



Washington State  
**Liquor Control Board**

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**Business Advisory Council**

**Meeting Minutes**  
**January 26, 2011, 9:30 a.m. – Noon**  
**Liquor Control Board**  
**Headquarters Office**  
**3000 Pacific Avenue**  
**Olympia, WA 98504**

**Business Advisory Council Members in Attendance:**

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| <b>Stakeholders:</b><br>Theresa Hancock, Contract Liquor Store Managers<br>John Guadnola, Washington Beer and Wine Wholesalers Association<br>Heather McClung, Washington Brewer's Guild<br>Anthony Anton, Washington Restaurant Association<br>Jean Leonard, Washington Wine Commission and Washington Wine Institute<br>TK Bentler, Washington Association of Neighborhood Stores<br>Paul Schieck, Washington State Sports and Entertainment Facility Operations and Association | <b>Liquor Control Board:</b><br>Sharon Foster, Chair<br>Ruthann Kurose, Board Member<br>Pat Kohler, Administrative Director<br>Rick Garza, Deputy Director |
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**Also in Attendance:**

Ron Main and Phil Wayt, Washington Beer and Wine Wholesalers Association, Aubrey Seffernick, Nooksack Tribe; Stephanie Meier, Stoel Rives; Adam Smith, DISCUS; Carrie Tellefson, DRAW; Ally Magnano, DRAW; Charlie Brown, Diageo; Jeannie Lee, KAGRO; Matt McCarthy, DRAW; and Susan Danby. The staff present from the Liquor Control Board were Brian Smith, Randy Simmons, Pat Parmer, Pat McLaughlin, Alan Rathbun, Cherie Wilhide, Karen McCall, Mary Segawa, and Roni Pettit.

Sharon Foster, Chair of the Liquor Control Board welcomed the members of the Business Advisory Council (BAC) and introductions were made by each council member. Board Assistant, Roni Pettit, went over the roster and made additions and deletions per the members' request.

**Brian Smith, Communications Director**

Brian gave an overview of the new LCB website which was launched on January 21, 2011. Please view the website at [www.liq.wa.gov](http://www.liq.wa.gov).

### **Rick Garza, Deputy Administrative Director**

Rick provided a legislative update and agency request legislation and other bills that impact the agency. (See attached handout with more in-depth information on each bill.)

### **Consumer Survey Results**

Rick reported that he and Sharon Foster would be meeting with the Governor on February 1 to report the results of the consumer survey. The surveys were rated like the school system (i.e., A, B, C, D, and F). The results received were consistent with the 2006 survey in that the LCB received high marks for customer service and products, as well as high marks for convenience, location and speed. The majority of LCB customers come in once every two or three months; 20 percent come in more often. Most customers don't see the distinction between state stores and contract stores. The majority of those surveyed feel that the state has just the right number of liquor stores.

Heather McClung asked about convenience for the restaurants. The Washington Restaurant Association has hired a consultant to conduct a survey targeted for February. Pat Kohler indicated that the agency plans to continue with conducting a survey every year to 18 months and will be developing a plan to engage the restaurants for improving business. Ron Main reported that they have seen a lot of ebbs and flows during the campaign and is pleased to hear that the LCB will continue to look at ways to improve business.

Rick Garza reiterated that the Board is suggesting significant improvements, opening more stores, standardizing hours, and being open until later to provide convenience to customers.

### **Roundtable**

John Guadnola reported that they have no major legislation and that Michael Transue is working with them as a session lobbyist.

Ron Main indicated there is some interest in some of the proposals surrounding the omnibus bill.

Matt McCarthy is planning a day on the hill on February 10, where they will be supporting the sampling pilot, no new taxes or markup.

Adam Smith indicated that DRAW is supporting spirit sampling and wants to protect against markup or taxes.

Jeanne Lee reported that they are asking for the issuance of warning statements much like the bill Senator Shinn has introduced.

Ally Magnano indicated that spirit sampling is their number one issue and it will, hopefully, be passed out of committee on January 27.

Charlie Brown reported that Diageo is also supporting the sampling bill and will be lobbying with DRAW and DISCUS. They are also interested in leveling the playing field as far as flavored beer and malt beverage tax issues are concerned.

Heather McClung mentioned that they will be reintroducing the bill from 2009 regarding the beer commission. She also noted that they will be exploring credit terms because the numbers of non-sufficient fund checks have increased.

TK Bentler reported that there is a bill being drafted to allow domestic or microbreweries to sell up to 25 percent of another in-state brewer's product on tap. A hearing will probably be scheduled for the week of January 31. This will be called the Growler bill and asks for an amendment that it should be Washington produced beer to promote local, freshness, and quality. They also are interested in seeing convenience stores being able to sell Growlers as well and reports that we may see a bill regarding that. Alan Rathbun indicated that he wasn't aware of a special license to sell growlers and would check with staff to investigate how that would be handled from a licensing standpoint. Hotels are also interested in the corkage fee issue and may also ask for an amendment to include hotels in the Growler bill.

Jean Leonard thanked the Board for working with the Washington Wine Industry on the corkage fee issue. She will be testifying at a hearing on January 27. She is also working with the LCB on a second license to allow production off-site and to have more options with their brand (virtual winery). Draft language could be dropping as soon as January 26. Jean also reported that they are testifying in opposition to the family wineries bill and licensing bill as it would have a severe impact on Washington wineries.

Theresa Hancock/Susan Danby reported Michael Transue is representing them this session and they are supporting the sampling bill.

Anthony Anton indicated that they are supporting the Growlers bill and bill regarding tradeshow. The restaurant industry has reported that they are already filling up for reservations for Valentine's Day. They are also instituting an Alcohol Task Force which will be a virtual committee.

### **LCB Division Updates:**

Alan Rathbun, Licensing & Regulation

The Licensing Division has conducted a survey of licensees for feedback and reports that only 18 percent of those surveyed provided feedback so they are exploring options for new tools. Alan also reported that the Licensing Division is exploring new tools to assist businesses in completing a liquor license application correctly. They plan to conduct focus groups in February and March 2011 and would like volunteers to provide ideas on how to better serve customers. Please send an email to Mona Moberg at [mlm@liq.wa.gov](mailto:mlm@liq.wa.gov) if you would like to suggest someone to participate. (See attached handout for more information.)

Jeannie Lee mentioned that they are conducting pilot radio programs for the Korean community and the LCB is utilizing radio time for LCB education with Korean language speaker and LCB staff member, Kim Sauer. If there are others who want to participate, please let Jeannie know.

### **Pat Parmer, Enforcement & Education**

Pat reported that there is a 54 percent compliance rate with wineries; 700 letters have been sent to notify them that the LCB will be conducting compliance checks. Grocery stores showed a 74

percent compliance rate. Enforcement will be conducting non-retail wineries over-service checks this spring - information will be coming out on that soon. Ten random licensees are selected in the prior month for customer service checks. Enforcement will be conducting another WASPC survey to see how the LCB is doing. Pat also reported that Enforcement met with Anthony Anton to develop a partnership to develop areas of interest to provide education to before enforcement comes in and cites them.

### **Pat McLaughlin, Business Enterprise**

Pat reported that the LCB just finished our busiest holiday season. The Purchasing Division is developing a wine strategy and will clarify how space in the stores is utilized. The Board is in the process of reviewing the draft document. The Craft Distillers forum the week of January 31 will provide training on how to successfully sell and market products. The Distribution Center is running really well and survived a system upgrade and a snow storm. They have seen an increase in sales. Business Enterprise is still recruiting for three contract stores and hope to have them filled by this summer. There were 39 checks for compliance and had no failures.

Sharon Foster reported that she hasn't received any information on the appointment of the third Board member. She indicated that the Governor's Office is close to appointing someone. The announcement will be made to the media and the LCB website will be up to date with any new information.

### Handouts:

1. Legislative Update
2. Notice of Rulemaking
3. Interpretive Statement
4. Liquor Licensing Process
5. Business Enterprise Monthly Report