



Board Caucus Meeting

Tuesday, January 17, 2023, 10:00 am

This meeting was held in a hybrid environment

Meeting Minutes

CAUCUS ATTENDEES

Chair David Postman
Member Ollie Garrett
Member Jim Vollendroff
Dustin Dickson, Executive Assistant

GUESTS

Justin Nordhorn, Policy and External Affairs Director
Marla Conwell, PhD, Tribal and Government Liaison
Kathy Hoffman, PhD, Policy and Rules Manager
Cassidy West, Policy and Rules Coordinator
Daniel Jacobs, Policy and Rules Coordinator
Toni Hood, Deputy Director

At 10:00 am, Dustin Dickson announced that the meeting lobbies were open, and the recording had begun.

At 10:00 am, Chair Postman convened the meeting.

NEW EMPLOYEE INTRODUCTION – MARLA CONWELL, PHD, TRIBAL AND GOVERNMENT LIAISON

Justin Nordhorn, Policy and External Affairs Director

Justin Nordhorn: Good morning, Chair Postman, Members of the Board. So excited to be here this morning. We're getting our Tribal Liaison Program up and running. We are happy to introduce Dr. Marla Conwell, who is joining us today, and Marla comes to us with a PhD in Indigenous Studies as well as hands-on experience with Tribes across Washington in really helping to support a number of those areas that are under-represented and disproportionately impacted, and that is one of the things that she had called out, particularly in her interviews, that she is really excited to work with directly. So we're really excited to have her with us. She's got many years of experience working with the Chehalis Tribe. And then we also have a number of exciting things that we are talking about doing with the Tribal programming, so we are going to be asking Marla to be reaching out to the Tribes in the very near future.

I have already got a couple of meetings on the books that we're going to start getting that exposure on, and we're just really excited to have her here. And so I don't know, Marla, if you wanted to say a word or two to say hello, introduce yourself so the -- other two Board Members are up on the screen if you weren't already able to see.

Marla Conwell: Good morning. My name is Dr. Marla Conwell. Good morning to the Board and everyone online. I'm really pleased and excited to be here, and I look forward to working with the Tribes and helping the state develop stronger relationships. And I'm just so happy to be here. Thank you.

BOARD MEETING PREP AND RULES UPDATES

Kathy Hoffman, PhD, Policy and Rules Manager; Jeff Kildahl, Policy and Rules Coordinator; Cassidy West, Policy and Rules Coordinator; Daniel Jacobs, Policy and Rules Coordinator

Kathy Hoffman: Good morning, Chair Postman, Board Members Garrett, and Vollendroff. First of all, welcome Marla. We're so excited you're here. I'm really looking forward to working with you. I think we ought to keep meeting following this meeting if I'm not mistaken. Anyway, for Board prep tomorrow, we do have two things on the agenda. The first is a presentation of a response to our rule petition, and the second is general rulemaking that has to do with cloud storage. So to prepare you for our presentation on the petition, tomorrow I will hand it over to Cassidy, and then after that we will move over to Daniel. So take it away, Cassidy. Thanks.

Cassidy West: Thank you, Kathy. And thank you, Board Members, and Chair Postman. I appreciate the opportunity to speak today. So I would be submitting a rule petition tomorrow on behalf of Eugene DeMasa who submitted a rule petition on December 2, 2022, and he requests that the agency consider adopting a new rule to open the processor license application window for the purpose of allowing existing licensed cannabis producers to apply and add a cannabis processor license. For some background, the processor license application is currently closed; however, the current rule states that the Board may open the processor application if the Board deems that it is necessary. So we will be providing a recommendation on that tomorrow. Any questions?

Chair Postman: Thank you.

Kathy Hoffman: All right. Thank you very much, Cassidy. And then handing it over to Daniel to share what he will be presenting with respect to the CR 101 for Cloud Storage. Daniel?

Daniel Jacobs: Thank you, and thank you, Chair Postman and Members Vollendroff, and Garrett. Good morning. I am going to be presenting tomorrow the CR 101 on cloud storage. On August 31st, the Board approved a petition for rulemaking from the Washington CannaBusiness Association that requested opening two specific rule sections 314-55-083 and 314-55-087 to specifically allow for cloud storage. And in doing -- in accepting that petition, the agency is going to be requesting for rulemaking and to look more broadly at the Gate 5 use of cloud storage across the agency. And I am happy to answer any questions if there are any.

AGENCY UPDATES

Tony Hood, Deputy Director

Chair Postman: Our next item is agency general updates, and we're lucky to have our Deputy Director here today, Toni Hood, standing in for Rick.

Toni Hood: Thank you.

Chair Postman: Good morning.

Toni Hood: Good morning, Chair Postman, Members Garrett, and Vollendroff. Thank you for having me. I have a quick update regarding our System Modernization Project, which is SMP. I'm happy to say that we have Gate 6 approval for funding, and what that means is that the OCIO has said that we have completed the work that we said we would do for Gate 5, and so they are ready to give us more money, which is great. We got the letter this morning. There is a 10-day waiting period for it to go through the process, and then we'll get the funding. So it's very exciting that we are on track. The Gate 5 work included Laserfiche design, and we are ready to go live with Laserfiche, which is our enterprise content management vendor. We are ready to go live on February 13th, so between now and then we will be doing lots of training of our employees. We have fairly complex training schedules set out because different divisions need different trainings and different types of training, so we are getting that going. I think that the LCB team and the vendors are doing very well. Accenture is the next, has been working during December. They are getting geared up to do more work in January, and that is a significant part of the Gate 6 work that we'll do. Accenture is the sales force integrator.

The other update I have is regarding the Cannabis Central Reporting System (CCRS). As you know, we launched, I think they call it Point 2 or the Point 20 of CCRS on December 9th, and since December 9th, we have received almost 70,000 uploads. And we currently have as of this morning at 7:45, we have zero in the queue, which is fabulous because there were thousands in the queue at some points last week. So, really happy that they were able to work through that. We have almost 8,000 successful manifests so far, and we have 444 unique licensees who have uploaded and received manifests, so that is a good number as well. We have received 52 service tickets, and there are only 4 left that need to be addressed. So I think that given the amount of volume that we have had, the service ticket numbers are reasonable numbers, and happy to say that they are able to answer those questions quickly.

Chair Postman: I think they those service tickets are from either integrators or licensees directly.

Toni Hood: They are.

Chair Postman: Okay.

Toni Hood: Yeah, so I'm happy that that is working, and they continue to address any issues but very happy that they were able to get the processing files moving quicker so we don't have the queue.

Chair Postman: Yeah. That's great. I appreciated their ability to try to launch that but also take those calls and sometimes complaints but also just be open to it because we wanted people to test it, right?

Toni Hood: Yeah, yeah.

Chair Postman: That was the whole point. It would have been unlikely to go perfect from the switch, you know.

Toni Hood: Yeah, absolutely. You know I am happy that with what even though we had hiccups, that's pretty typical with a roll out like this, and I think that they responded well.

Chair Postman: Yeah, yeah. It's a hard one, but yeah. Can I go back to SMP and ask you a quick -- do you have something else?

Toni Hood: No.

Chair Postman: We're good. Back on it -- can you just remind me on schedule-wise if Laserfiche launches mid-February, is that what we were -- was that on the schedule? Is that about where we thought it would be?

Toni Hood: Yes, yes. It is on the schedule that we rolled out. Absolutely.

Chair Postman: Okay.

Toni Hood: And it's important for all the other IT projects we have going that it stays on that schedule because of our temperamental IT system.

Chair Postman: Right.

Toni Hood: So we are very happy about that.

Chair Postman: And if I understand -- this is my little pop quiz here -- one of the reasons Laserfiche is so important here is that is going to be our key to our interim sort of transition into the new world but also it is going to have to live in both a little bit, right?

Toni Hood: Yes, it will. We have an Interim-I Series process that is developed because Oracle is going into Sales Force 100%. We have an interim process which they have worked on, which I believe will be very similar to what the license staff people are used to now, but they will get more training. They are already familiar with the I series, but we need to train them on the interim process, and they'll be able to use that until we have Sales Force, and then we integrate Laserfiche and Sales Force together and move forward.

BOARD MEMBER AND EXECUTIVE ASSISTANT REPORTS

Jim Vollendroff: Last Thursday, we had the opportunity to present in front of the Regulated Substances and Gaming Committee, and I thought it went really well overall. Although, we did run out of time, and not everybody got to present, but I think we got some resolution to that, and I just wanted to encourage people to go online and view that presentation if you would really like a good explanation and history of the LCB, I thought that Dr. Garza presented a really thorough background. And there is one question that came up that I just wanted to talk about for just a moment. We had a question, and it related to Enforcement and the billboards that we use to recruit people, and I thought a little bit about that, and I may follow up with the representative who asked this particular question. Her question was somewhat along the lines of why we lead with Enforcement in this particular billboard, law enforcement. I mean, she seemed to be suggesting that the billboard was really law enforcement focus, and it is. It is because we are not recruiting in general for the LCB, we are recruiting for the Enforcement section of the LCB, and I wanted to take the opportunity to follow up with her and talk just a little bit about it.

And Director Wax did a great job of describing the transition from Enforcement to Education, which I thought was really important, but I wanted to emphasize that point with her but also talk a little bit about the important role that Enforcement plays in assuring that youth do not have access to regulated substances and the importance of that. And then also the work that Enforcement does, and we don't have enough staff to lean heavily in this particular area but working with the Washington State Patrol on cannabis that is being sold outside of the regulated market and so partnering with the Washington State

Patrol. Anyway, that has just been on my mind since that presentation, and I just wanted to bring that up and again state that I will probably follow up with that representative at some point.

Chair Postman: Yeah, good. It's a billboard. You can't put everything up there, you know? But it is just one. It's a hard area to recruit in for every law enforcement agency. We need sworn officers for part of the work we do alongside the compliance consultants and the education effort that goes on. It's not replacing it, and it's really -- but we still need them because there is some work that can only be done by sworn officers, and we're lucky to have a great team, but they need help.

Ollie Garrett: Right. And it probably came back, Jim, from a couple of years ago when we, the Legislators had to put something in place where we were being accused of being heavy handed, biased, a lot of things that when -- I forgot how many years ago, that all came forward because of the complaints, and most of the things that they were pointing out is a lot of our officers or enforcement agencies were retired cops, and people that normally have been in that industry have had to enforce as a cop, and that that was being carried over to the biased portion of who we had employed as enforcement officers in doing the role of the cannabis stuff.

Jim Vollendroff: Yeah, that makes sense.

Ollie Garrett: But that was -- that's probably why it was brought up. It went going back to the bill and stuff.

Chair Postman: Yeah. We're going to sort of live with that history forever, but the transition has been -- you know, I've said this before, I think one of the more impressive law enforcement evolutions. You can see it's great.

Ollie Garrett: It has been. Yeah.

Chair Postman: And the other thing is that is not, you know -- and I was in the Gov's office at the time of this fight and heard from some Legislators and licensees about it, but the other thing was the LCB was in many ways acting at the behest of the authorizing environment. You know if you go back to that time, remember, President Obama did not like legal cannabis, and we had to fight just to get kind of a low-keyed nod and a wink saying, "Okay, you guys can go ahead, and we won't arrest your state employees who are working around cannabis". I mean, we didn't know what would happen after 502 passed, but to do it, as we all know, we had to agree to a long list of restrictions. And if you go back and look at the language around the implementation of 502 from all parts, the Legislative and Executive branches, and the AG and, certainly, the feds, was all about being really tough. And we even heard from some licensees early on about that being a good thing. We were touting it in the early days because we needed to show the feds we were serious. Then we very quickly, I think, proved that the worst parade of horrible people thought were going to come with 502 weren't happening, and so we have been able to evolve. So anyhow, I just like I said, it's a piece of history we apparently will always carry with us, but I think it is worth remembering that context that it was stuck in, but most importantly, it is different today that it was.

Jim Vollendroff: Yeah.

Ollie Garrett: It is, but, David, to follow up on that because I went to all of the outreach things that we did that led to that, it wasn't about the heavy handed as much as it was about the bias within it.

Chair Postman: Yeah.

Ollie Garrett: When they bought, they would be all forward.

Chair Postman: Yeah.

Jim Vollendroff: Yeah.

Chair Postman: I did not have a chance to watch the House presentation, but I did see the Senate testimony. Member Garrett, I thought you did a great job on Social Equity Bill, and that was an interesting hearing.

Ollie Garrett: Yeah. And we got a lot of support. We're getting a lot of support for our bill. Still working through some things and explaining why some things are the way they are and how we got to where we are, but we got a lot of support. Justin and I had to sit there and break down a four-minute comment to a two-minute comment. That was challenging to see what to scratch off, but it was great to get the support that we got for our bill.

Jim Vollendroff: Great. I didn't get to see it -- I haven't seen that yet, but I've got it on my calendar to watch the recording this week.

Ollie Garrett: Yeah.

Jim Vollendroff: I'm looking forward to it.

Chair Postman: It was interesting, I thought, and yeah, there was good support. I think we're going to have to keep working with people through this session on at least two of the three of our pieces of legislation to make sure they do get through, and I'm hoping the third is easy enough. That's the one on for Enforcement. I don't see opposition to that. But the others will get questions. We're going to get attempts to compromise etc., etc. I just hope we are able to produce meaningful pieces of legislation on both THC and social equity.

Jim Vollendroff: Yeah, one thing that I -- so one of the reasons I have been thinking about this a lot is that any presentation that I have gone to or anybody that I have talked to in public health are researchers related to how do we keep product out of the hands of young people, talk about the importance of enforcement and how we have got to invest in our Enforcement Units and the important role they play, particularly in that aspect of our work, which I think is incredibly important.

Chair Postman: One other thing is that we hear more and more every day from licensees who are worried, as you pointed out, Jim, on about diversion of product and the mixing of product from the regulated market and the illicit market. Again, you need sworn officers to do that, and that's a big task to be able to get search warrants and things like that. I think that is of utmost importance we hear from licensees who think that's a key part of why prices are coming down because of the availability of this other product. So yeah, we need it. I'll be at the House Committee on Thursday for the Cannabis part of the conversation that you had last week and working to take my 20 minutes down to 4 minutes and be prepared to take it down to 2 come meeting day. But I'm just -- I'll be doing an overview of kind of where we are at on Cannabis and the challenges that I see us facing in the near future, so if either of you have any ideas --

Jim Vollendroff: Great.

Chair Postman: All right. Great. Well, I think that's it. Thank you, both. Thanks, everybody. Thanks to the staff here today. And we'll be back at 10:00 tomorrow for a Board meeting. We will adjourn the Caucus. Have a good day.

Meeting adjourned at 10:22 am.

Minutes approved this 15th day of January 2025



Jim Vollendroff
Board Chair



Ollie Garrett
Board Member

Minutes Prepared by: Deborah Soper, Administrative Assistant to the Board

Complete meeting packets are available online: http://lcb.wa.gov/boardmeetings/board_meetings For questions about agendas or meeting materials you may email gretchen.frost@lcb.wa.gov or call 360.664.1656

LCB Mission - Promote public safety, public health, and trust through fair administration, education, and enforcement of liquor, cannabis, tobacco, and vapor laws.