



Washington State Liquor Control Board Meeting

Wednesday, June 10, 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, June 10, 2015. Member Russell Hauge was also present. Member Ruthann Kurose was absent. Chair Rushford first acknowledged staff for their efforts in preparing for the Board meeting.

2. APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the May 20, 2015, meeting minutes.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

3. ACTION ITEMS (A-G)

ACTION ITEM 3A - Board Review of Petition for Tacoma West End Alcohol Impact Area (AIA)/Decision to Open Public Comment Period

Patrick Woods, Education & Outreach Manager, began the briefing with materials (HANDOUT 3A 1). He provided a brief background noting that the City of Tacoma has two Board-approved AIAs including the Downtown and Hill Top districts approved in 2002 and the Lincoln District approved in 2008. The City has stated that alcohol related incidents involving police calls for services have decreased since the AIAs were established. The City is now requesting Board approval of a third AIA for the West End District.

Mr. Woods then invited Officer Donald Stadola, Tacoma Community Liaison, Lieutenant Mark Feddersen, Tacoma Police Department, to come forward and provide comments on behalf of the petition.

Lieutenant Feddersen stated that they have the full support of the community and commended Officer Don Stadola for his hard work on the AIA process.

Chair Rushford asked for clarification regarding the listed energy drinks.

Officer Stadola provided a briefing on energy drinks including WAC definitions. He noted that they will continue to clarify and refine the language in their proposed AIA.

Mr. Woods then requested that the Board approve the City's petition and open the public comment period for the Tacoma West End AIA.

The Board approved the petition, and Chair Rushford noted that this opens the 30 day comment period.

ACTION ITEM 3B - Board Decision on Amendment to Suquamish Tribe Memorandum of Agreement (Alcohol)

Sharon Hendricks, Policy & Compliance Manager, began the briefing with materials (HANDOUT 3B 1). She provided background noting that the Suquamish Tribe has requested approval of a proposed amendment to their current alcohol Memorandum of Agreement (MOA) involving the addition of a hotel branch. The amendment has been reviewed by staff, and Ms. Hendricks indicated that there are no concerns with the proposal.

Ms. Hendricks then requested the Board approve the Suquamish Tribe MOA amendment as submitted.

MOTION: Member Hauge moved to approve the Suquamish Tribe MOA amendment.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3C - Board Decision on Petition for Rulemaking - Repeal Marijuana Rules

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 John Worthington, a private citizen. Mr. Worthington requested that the Board repeal all current rules adopted to implement Initiative 502. Mr. Worthington feels the Board did not achieve the policy goals in Initiative 502 and thinks the Board violated RCW 35.05.375 which covers rulemaking procedures.

This is the second petition from Mr. Worthington requesting the Board repeal all rules adopted to implement 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 additional rules have been adopted. Mr. Worthington has filed at least one lawsuit against the board challenging Initiative 502 and the rules adopted by the Board using the same basis included in the petition.

Ms. McCall stated that LCB staff recommends that the Board deny the petition for rulemaking as the Petition does not object to any particular rule, but only to the Board's rule adoption process and alleged effect of the rules. The proper rulemaking processes were followed and the rules properly implement the initiative.

MOTION: Member Hauge moved to deny the Petition for Rulemaking to Repeal the Marijuana Rules.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3D - Board Decision on Petition for Rulemaking - Change Buffer Zone for Marijuana Licensing

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3D 1-2). She provided a brief background noting that this petition for rulemaking was submitted by William Zosel, President of the Central Area Neighborhood District Council (CANDC). Mr. Zosel requests the Board revise the 1000 foot buffer requirement to prevent clustering of licensed retail marijuana stores.

Ms. McCall stated that LCB staff recommends that the Board deny the petition for rulemaking as RCW 69.50.331 (8) states the Board may not issue a marijuana license within 1000 feet of the perimeter of the grounds of any elementary or secondary school, playground, recreation center or facility, child care center, public park, public transit center, or library, or any game arcade admission to which is not restricted to persons aged twenty-one years or older. The Board cannot change the law through rule.

MOTION: Member Hauge moved to deny the Petition for Rulemaking - Change Buffer Zone for Marijuana Licensing.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3E - Board Approval to File (CR 101) for Penalty Guidelines

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3E 1-2). She provided a brief background noting that this is part of the Liquor Control Board's on-going rules review process, Chapter 314-29 WAC is being reviewed for relevance, clarity, and accuracy.

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

MOTION: Member Hauge moved to approve filing the (CR 101) for Penalty Guidelines.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3F - Board Approval to File (CR 102) for Sports Entertainment Facilities

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3F 1-3). She provided a brief background noting that this rulemaking is the result of stakeholders requesting the Board to revise the sport's entertainment facility (SEF) rules that would allow an SEF licensee to provide additional alcohol sale and service areas within the licensed facility.

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

MOTION: Member Hauge moved to approve filing the (CR 102) for Sports Entertainment Facilities.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

ACTION ITEM 3G - Board Adoption of Emergency Rules for Marijuana Rules

Karen McCall, Agency Rules Coordinator, began the briefing with materials (HANDOUTS 3G 1-3). She provided a brief background noting that these emergency rules are needed to clarify the types of marijuana-infused products the Board will allow a marijuana processor to produce and marijuana retailers to sell to consumers. The emergency rules also include a requirement for the Board to approve all marijuana-infused products, packaging, and labeling; new definitions; a prohibition on conditional sales; and prohibited practices between the marijuana tiers.

The emergency rules are necessary for the preservation of the public health, safety, and general welfare. The rule becomes effective upon filing with the Code Reviser's Office and will expire when the permanent rules become effective, June 20, 2015. The emergency rules are part of the permanent rules adopted by the Board on May 20, 2015. The permanent rules do not become effective until June 20, 2015. The emergency rules are needed until the permanent rules become effective.

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

MOTION: Member Hauge moved to adoption of the emergency rules for Marijuana Rules.

SECOND: Chair Rushford seconded.

ACTION: Motion passed unanimously.

4. ADDITIONAL BUSINESS

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

Loan Nhut Ho - Licensee

Ms. Nhut Ho expressed concern about the tobacco violation her store received. She noted that she entered into a settlement agreement for a penalty of \$1,000.00 but did not submit her payment on time. She now has a 30 day suspension and asked the Board to reconsider her circumstances.

Chair Rushford thanked her for her comments and noted that her violation has been well considered by the LCB's expert team and the decision is sound.

Christina Unzicker - Bakecation

Ms. Unzicker asked the Board to amend the marijuana rules as they stand to include products covered by the rules such as powdered products. She provided a labeling example (CITIZEN HANDOUT 1) that illustrates that the portion requirements are not feasible when preparing powdered products for edibles such as cookies, cakes or pancakes that include eggs as an ingredient. She asked the Board to be as broad minded in this area as they were with liquids.

Member Hauge stated that the agency is striving for consistency but also recognizes that this is an emerging industry and adjustments will be needed. He said the Board will look into this issue and determine an appropriate solution.

Andrew Seitz - Producer/Processor, Dutch Brother's Farm

Mr. Seitz provided a worksheet (CITIZEN HANDOUT 2) and discussed two primary requests related to operating plans, 1) Include in the operating plan an economic development feasibility section or worksheet to help a potential licensee be aware of all that is involved, and 2) have the UBI of the retailer be printed on the receipt to be sufficient to comply with traceability.

Member Hauge noted that LCB staff is actively looking at the traceability packaging issue to gain efficiencies in the market.

Claire McKenzie - Processor, E'Clair Chocolates


Ms. McKenzie stated that the LCB's measurement for her store location reflects 950' from a condemned school and she was denied a license. She obtained a survey that reflects a different measurement of over 1000' and believes an adjustment should be made to LCB's measurement. She has been communicating with LCB staff on this issue and has not received feedback. She asked for mutual respect as a partner and a potential business license holder. She also suggested the LCB reach out to marijuana retailers, producers, and processors to form an advisory board for as a platform for complicated issues like this. She also provided an email exchange that reflected police patrols in the area of her proposed location (CITIZEN HANDOUT 3).


ADJOURN

Chair Rushford adjourned the meeting at 10:45.

Minutes approved this 15th day of July, 2015


Jane Rushford
Board Chair


Ruthann Kurose
Board Member


Russell Hauge
Board Member

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

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For questions about agendas or meeting materials you may email maureen.malahovsky@lcb.wa.gov or call 360.664.1717