia Downtown Liaison & Resident/Business Owner

Mr. Wilson responded to comments received from the industry guests regarding the litter survey. He clarified the percentages of beverages found downtown noting that Ice House (for example) represented 4% of beverages found downtown at the beginning of the survey and that same product now represents 50% of the litter found. He said they are aligned with the WAC.

Darren Nienaber - City of Olympia

Mr. Nienaber provided one additional comment noting that they want the downtown area of Olympia to be an area of choice for visitors.

Skip Stephan - Executive Director of the Olympia New Gospel Mission

Mr. Stephan stressed the human impact of these products on people. He sees the access to cheap alcohol feeding unhealthy desires and would like to provide alternatives. He is concerned about the human impact of these products and supports the petition.

Member Hauge acknowledged that he and Chair Rushford are new to this process but they are well aware of the gravity of this issue from staff and stakeholders and they understand that the process has been pending due to transitions with the Board. They appreciate the importance of this matter to the downtown community and he pledged to have a decision as soon as reasonably possible.

Chair Rushford shared Member Hauge's perspective and noted that they will take time to consider the comments received today and make their final decision.

Chair Rushford closed the public hearing and thanked everyone for their input.

5. MARIJUANA LICENSING UPDATE

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

Producer/Processor Applications

- 449 Producer/Processor licenses have been issued
 - 330 Producer/Processor
 - 83 Producer
 - 36 Processor
- 58 licenses are pending payment
- 24 moved to enforcement for inspection
- 86 are waiting for applicant to build/hold

Retail Applications

- 131 Retail licenses have been issued
- 12 are pending payment
- 33 moved to enforcement for inspection

* 119 out of 131 retailers are reporting sales

6. ADDITIONAL BUSINESS

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

Phil Wayt - Lobbyist NW Producer, Processor, Retailers Association

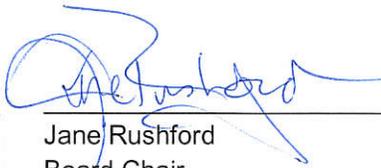
Mr. Wayt noted that today marks the end of his 30 years working with the LCB and he thanked the agency and the Board for their partnership. He also introduced Brad Tower, who will be his successor with the LCB.

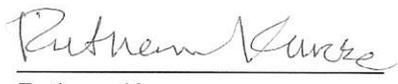
Chair Rushford thanked him for his many contributions to public safety and his unfaltering commitment.

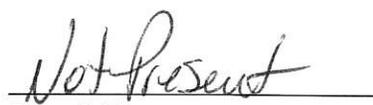
ADJOURN

Chair Rushford adjourned the meeting at 10:55.

Minutes approved this 8th day of April, 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