

**OFFICE OF THE
WASHINGTON STATE LIQUOR CONTROL BOARD
Board Meeting Minutes – March 4, 2009**

Board Chairman Lorraine Lee called the regular meeting of the Washington State Liquor Control Board to order at 10:05 am, on Wednesday, March 4, 2009 in the boardroom, 3000 Pacific Avenue SE, Olympia, Washington. Board Members Roger Hoen and Ruthain Kurose were present. This meeting has been audio recorded.

Supplier Social Responsibility Interim Policy Approval – Debi Besser, Purchasing Director

Debi Besser presented the Board with Interim Policy #02-2009 Liquor Suppliers Social Responsibility Survey – Pilot. The purpose of the policy is to document that the agency will pilot the Supplier Social Responsibility Survey and use the survey as one consideration in product listing and de-listing decisions. The duration of the pilot would be March 11, 2009 through March 31, 2010. The survey was developed by workgroup comprised of LCB staff, agency liquor suppliers, and the prevention community.

The Board Members unanimously approved the Supplier Social Responsibility Interim Policy. *(See attached interim policy, survey, and charter)*

Supplier Social Responsibility Workgroup Recognition – Board Members

The Board Members recognized and thanked all workgroup participants. Certificates of appreciation were given to workgroup members.

Office of Minority and Women’s Business Enterprises – Cynthia Cooper, OMWBE Director

Cynthia Cooper provided an overview on OMWBE. The Liquor Control Board members expressed their commitment to OMWBE procurement goals. We will explore ways to further promote OMWBE member participation in LCB Procurement activities. *(See attached material)*

Board Approval for filing on pre-proposal statement of inquiry (CR 101) for rules review of WAC 314-29-010 – Karen McCall, Rules Coordinator, Karena Kirkendoll, Hearings Officer

Current language in WAC 314-29-010 needs to be clarified to eliminate licensee confusion, increased administrative costs, and to promote greater consistency in following due process timelines.

Karena Kirkendoll presented an issue paper on rule making and described the purpose. Currently WAC 314-29-010(2) reads: “What happens if a licensee or mandatory alcohol server training permit holder does not respond to the administrative violation notice within 20 days? If a licensee or permit holder does not respond to the administrative violation notice within twenty days, the recommended penalty will go into effect.” Enforcement seeks to add the word “suspension” to the second sentence in order to clarify which penalty applies when a licensee or permit holder does not respond timely to an administrative violation notice.

The Board Members unanimously approved filing a pre-proposal statement of inquiry (CR 101) for rules review of WAC 314-29-010. *(See attached approval for filing a pre-proposal statement of inquire (CR 101) for rules review of WAC 314-29-010 and issue paper).*

Enforcement Division Secretary of the Year – Pat Parmer, Enforcement Division Chief

Pat Parmer presented the Secretary of the Year Award to Alana Cooper, secretary for the King County Regional Office.

Years of Service Award – Pat Parmer, Enforcement Division Chief

Pat Parmer recognized Lieutenant Susan Blaker for 20 years of state service.

Business Enterprise Recognition – Pat McLaughlin, Business Enterprise Director

Pat McLaughlin recognized Chuck O'Donnell, Operations Manager.

2009 Summer Promotion One-Time-Only Listings – Steve Burnell, Marketing Manager

Steve Burnell made recommendations as explained in the March 4, 2009 memo. 42 items were selected by a committee composed of Liquor Control Board staff and Spirit Representatives as potential one-time-only items for 2009 Summer Promotion.

The Board Members unanimously approved the recommendation. *(See attachment)*

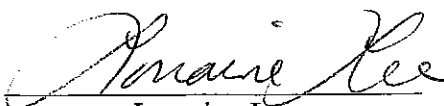
Combined Fund Drive Coordinators Recognition – Pat Kohler, Administrative Director

Pat Kohler recognized agency and division combined fund drive coordinators.

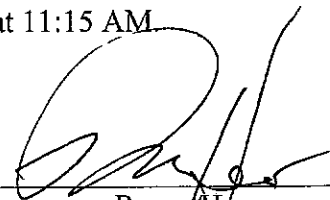
Approval of Minutes – Board Members

Board Members unanimously approved the February 11, 2009 and February 18, 2009 Board Meeting minutes. *(See attachment)*


The Board Meeting was adjourned at 11:15 AM



Lorraine Lee
Board Chairman



Roger Hoen
Board Member



Ruthann Kurose
Board Member

Revised

**AGENDA
BOARD MEETING
WA STATE LIQUOR CONTROL BOARD
Wednesday, March 4, 2009
3000 Pacific Avenue SE
Olympia, WA 98504**

10:00 a.m.

1. **Supplier Social Responsibility Interim Policy Approval**
.....Debi Besser
2. **Supplier Social Responsibility Workgroup Recognition**
.....Board Members
3. **Washington State Office of Minority and Women's Business
Enterprises**.....OMWBE Director, Cynthia Cooper
4. **Board Approval on CR 101 – WAC 314-29-010 (correction)**
.....Karen McCall
5. **Enforcement Division Secretary of the Year**Pat Parmer
6. **2009 Summer Promotion One-Time-Only Listings**Steve Burnell
7. **Combined Fund Drive Coordinators Recognition**Pat Kohler
8. **Approval of Minutes**Board Members
9. **Old Business**.....Board Members
10. **New Business**.....Board Members

Add —

20 yr recognition for Susan Blaker Pat Parmer

Recess/Adjourn



Washington State
Liquor Control Board

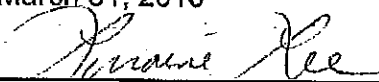
Liquor Control Board Interim Policy #02 - 2009

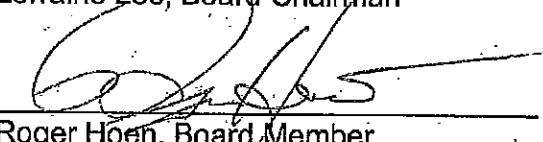
Subject: Liquor Suppliers Social Responsibility Survey - Pilot

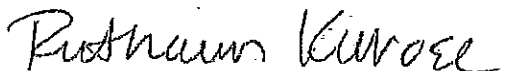
Effective Date: March 11, 2009

Ending Date: March 31, 2010

Approved:


Lorraine Lee, Board Chairman


Roger Hoen, Board Member


Ruthann Kurose, Board Member

Background

In 2008, a workgroup comprised of Liquor Control Board (LCB) staff, agency liquor suppliers, and a prevention community representative was created to develop a tool to measure social responsibility efforts and contributions made by liquor suppliers. The workgroup developed a tool called the "Supplier Social Responsibility Survey". This tool allows the agency to consider supplier social responsibility efforts as one component of the new listing decision process, much as supplier performance (as measured by the LCB Supplier Scorecard) is considered when deciding whether to carry the supplier's product in state liquor stores.

Purpose Statement

The purpose of Liquor Control Board Interim Policy #02 - 2009 is to document that the agency will pilot the Supplier Social Responsibility Survey to be used as one consideration in listing and de-listing decisions. This Policy describes the Survey elements, duration of the pilot, and general process guidelines.

Policy Statement

One of the LCB's top priorities is to promote public safety. To support this mission the agency intends to use the Supplier Social Responsibility Survey to measure individual supplier efforts in four key areas:

- Providing and/or supporting education and tools to prevent underage access and use.
- Minimizing youth exposure to and impact of alcohol advertising.
- Providing and/or supporting education and tools to prevent over-consumption and encourage responsible use.
- Being a good steward of your local community and the environment (in support of the Governor's *Go Green Initiative*.)

Part of the LCB's vision is to be a *recognized national leader in alcohol and tobacco regulation, business operation and public safety, and a collaborative partner that establishes effective and lasting solutions*. By developing this survey in collaboration with our suppliers and the prevention community, the Board is defining and encouraging the desired social responsibility activities of suppliers.

Policy Duration and Implementation

The Supplier Social Responsibility Survey will be used for a six month trial basis to determine its effectiveness.

In April, approximately eight suppliers will complete the survey, and LCB staff will compile and analyze the results. In July, the remaining suppliers from the scorecard program, who supply 80% of the product we sell, will complete the survey.

A "lite" survey will be developed for suppliers not on the scorecard program. Beginning with the July new listing meeting, non-scorecard suppliers presenting new products for listing consideration will begin completing the "lite" survey. The "lite" survey will contain a sub-set of the survey questions, designed to provide basic information without creating a burden for smaller suppliers.

In September, with survey results available from all suppliers presenting new products, staff will begin considering the survey data in the listing decisions. At the conclusion of the six month pilot, in March 2010, the survey program will be reviewed with the Board to determine if any changes need to be made.

To communicate best practices to all suppliers, staff will highlight some of the efforts of individual suppliers on the LCB website. The supplier with the strongest social responsibility program will also be recognized in 2010 with a Supplier Social Responsibility Award.

Attachments:

Workgroup Charter
Pilot Survey Questions

3/3/09 (djb)



Washington State Liquor Control Board

Date: March 4, 2009

To: Lorraine Lee, Board Chairman
Roger Hoen, Board Member
Ruthann Kurose, Board Member

From: Karen McCall, Agency Rules Coordinator

Copy: Pat Kohler, Administrative Director
Rick Garza, Deputy Administrator
Pat Parmer, Enforcement and Education Director

Subject: Approval for filing a pre-proposal statement of inquiry (CR 101) for rules review of WAC 314-29-010.

Current language in WAC 314-29-010 needs to be clarified to eliminate licensee confusion, increased administrative costs, and a lack of adherence to due process timelines.

Changes were made to this rule in 2008, but additional clarifying language is needed.

Process


The Rules Coordinator requests approval to file the pre-proposal statement of inquiry (CR 101) for the rule making described above. An issue paper on this rules review was presented at the Board meeting on March 4, 2009, and is attached to this order.

If approved for filing, the tentative timeline for the rule making process is outlined below:

March 4, 2009	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
March 18, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
April 15, 2009	End of written comment period
April 22, 2009	Board is asked to approve filing the proposed rules (CR 102 filing)
May 6, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
May 27, 2009	Public hearing held
June 5, 2009	End of written comment period
June 10, 2009	Board is asked to adopt rules

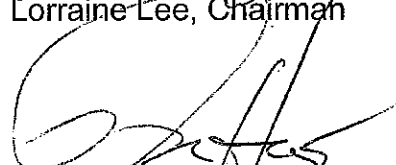
June 12 2009	Agency sends notice to those who commented both at the public hearing and in writing.
June 12, 2009	Agency files adopted rules with the Code Reviser (CR 103)
July 13, 2009	Rules are effective (31 days after filing)

Approve Disapprove


Lorraine Lee, Chairman

3-4-09
Date

Approve Disapprove


Roger Hoen, Board Member

3-4-09
Date

Approve Disapprove


Ruthann Kurose, Board Member

3/4/09
Date

Attachment: Issue Paper

WASHINGTON STATE LIQUOR CONTROL BOARD

Issue Paper

Rule Making on WAC 314-29-010(1)

Date: March 4, 2009

Presented by: Karena Kirkendoll

DESCRIPTION OF ISSUE

WAC 314-29-010(2) reads: **"What happens if a licensee or mandatory alcohol server training permit holder does not respond to the administrative violation notice within 20 days?** If a licensee or permit holder does not respond to the administrative violation notice within twenty days, the recommended penalty will go into effect."

Enforcement seeks to add the word "suspension" to the second sentence of WAC 314-29-010(2) in order to clarify which penalty applies when a licensee or permit holder does not respond timely to an administrative violation notice (AVN).

WHY IS RULE MAKING NECESSARY?

Current language in WAC 314-29-010 needs to be clarified. WAC 314-17-105; and WAC 314-29-020; -025; -030; and -035 list the violations and penalties associated with licensee and permit holder liquor law violations. The majority of the listed penalties offer a fine in lieu of suspension.

When licensees or permit holders fail to respond to an AVN within twenty days by electing to pay a fine or to request a hearing, disagreement often occurs over whether the licensee or permit holder retains the option of paying the fine in lieu of the suspension per WAC 314-29-010(2).

WAC 314-29-010(1) expressly provides that a licensee has 20 days from receipt of the notice to accept the recommended penalty. The benefit inherent in this time-limited election is the option to choose between the standard fine and suspension. If a licensee were to retain the option to choose between the fine and suspension even after failing to respond within the 20-day period, the requirement to respond within the 20-day period would be rendered meaningless. It is Enforcement's position that after a licensee or permit holder has failed to timely respond to an AVN by electing to pay the fine or to request a hearing, the only available penalty should be suspension.

The lack of clarity in WAC 314-29-010(2) creates a loophole which results in licensee confusion, increased administrative costs, a lack of adherence to due process timelines, growing contention and litigation. Additionally, permitting the licensee to retain the choice between the fine and suspension after failing to timely respond to the AVN necessarily results in higher labor costs because the licensee retains the choice to pay the fine even after officers have driven a great distance to suspend the liquor license.

To ensure that consistency, fairness, and appropriate due process apply to all licensees and permit holders, the loophole in WAC 314-29-010(2) should be closed. Allowing a

licensee or permit holder who has failed to timely respond to an AVN to negotiate the default penalty merely perpetuates an unnecessary dialogue with associated costs, and weakens the alternative dispute resolution process.

PROCESS

The rule making process begins by announcing the Liquor Control Board's intent to change existing rules and propose new rules by filing a CR 101 form. This allows staff and stakeholders to begin discussing necessary changes and new rules. No proposed language is offered at this stage. The public may comment during the designated comment period. Notice will be sent to all who have indicated that they want to receive notice of rule changes. The notice will identify the public comment period and where comments can be sent. Based on public input received, staff will draft proposed changes for presentation to the Board at the next phase of the rule making process.

A tentative timeline for the rule making process is outlined below:

March 4, 2009	Board is asked to approve filing the pre-proposal statement of inquiry (CR 101)
March 18, 2009	Code Reviser publishes notice, LCB sends notice to rules distribution list
April 15, 2009	End of written comment period
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ATTACHMENT: WAC 314-29-010

WAC 314-29-010 What options does a licensee or permit holder have once he/she receives a notice of an administrative violation? (1) A licensee or a mandatory alcohol server training permit holder has twenty days from receipt of the notice to:

- (a) Accept the recommended penalty; or
- (b) Request a settlement conference in writing; or
- (c) Request an administrative hearing in writing.

A response must be submitted on a form provided by the agency.

(2) What happens if a licensee or mandatory alcohol server training permit holder does not respond to the administrative violation notice within twenty days? If a licensee or permit holder does not respond to the administrative violation notice within twenty days, the recommended penalty will go into effect.

(3) What are the procedures when a licensee or mandatory alcohol server training permit holder requests a settlement conference?

(a) If the licensee or permit holder requests a settlement conference, the hearing examiner or captain will contact the licensee or permit holder to discuss the violation.

(b) Both the licensee or permit holder and the hearing examiner or captain will discuss the circumstances surrounding the charge, the recommended penalty, and any aggravating or

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mitigating factors.

(c) If a compromise is reached, the hearing examiner or captain will prepare a compromise settlement agreement. The hearing examiner or captain will forward the compromise settlement agreement, authorized by both parties, to the board for approval.

(i) If the board approves the compromise, a copy of the signed settlement agreement will be sent to the licensee or permit holder, and will become part of the licensing history.

(ii) If the board does not approve the compromise, the licensee or permit holder will be notified of the decision. The licensee or permit holder will be given the option to renegotiate with the hearings examiner or captain, of accepting the originally recommended penalty, or of requesting an administrative hearing on the charges.

(d) If the licensee or permit holder and the hearing examiner or captain cannot reach agreement on a settlement proposal, the licensee may accept the originally recommended penalty, or the hearing examiner or captain will forward a request for an administrative hearing to the board's hearings coordinator.

[Statutory Authority: RCW 66.08.030. 08-17-056, § 314-29-010, filed 8/15/08, effective 9/15/08. Statutory Authority: RCW 66.08.030, 66.44.010. 01-03-086, § 314-29-010, filed 1/17/01, effective 2/17/01.]

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WASHINGTON STATE LIQUOR CONTROL BOARD

INTEROFFICE CORRESPONDENCE

Date: March 4, 2009

To: Chairman Lorraine Lee
Board Member Roger Hoen
Board Member Ruthann Kurose

From: Steve Burnell, Marketing Manager

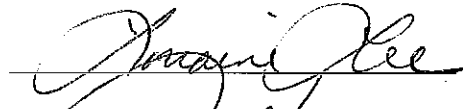

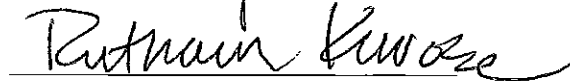
Subject: 2009 SUMMER PROMOTION ONE-TIME-ONLY LISTINGS

The 42 items on the attached list were selected by a committee composed of Liquor Control Board staff and Spirit Representatives as potential one-time-only items for the 2009 Summer Promotion. Case quantities are obtained from a survey of all Stores, Contract Liquor Stores.

I recommend that the Board approve listing these 42 items as Summer One-Time-Only items.

FOR BOARD APPROVAL:

3/4/09
DATE

ma

attachment

cc: Pat Kohler
Pat McLaughlin
Debi Besser
John Redal
Randy Simmons
Meagan Renick
Kelly Higbee
Jeffrey James
Cindy Doughty
Robin Hall
Kim Ward
Casey Walker
Lacinda Thomas
Frances Munez-Carter
Gary Hacker

Supplier	Brand Code	Description	Size	Retail Price	Case Quantities
Luctor	2387	Van Gogh Vodka w/4 50 ml pack	750 & 4/50 ml	26.00	Store Survey
Sidney Frank		Tommy Bahama White Sand Picnic Set	1.75	49.95	Store Survey
Patron	3609	Patron Reposado Poker Set	750	48.95	Store Survey
MHW		Leblon Caipirinha Kit	750	24.95	Store Survey
Diageo		Captain Morgan Parrot Bay Key Lime w/ Cranberry juice	750	15.95	Store Survey
Diageo	63718	Smirnoff Mojito Cocktail	1.75	26.95	Store Survey
Diageo	63730	Smirnoff Pomegranate Cocktail	1.75	26.95	Store Survey
Diageo		Smirnoff Tuscan Lemonade Cocktail	1.75	26.95	Store Survey
Diageo		Captain Morgan Long Island Iced Tea	1.75	26.95	Store Survey
Diageo	58868	Jose Cuervo Authentic Strawberry Margarita	750	9.95	Store Survey
Diageo	58836	Jose Cuervo Authentic Lime Margarita	750	9.95	Store Survey
American Beverage Marketers		Master of Mix-Big Bucket of Mojito	1.75	7.99	Store Survey
American Beverage Marketers		Master of Mix-Big Bucket of Margarita	1.75	7.99	Store Survey
Kobrand		Appleton Estate VX Gift Pack with glasses	375	10.95	Store Survey
Remy		Mount Gay Silver Rum with Mojito Glass and Muddler	750	20.95	Store Survey
Heaven Hill	3521	Two Fingers Gold Tequila w/marg. Mix co-pk	750	17.75	Store Survey
Diageo	2604	Tanqueray Rangpur Gin w/Cran-Rasp. Juice	750	24.95	Store Survey
E&J Gallo	2388	E&J Superior Reserve VSOP Gift set w/flask	750	15.95	Store Survey
William Ryan Select	3596	Aha Toro 3 pk Premium Tequila	375	69.15	Store Survey
Pernod Ricard	2203	Malibu Passion Fruit Rum w/cooler vessel	750	16.95	Store Survey
Pernod Ricard	1926	Malibu Mango Rum w/cooler vessel	750	16.95	Store Survey
Pernod Ricard	2458	Malibu Coconut Rum w/cooler vessel	750	16.95	Store Survey
Pernod Ricard	1994	Malibu Pineapple Rum w/cooler vessel	750	16.95	Store Survey
Pernod Ricard	1276	Jameson Irish Whiskey w/flask	750	27.95	Store Survey
Pernod Ricard		The Glenlivet w/tin flask	750	41.95	Store Survey
MHW	3185	Lucid Absinthe Superieure VAP	750	59.95	Store Survey
Bacardi	3461	Cazadores Reposado w/glass	750	36.95	Store Survey
Bacardi		Dewar's Multi Pack	200	99.95	Store Survey
Bacardi		Bacardi Classic Cocktail Mojito	750	12.95	Store Survey
Bacardi		Dewar's Founders Reserve 18 yr	750	64.95	Store Survey
Bacardi		Bombay Sapphire with lemon squeezer	750	25.95	Store Survey
White Rock		Sweet Carolina Sweet Tea	750	15.95	Store Survey
Beam	3686	Sauza Gold w/ margarita mix	750	18.95	Store Survey

continued...

Supplier	Brand Code	Description	Size	Retail Price	Case Quantities
Castle Brands		Gosling's Dark & Stormy Set	750	18.95	Store Survey
Castle Brands		Pallini Limoncello w/glasses	750	26.95	Store Survey
Brown Forman	916	Jack Daniels w/BBQ Sauce	750	23.45	Store Survey
Brown Forman	1575	Finlandia W/Martini Glass	750	19.95	Store Survey
Beam	62527	Makers Mark Mint Julep	750	27.95	Store Survey
Pernod Ricard	2651	Absolut Pop up Box	750	23.45	Store Survey
Clear Creek Distillery	73198	Clear Creek Raspberry Liqueur	375	21.95	Store Survey
Moet	2382	Belvedere w/ Martini Glass	1.75	59.95	Store Survey
Sidney Frank	2457	Tommy Bahama White Sand Mojito Mix pack	750	29.95	Store Survey

