



## Executive Management Team Meeting

Wednesday, April 13, 2022, 1:30 pm

This meeting was convened by web conference

### Meeting Minutes

#### EMT ATTENDEES

Chair David Postman  
Member Ollie Garrett  
Rick Garza, Director  
Toni Hood, Deputy Director  
Chandra Brady, Director of Enforcement & Education  
Brian Smith, Communications Director  
Becky Smith, Licensing & Regulation Director  
Chris Thompson, Director of Legislative Relations  
Justin Nordhorn, Director of Policy & External Affairs  
Gretchen Frost, Special Assistant to the Director  
Dustin Dickson, Executive Assistant to the Board

#### GUESTS

Jim Morgan, Chief Financial Officer

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#### APPROVAL OF FEBRUARY 9, 2022, EMT MEETING MINUTES

**Member Garrett made a motion to approve the February 9, 2022, EMT Meeting Minutes. Chair Postman seconded. The motion was approved.**

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#### CANNABIS CENTRAL REPORTING SYSTEM (CCRS) UPDATE – JIM

Jim Morgan: Good afternoon, Chair Postman, Board Member Garrett. It's been a little while since I have updated you on the progress of the CCRS Project. All of the work at this point continues to happen behind the scenes, and this phase of the work will mostly benefit internal users of the system. The system remains stable. In January, I believe, I reported we had an update of the system, a stabilizing update, and the system continues to perform as expected. We are aware of issues and challenges and suggested changes and requested changes to the system internally and externally, and we are evaluating those. I will get to that in just a moment. As for our progress on wrapping up Phase One, the highest priority reports are set to be put into production next week. The team ran into some challenges as more and more data was entered into the system. They discovered some performance issues on how those reports were constructed and the technology for running those reports.

So, they had some challenges to work through that they have worked through. So, they will be usable to our Enforcement staff and others who need to avail themselves of those reports. Not a huge setback that reports are only becoming available now because as we have been developing reports, that is also the time when the licensees have been entering data. Before we went live in December, there was no data whatsoever in the system, so having reports on the day that we went live really wouldn't have provided much benefit. So, we are looking forward to having those reports out. The team is nearing completion of their scoping effort for Phase Two. And the Project Manager will be presenting that scope to me and the business owners, Enforcement Director, and IT Director, next week for us to evaluate that and bring it to the Steering Committee for approval.

Parts of that will certainly affect the submissions that we get from licensees. And once we have the scope fully fleshed out, we'll be able to establish the calendar and also establish our communications effort to make sure that they are well aware of what changes there will be that impact them. So, we'll give licensees as much notice and as much detail and communication as possible so that they can make that transition when the time comes. One specific piece that is part of that scope is the improvements that we promised to the manifest process, and I'm told that the analysts on the team have worked through the proposed solution and are comfortable that they will be able to implement that solution as it was recommended and designed by our folks and also pointed out by some industry folks. So that's good news that it appears to be a solution that is workable, and that will be part of that scope. That will be a separate piece, too. It's a separate piece right now from the regular reporting into the system.

It has its own process, so changes to that system will likely be separate from the other changes to the standard upload. So, we'll work that onto the schedule and be able to report back more next time. As far as adoption of the system, at this point, a little bit over 80% -- I think about 83% of licensees have logged into the system, and the other 17% are the focus of the enforcement division. We are aware that some of the remainders are not actually doing business right now, so that is why they haven't logged in or uploaded to the system. So, we'll be sorting through that. Enforcement will be getting to take an enforcement posture now for licensees that they have contacted already to make an education and outreach to make sure they are aware of the system. If after they have been contacted and informed of the process and what's expected, if they still haven't begun using the system, then appropriate enforcement steps will follow.

Another number that we are tracking that will also be an enforcement focus is, at this point, while 83% or so of licensees have accessed the system, about 78% are actively uploading data into the system. So, we are really at a basic 80/20 rule where I would anticipate a fair amount of effort to reach 100%, but that's the focus now. On the plus side, the system is being used, it's working as designed, and we'll take advantage of the data from the ones that are using the system and then focus on full adoption.

Chair Postman: Okay. So, any questions, Member Garrett? So, a couple of quick ones. One, when we do get to that point, maybe whatever that next hurdle is on running those reports, I would just be curious to sit down with somebody who runs those and see what the tool does for

us. I have never had the chance to really look over somebody's shoulder, that would be interesting to me. Are we still getting inquiries from retailers saying -- or licensees saying, "Help here. I'm having a problem." Or the remaining 78% are doing it and it's working. I guess we have a small delta there between 78% and 83% who have access but aren't actively uploading. But yeah. What's sort of the helpline traffic like, Jim?

Jim Morgan: I can't say for sure that we are not getting inquiries on the helpline, but it is minimized to the point where it's not something that is being reported out to me as a key indicator of how we are doing.

Chair Postman: Okay. All right. That's good. I assume we would hear from people if there were a lot of problems. And they have not been shy, and I know there is more to come. So, okay. Good. We'll look forward to the next report. And do just let me know whenever you think it would be a good time to be able to sit down with somebody and get a little road test of the system. That would be interesting.

Jim Morgan: Will do. We will make sure that the reports are functional and operational, and that staff get used to them and understand what they do for them. And then we'll certainly connect you with some users there.

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## **CANNABIS RETAIL SAFETY FORUM – UPDATES AND FOLLOW-THROUGH – DAVID, ALL**

Chair Postman: Okay. The next item on our agenda is an update on the Cannabis Retail Safety Forum. We did spend a fair amount of time this morning at the Board meeting on that. I don't know if we have a lot that's new between then and now. Rick, why don't we, since it's on the agenda here, if you would like to just take a minute now to talk about some of the other efforts that are going on, maybe that would be good.

Rick Garza: Yeah. Good afternoon, Mr. Chairman, Board Member Ollie Garrett, and staff. We did get a good understanding today of what we have been doing with respect to armed robberies in the forum that was held yesterday where we invited licensees to come and hear from several -- and I won't get into it -- but there were four or five different local law enforcement, King County, Bellevue, Pierce County, Tacoma, and Olympia, who shared best practices. And, unfortunately, we didn't have as many licensees present as we would like. But I think the only thing I would share from that as was discussed this morning is we do have Chandra and Jim working on potentially a security firm or company that could provide assistance to us with training for our licensees, and maybe more importantly, assessments that can be done for those businesses to help them know how they can be more secure.

I think the idea of what we know that maybe we didn't share today is the rash of many of these armed robberies are occurring in King County, Pierce County, Tacoma, and Seattle specifically. That might be an area where we would begin. The idea would be once we know what we can do with respect to hiring someone to assist us, work very closely with local law enforcement. One

thing I hadn't shared was that Mayor Woodards had reached out to the Mayor of Tacoma last week, like many communities concerned about what they could do to help. Immediately she then spoke with her new Police Chief, and the idea is for us to work coordinated with the City of Tacoma and Pierce County. For example, very soon to hold -- whether it's a face-to-face meeting or a virtual meeting -- with our licensees with local law enforcement to talk about ways and best practices that we can use to assist them right now. And then also bring that other piece that Jim spoke about today, which is there are cashless systems out there that are available for our licensees to use.

And I'll just reiterate what you said, Jim, which is what we have learned. There appears to be a lack of understanding or education around the cost. Not only that, but they are available for us to use. In one of the meetings that we had recently -- and I will just dive off to another meeting that we had with the Department of Financial Institutions -- are State Credit Unions and State Banks. We learned -- and we had two vendors specifically there -- that those systems are available and, in fact, some of them, like POSaBIT, are being used by a large number of our licensees. So, I think a meeting in the community beginning with King or Pierce if that is where we go, which kind of makes sense, the first half would be about security around the licensed premises. The second half would be maybe educating our licensees about those cashless systems that are out there and available for use. And the response we heard on the 28th when the Board hosted the forum with licensees, there was a real concern that these are high transaction fees. Some of the information we have learned in the last couple of weeks is it's more like what you might pay to use a debit or credit card.

And so, I think, as you have stated and the Board has stated, Chair Postman, we need to do a better job of educating our licensees on what is available for them to use. And then you even went further to state -- because many of our licensees are looking for some incentive, some kind of tax deferral, something that would help them pay for these systems. And you rightfully said that is something that is going to be difficult to do without legislative approval or authority or authorization as far as budget. But at least for now, we will use our own resources to see what we can do to provide a security firm or company to help us with this. But I think as we have said throughout this process, and we learned yesterday in the meeting with local law enforcement, there is a lot of discussion going on with local law enforcement and our licensees that people may not be aware of, where those local law enforcement authorities are sitting down with licensees to help them understand how they can be more secure. And so those discussions can continue to go on.

There was the whole discussion on March 29th, the first forum the Board held with licensees where we had legislators present. You may remember Senator Keiser was there. Senator Nobles was there. Representative Chambers was there. The Treasurer was there. Where we began to talk with licensees about the problems that they have. And the whole issue of safe banking and the Safe Banking Act came up, as you might recall. Michael Correia with NCIA, the National Cannabis Industry Association, who lobbies for the Safe Banking Act shared what we have heard from others in the state, that the US Senate, specifically, our two US senators, need

to be contacted and communicated with because the problems that we are having with the Safe Banking Act moving is in the US Senate.

So immediately after that meeting, David and I put meetings together. We had a meeting last week with Senator Murray's staff, which went very well. We are continuing efforts to get a meeting with Senator Cantwell to discuss this issue. It's not going to solve everything, but right now, some of the problems we are having with the Safe Banking Act have to do with other proposals like the MORE Act, and they may not want to deal with that Safe Banking Act before they deal with the others. And we are obviously in a situation with the urgency of the issue that we need to press our US Senators to do something. We have also had discussions, as the Chairman knows, with the Governor's office to begin to work with our Governor and other elected officials. It is very likely that we will get approval for a letter that will go from state-elected officials including our Governor, Attorney General, Lieutenant Governor, our Treasurer, to our Congressional Delegation and others, stressing upon them the importance of getting the Safe Banking Act passed.

And if I probably missed a meeting or two, that was two weeks and a day ago. So I just want to stress as you have, Board Members, there is a lot this agency is doing to try to deal with this issue. Discussed it as you heard earlier with Labor and Industries about worker safety. In the meeting we had on the 29th, we heard from licensees and others and Senator Keiser concerning worker safety. Well, what about our own staff's safety as far as our officers that are out there in these establishments? So, I think we are doing just about everything we possibly can to try to do everything we can, and really more importantly to communicate with our licensees about the things that they can do now. And so we will continue with those efforts in the next week and, hopefully, we'll have more to share. But we continue to work with our congressional delegation to try to get them to understand the importance of moving forward with the Safe Banking Act.

But I just really want to commend the Board for your diligence around working on this issue and getting meetings together. And then specifically, our staff, who is doing all of the hard work and trying to make sure with other state agencies, with other elected officials, that we have to do everything we can to try to deal with this issue of all these armed robberies around the state. And I know I have talked too long, so I will stop there unless there are questions, Mr. Chairman.

Chair Postman: Thanks, Rick. Yeah. One of the things I have been heartened by is that everybody we have reached out to has been willing to engage, whether that's internally within the administration, with law enforcement, the retailers, and licensees themselves. After the roundtable, we did hear from some local governments and police departments that told us about things they had been doing and offers to help others. We had a good turnout from the law enforcement side yesterday. A little hard, I think, to do that in that setting, so we are going to do more. We are going to have to find some other ways. But the Department of Financial Institutions is just really sharpening their pencils, if you will, to look at whatever could be done to help. I think you are absolutely right. Part of this is just letting people know what is out there. And as our CFO has said, they have gotten questions early on. What? Two years ago or

perhaps more. Is this allowed, or is that allowed? We also need to be really clear about that. What can you do? And there is a lot of room there to do.

I got a note this morning while the Board meeting was still going on about what we might be able to do to go to the legislature related to cashless systems. And one of the hurdles we'll keep running up against in that system is that you very quickly come up against the federal issue. There is only so much the state can do. The state-chartered banks have a little more leeway to accept the money and things of that sort, but they don't run credit card systems like Visa, and they will come with a fee. So it's going to be some kind of transition here. We all hope there is action at the federal level in the next couple of years at the latest to move us not just on this banking issue but perhaps national legalization. And so, whatever we are doing now doesn't have to be the permanent end-all system for transactions. But one of our licensees said at that roundtable or asked the Board, please don't sit there until you come up with a perfect answer. We need the imperfect, but we need it now. We need every little piece we can.

And I think that is how we are thinking about this, which is understanding, I think, Rick, you said that the banking issue isn't going to be the one thing that fixes it all. No one thing will fix it all. Right? So that's why we are trying to go at every little piece we can. And as I said this morning, I think we are going to need to incentivize every player in this system, including ourselves. What's our incentive? How do we do this? How do we get out there and help? What funding do we have to provide training or consultation? Whatever it is. What more do we need to do? What would we urge licensees to do? DFI? The Governor? Whatever it is. And we know we have engagement from us. He said the Treasurer, legislators, key legislators, want to look at what can they do come January. But they convene in January. They adjourn probably in May of next year. So, we can't just sit and wait. So, it is really about not waiting for the perfect, to just keep grabbing what we can and working on it, and there is no one thing

And, you know, I think it's that the customers have to be incentivized. The customers have to buy into this in a literal way. If you're a customer, you got to understand that a safe industry is helped by a cashless system. So yeah, downloading an app or whatever it is might take one extra step than what you have to do today, but it's good for your budtender. It's good for your licensee. It's good for everyone. So, we are all going to just have to, I think, join that fight together and see what we can do to keep this a completely legal and legitimate industry safe for everybody and not let it get marked by this violent crime. It's just terrible. The human life loss is still traumatic. So okay. With that, I think we'll move on to our next item, which is a Legislative Update with Chris Thompson, our Legislative Director.

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## **LEGISLATIVE UPDATE – CHRIS**

Chris Thompson: Good afternoon, Mr. Chairman, Board Member Garrett. Good to be with you. I'll give you a quick rundown on the measures the legislature approved this short session, starting with a few cannabis items. And first of all, the agency requested Bill on standards for cannabis testing labs. That measure jointly requested by this Agency and the Department of

Agriculture was approved by the legislature, lopsided margins. We are really happy to see the team effort there with a number of agencies and positive stakeholder support for that, as well. The bill creates an Interagency Coordination Team. And LCB along with DOH will serve on that with the Department of Agriculture, which will be the lead agency. And that group will put together the substantive standards for quality process at cannabis testing labs. Those standards will eventually be reflected in rules adopted by the Department of Agriculture.

And the new program envisions retaining a role at the Department of Ecology, as well. So, all four of those agencies -- Ecology, Health, Agriculture, and LCB, we are together in a really strong partnership this session to get that bill successfully across the finish line and signed by the Governor. So we are very happy about that.

The next item is Second Substitute House Bill 1210, which changes the word "marijuana" to the word "cannabis" throughout the RCWs and includes at our agency's request direction for the agency to make the same change in our regulations in the Washington Administrative Code. So that directive included in the Bill does facilitate an expedited process for us in rule.

Third is Engrossed Second Substitute Senate Bill 5796, by Senator Saldaña. This reorganizes, restructures the statute talking about intended uses of cannabis revenues. So, where those dollars would go, how much, to what agency, for what purpose, and so forth. There aren't really many significant substantive changes, as they did that. They did some restructuring. They also included a study requirement from JLARC to look at this statute, report back by the end of 2023 with an examination of the current statute, the expenditure history, and make any potential recommendations for options to improve the transparency and accountability regarding the use of these revenues. There was in this Bill, however, I will note a substantive change that relates to social equity. I'll come back to that in just a minute when I talk about the budget.

Next item, House Bill 1827 did not actually pass but was addressed through the budget. So this is a proposal from Governor Inslee as an Executive request effort to engage in a concerted community reinvestment effort. The Bill didn't pass, but the budget included \$200 million for this program at this point. And the purpose of these funds is to address disproportionate impacts from the war on drugs. There are four broad categories of activity these funds are intended to support. These are economic development, legal assistance, violence prevention and intervention services, and re-entry services for the formerly incarcerated people. So also in the budget, there was legislation on social equity, which also did not pass. But the budget addresses a couple of topics related to social equity that I will mention.

One is that the grant funding that has been already approved in previous legislative cycles -- and this was done through the bill I mentioned a minute ago -- the amount was increased to almost double from about 1.6 million annually to 3 million for those grants for social equity applicants. There was also a fairly modest increase in funding for another program in the Department of Commerce to develop a roster of mentors that could be available to provide technical assistance to the social equity applicants. And then also in the budget related to social equity, the LCB was granted \$500,000 to contract with a third party to provide a service for our

agency in implementing the program, specifically prioritizing social equity applicants. So that was included in the budget.

A couple of other budget items I will mention briefly, the System Modernization Project was fully funded in the budget. So, I imagine Jim and his team and the committee are very happy about that, among other folks. Also, I mentioned at the top, the request of legislation on cannabis testing labs. I didn't mention our agency and others had funding needs tied to the implementation of that, and our funding needs were fully addressed in the budget, as well. So, we are very happy about that. And then the last item, there was \$290,000 included in the budget for Academy training for five listed, limited-authority law enforcement agencies. So that includes us, State Parks, DNR, and a couple of other agencies, as well. So, we are also pleased to see that. So last item here, I'll mention a couple of bills on alcohol that made it through the process. One is the Third Substitute House Bill 1359 by Representative Monica Stonier. This is a measure that reduces by half the license or license renewal fee for a long list of liquor licensees.

Not everybody -- some license types were not really impacted by COVID restrictions, but many were. And so, there is a list of 19 different license types that will have through the end of next year the opportunity to obtain for the first time or renew a license at half the usual fee amount. And then last, Senate Bill 5940, by Senator King, allows our liquor manufacturers, distillers, wineries, and breweries to provide under contract, bottling, and packaging services to other licensees, which was not previously authorized. So those were the two alcohol-related measures that made it through. And that's my report.

Chair Postman: Any questions, Member Garrett? Chris, I got one. On the Governor's Reinvestment Fund that you said was in the budget, but we don't have the legislation. Then without the Bill, how do they go about getting that money out into those areas you talked about economic development, legal assistance, etc.? Do we know that yet?

Chris Thompson: Well, I don't think we know a lot of details yet, but the money was sent over to OFM to make available for these efforts through the Department of Commerce, and the Department of Commerce got a million dollars in the budget for developing plans for that program and that process. It sounds to me like the thought, or the plan is to utilize existing programs currently until that plan comes together. There are some requirements around that planning process that commerce will address as they put together a longer-term proposed approach for this. But I think my sense is that it will be possible to begin to move forward with this program with what is currently available rather than having to wait until a longer-range plan is put together by Congress.

Chair Postman: Member Garrett?

Ollie Garrett: I couldn't tell if the hand was up or not. So, I'm trying to understand the difference between the funds being approved in the budget but the Bill not passing. Was it different language in the Bill for use of those funds or something that made it different than the actual being in the budget and the areas you named as to where the funding was going to go?

Chris Thompson: Well, the Budget Bill is a little bit less detailed than the separate legislation, but the broad outlines are the same. So, the Bill and the Budget sections that provided funds talk about the same types of purposes, for example. The Budget is not permanent law. So this is just a supplemental year. It's in effect until June 30 of next year. So, what this does is it potentially enables the program to get started in the meantime. This is just speculation on my part, but I assume there will be a desire to come back to legislation and approve a more permanent statutory structure for this. That isn't necessarily required. It could be that this program becomes ongoing only through the budget. I don't know what the perspective is on that at the Department of Commerce or even the Governor's office, but it could go either way.

Ollie Garrett: Okay. You just helped me clear up the difference between a Bill and the Budget. I guess that's what I was trying to do.

Chair Postman: And Chris, the Bill would have just laid out more of the programmatic side of this in detail, which I know they can do some of that. So, one of the things I wonder -- and I know this is not a Social Equity in Cannabis Licensing Bill -- but particularly a piece of economic development part of that, is there any discussion or opportunity for social equity license applicants to get some assistance through this program if they are successful in getting a license?

Chris Thompson: You know, I really can't answer. That is a question for the Department of Commerce. But I will say that there is a requirement for the Department of Commerce to do certain forms of consultation. So, one opportunity that Board Member Garrett will have as a member of the Social Equity in Cannabis Task Force is to share recommendations on that. So, the Social Equity in Cannabis Task Force is one of the entities listed as a place that Commerce needs to go to do some consultation in developing their larger plan. There are others. The Office of Equity is another. And community organizations are also to be consulted. But what I have heard from a colleague over at the Department of Commerce just recently is that so far, what they're hearing from directions like the Task Force is an interest in economic development, especially -- maybe not as much all four categories, but that was certainly one that has come up, as they understand the interest at the Task Force as a focus here.

So, I would think economic development and social equity businesses might be a fit, but it's just me speculating here. It's Commerce and perhaps to some degree OFM's decision to make.

Chair Postman: Yeah. I mean, we wouldn't want to suggest we were lobbying Member Garrett right now to help make that happen.

Chris Thompson: Oh, far, far, far from it.

Chair Postman: I do think there are some real natural connections, I think, between that program and what we are trying to achieve with licensing work, as well. But there is other, as

you said. The Department of Commerce has other funds also specifically for the mentoring program and others related to licensing, I think.

Chris Thompson: That's true. But I would say, Mr. Chairman, I'm sorry to interrupt, but I was just going to underscore and support your thought. Both of those programs, the Social Equity Program and the Community Reinvestment Program are in significant part motivated by the same set of conditions in history that we have talked about so much. The disproportionate impact from enforcing drug prohibitions in communities across the state and this nation. So that is certainly a common tie, a very persuasive one, I would say.

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## **LICENSING UPDATE – BECKY**

Becky Smith: Good afternoon. Let me just get started. I'm going to go ahead and just kick it off with social equity. It sounds like a perfect place to start. And I'm just going to give a really brief update that we have done a lot of work with our IT department and Department of Revenue. So, we wanted and developed a draft system that for the requirements for the abilities to begin accepting applications. So, it's important that folks understand it's not just about developing a licensing process, but it's also about connecting with our partners. So, we have them on board. I thank the IT team for working with my staff and Business Licensing Services. I think we are going to be ready to go. I know we are going to be ready to go this fall. So, I just wanted to share that. And then some other exciting news is that we have posted for our Case Manager for Social Equity. So, as you recall, the Task Force, that was one of their recommendations, to hire a Social Equity Case Manager. And so, we were able to develop the position, and the recruitment began on April 5th. So, the application went over to the Task Force as well as the Commission on African American Affairs. We wanted to make sure that we hit this very widespread application process. We are also putting our other application there for our Senior Licensing Investigator, as well, who will help to process these applications. It's important to not just myself, but, of course, the Agency for us to make sure we have those folks in place when we start to do education and training, so they can meet the people that they are going to be working with.

Chair Postman: Can I ask you a question? Go back to the Case Manager. Can you just give us an example of what that person would do? How will that work once we are taking applications?

Becky Smith: Yes. So, actually, before we start, there will be building and monitoring relationships with the community members, the social equity applicants, the licensees, the Task Force, and local governments, going out there with stakeholders and doing education about what the program is about. They are also going to be operating as what I consider to be like an ombudsman, so working with the Licensing Investigator, so prior to application and then after the application process. So, after they are licensed, if they feel like they need to check in with somebody, that person will also be checking in with these folks to make sure that -- how are things going? How is their relationship with our enforcement partners or consultants but also

with other agencies? So, if they have questions about how to work with Small Business Affairs, for instance, this person will help to connect those dots.

Chair Postman: That's great. Yeah, that will be good. Okay.

Becky Smith: So then one last thing to say, I also wanted to share with you that Board Member Garrett and I attended a Seattle Council Meeting on April 6<sup>th</sup>. We provided information on the Social Equity Program, and we answered their questions that were posed to us. I thought the meeting went very well, and it was well attended. It's good to be getting some of that information out there again. And so those are my updates for social equity. We do have a lot of work going on still but behind the scenes. And I should say that Chris mentioned the third-party vendor. We are just about done with that. We are doing the last review of the contract, and then that should be ready to be released sometime here at the end of April.

Chair Postman: Let me ask another question. I know we have talked about it before, but just to remind me if not anybody else. So, we approved the 102 this morning. I think the 103 is scheduled for early June. If that all happens as we think -- and I'm going to assume the Board will approve it for the sake of discussion here -- how fast will we start to accept applications after that? When do you think the first ones come?

Becky Smith: So, I think that it will be in September. It's important to know that getting that RFP out for third-party vendor, but also providing some education to those folks, as well. We want them hired and ready to go when we begin accepting applications. We want to do some education, so we want to do some education and training on how do you apply? Who do you need to -- what systems do you need to go to as far as other state agencies? And then what will that mean once you apply? And how many times can you apply? So, we'll be going out with Kathy Hoffman and her Rules Group, as well, so folks understand from the very beginning what rules apply and what they need to have prepared and ready to go when the window opens.

Chair Postman: Including, I'm sure, how do you find a place where you can open one of these stores?

Becky Smith: Right. And the rules have changed in the rules that you won't be required to have a location in order to apply, which is a huge change for licensing and for our license applicants, as well. So just to know that they won't have to worry about how to find a location. That will come after they have already applied. They receive one of those 40 licenses and maybe more by the time we actually get to this open window. But that won't have to be something initially that they start to look for. But you're right. How do you sort of maneuver that piece of working with a realtor or working with somebody, working with all of our communities? So, it's just a lot.

Chair Postman: And the license... I mean, it's an important switch but also, I mean, the license is not a guarantee that you have a place to open.

Becky Smith: Correct. That's correct.

Member Garrett: I think you just made the statement I was going to make. But it took away what happened in the first go-around that they had to be locked into a lease and not knowing whether or not they were gonna get in. And when they didn't get in, they were stuck with a lease that they have signed. So, is that going to take all of that away, Becky, or just a portion of it?

Becky Smith: It is. So let me -- yeah, just let me correct you. We never required anybody to have a lease. We did require them to have an address in which they would operate if they were able to get a license or be able to process their application. But that will get rid of that, Ollie. They won't have to have a location, and there is no time limit. That's the other thing right now. In the rules, there is no time limit to getting a license. And it has gone from being to the city level in our rules to really opening it up to the whole county. So, then they get to move within that King County. So, eight people could go into the City of Seattle, or none at all, it would depend on the location. And that was good information for the City of Seattle to hear, as well. I think that folks need to start thinking about how they are permitting in those cities and jurisdictions.

Ollie Garrett: Right. Yeah, that meeting was great with the city and helping them while they are putting their own program together. We didn't know we were going to have to sit through the entire council meeting until they got to us. But back to that statement of not having to have a lease, because that was a lot of what we were hearing about as what the harm was. So, was that a miscommunication? Or are we saying the same thing when we say they had to have an address that, for them, means they had to go out and find a location and have something permanent in place that this was going to be the location? Because that's what I used to hear a lot from people, that they had to have a lease, and they were locked into a lease. So how did that get --?

Becky Smith: I can't tell you how it happened, Ollie. I can just tell you that that wasn't the case.

Ollie Garrett: It wasn't.

Becky Smith: Yeah. It wasn't the case. No one had to have a locked-in lease. They had to show that they had the -- it's because we had landlords at the time that provided three or four people with if they were to receive a license, they could -- or that would be one of the applications processed, then they could locate in this building. But if the address made a big difference for folks, folks made that -- jumped to that assumption that they had to have a lease. But yeah, we have heard that over the years many, many times.

Ollie Garrett: Yeah. All right.

Becky Smith: So again, why it is so important for us to go out there and do a lot of education. Educate, educate, educate, and answer questions for folks. So, onto other items. Customer service and liquor applications, I will tell you, we are back up to pre-pandemic numbers. They are coming in hot and heavy, especially Special Occasion Licenses. As you know, people are wanting to get out and that's a positive thing. We are still in the process of hiring a lot of new

folks, and so it's not as quick of a process as we would like it to be but, certainly, in the next few months, we should be able to get our feet under us and be able to continue to process quickly, as well. And then a couple of reminders for anybody that has a license, has a permit, a nonprofit arts, and a wine association, those renewals are coming due. Our annual renewals are due on June 30th. And so, folks will start to receive those letters.

What's really cool this year is for the last two years Customer Service and IT and our third-party vendor have worked really hard on making that automatic instead of having to reach out to each individual permit holder and make sure that we had the correct address. So, we are excited about that process because this year it is less of a manual process. So that's really good news.

And then for cannabis, I do want to let you know that we had a reach out from Okanogan County, which again, is really positive for us to start hearing from counties. They were asking us -- they have recently put a moratorium on all new producers and expansions, and they are currently looking at all of the producers in their county. They wanted to make sure that their list matched our list. And then for those folks who aren't operating with the license, they are going to go in and take action. So, we have sent their list over. We worked with them. We pulled in our enforcement side of the shop. But, again, I think that is a positive move on their part and on ours to get rid of some of these illicit grows.

Member Garrett: I was going to ask a question, and it's not about the grows. But once you mentioned the -- have we had any progress or heard from any of the jurisdictions that had the bans and stuff for retailers? Has anyone had a change of heart?

Becky Smith: No.

Member Garrett: No? Not any of them? Okay.

Becky Smith: We did in the very beginning when we began reaching out. Clark County certainly changed, and that was really positive. But we haven't heard from any of the other folks.

Member Garrett: Okay.

Chair Postman: In Okanogan, was it the suggestion that there were processors or producers who claimed they were licensed? Well, actually, don't actually get into it because who knows what will come to us, but okay. Curious. I did get that email from Okanogan. So, I saw the initial inquiry, but it didn't dawn on me until you just said that. But we'll let that one go. Okay. Anything else?

Becky Smith: And then one other positive thing when it comes to cannabis is that we finally licensed our second Research License. It has taken a long time because this is a huge process to get a research license because it's not just us that reviews a license application itself. It's another third-party entity. So, we finally have our second research license. And so, again, that is really positive news on our part, as well. And then, you know, we have always tried to look at

how to better our process and, again, I would say hats off to my staff who have worked with our packaging folks, our processors. They had reached out to us and said the most common request from our licensees was to set the form. There were multiple forms to fill out. So we worked a lot like we did with our design thinking, specifically with our processors to say, how can we make this process easier for you? And so we designed a one-pager. They reviewed it, gave their thumbs up, and now it's just a one-pager that they have to fill out instead of multiple applications.

Chair Postman: Okay. Good.

Becky Smith: And I think that's it for me.

Chair Postman: Okay. Great report. Thank you. You guys are doing a lot of heavy lifting, you, and your team there, so let us know if there is anything we can do to help.

Becky Smith: Thank you.

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## **ENFORCEMENT & EDUCATION UPDATE – CHANDRA**

Chandra Brady: Good afternoon. Thanks so much for inviting me here to share the great work of our Enforcement and Education Division with you. I'm really excited because I'm sharing new slides with you today (PRESENTATION 1). I'm going to be making some decisions moving forward to consolidate and adjust those slides, so I'm welcoming input even more than normal. I will need a little bit of grace on my 10 minutes, but I have already greased the skids with the timekeeper just a little bit. I'm using some of the rollover minutes that I have in the bank. But if my camera should turn off and I should mute, then you'll know Dustin -- I mean, the timekeeper changed his mind.

Chair Postman: I didn't know we could bank that time, but please, take all the time you need. I want to see the new slides.

Chandra Brady: I'm excited. Dustin, now that I have said that, could you please drive for me? All right, just for a frame of reference, I will start with the number of licenses that we currently have. And when we look at how many employees we have and how many officers we have and then how many positions we have filled, we are looking at well over 250 licensees per officer that we have, just for a frame of reference as we start this conversation. Next slide.

When we look at our complaint data, and this slide does not include COVID complaints, and this is a monthly glance at complaints. So, January, February, March, with March being in the darkest blue. You can see that our non-COVID complaint numbers are starting to rise pretty consistently, at least in Liquor and Cannabis industries. As we look at complaints as a whole across the industries, the number of complaints we have and the number of them that are COVID related, you'll see that number is decreasing, which is very nice. I'm going to keep

COVID on here for one more quarter because I want to see this all at 0% as we walk out of this space. But I am going to add a column on Public Safety here so we can see the number of our complaints that are related to public safety moving forward in this quarterly glance.

And the next slide is just a visual look at this. And you can see the representation in the dark blue column there in March. Instead of a quarterly glance, it's a monthly glance, and you can see that dark blue column really decreasing as we go forward month-to-month in this post-COVID era. When we look at education and violations, over on the right you can see a year-to-date, year-at-a-glance look for education contacts. And one of the things that I noted when I looked at this data, as we look at the black column with 6,748 Education Contacts for 2022, we are on target to be at about 27,000 Education Contacts at the end of the year. If we move over to Violation Data, for instance, in the left column and look at that black column for 249 AVNs in the first quarter of the year, that is 3.7% of our Educational Contacts. When you really look and get down to our contacts and how much we are out in the industry making positive contacts with people, the AVNs represent 3.7% of those contacts we have in that first quarter, which is really positive, and it's a good number to be reporting.

Chair Postman: Can I ask you a question about these slides here?

Chandra Brady: Yep.

Chair Postman: On the previous one -- no, on the Education Contacts, that 6,748 you said is projected year-end to be about 27,000, so pretty high. If we move to the violation data side, if you look at AVNs, we have got 249 so far this year. And then the 2020 total was 319 for 12 months?

Chandra Brady: In 2020, mm-hmm.

Chair Postman: So, we are on par to have a whole lot more AVNs in 2022 than we did in 2020?

Chandra Brady: Yeah. So, the difference is that businesses are open.

Chair Postman: Oh, yes. Right, of course. Okay.

Chandra Brady: Yep. We will be in a little bit of a different time. And we'll walk through some of the reasons for -- one of the things that when I start to get some good data like this, I start to look at is the reasons for the contacts and the topics that we are discussing, the reasons we are giving AVNs. So, we'll dig deep into that. I think I'm ready to go to the next slide. Thanks, Dustin.

So, when you look at this, this is a quarter side-by-side comparison. So, in the fourth quarter of 2021 and the first quarter of 2022, you can see an increase. And one of the things when I dug down into the data that produce these numbers I'm looking at, cannabis had a 78% in education in the first quarter, and a lot of that was in March. And we have a fully staffed Compliance Consultant Team. We have officers in the field doing work and being really responsive to the

fear across our cannabis industry. So, this is really what we would expect to see. These are really good solid numbers, a data reflection of the work we are doing out there. Next slide.

If we look at the number of contacts that we are having across the industries, this is just a breakdown. And you can see that there are over 4,000 in the liquor industry for education, 2000 in the cannabis industry, and then 643. If we are to focus on cannabis, again, looking at 2021 in the dark column, that is for 44.3% of the number of contacts we made in 2021, which is, again, really positive. And again, it's in a more post-COVID time, but we were pretty opened up in 2021. So, it's encouraging to see these numbers early on in 2022. Next slide.

When we look at the month-to-month glance at Licensee Educational Contacts, you can see that March was a much busier, more proactive month in the area of education as we continue to get out there and have contact with the licensees. And also, we are doing lots of hiring. So, lots of training during this month, too. Next slide.

When we focus specifically on March's education topics, the top is at the bottom on this, so that is an adjustment I will make. But when we specifically look at March's education topics, you will see that the regulatory issues are the top topic, and then we move right into public safety and youth access. So those are great things for us to be educating about. Moving over to the right side of the slide, you'll see liquor and cannabis. When we break this down by industry in liquor and cannabis, regulatory remains number one, and then the light blue column in tobacco and vapor, which is tobacco education, is number one in that industry. So, I'm going to be doing some more to look at what makes up tobacco education as we move forward.

When we look at the violation breakdown for year-to-date 2022, what you are seeing is that we have liquor, tobacco/vapor, and then cannabis. And the AVNs are in the royal blue, the warnings are black, and I added the NTCs over in cannabis. So, for the year 2022, that's the number of total violations. And what I wanted to do, and you'll see this on the coming slides, is take a closer look at the reason for these types of contacts, the AVNs and just to see if public safety really shows up as a top priority for us in how we are doing our business. A real quick glance at Notice to Correct for the cannabis industry is for March, specifically. You can see the reasons for our contacts are pretty administrative in nature, which is what we would expect. Next slide.

When we start looking at AVNs for the month of March, I'm really proud of this work. I'm really happy to see this as we dig a little bit deeper. The top priority again, down there at the bottom, we are going to flip that around for next time, those are all youth access issues. These are all selling products to persons under the age of 21. And then coming there in at the end is service to obviously intoxicated person. As we jump over to the right side, you can see that youth access remains for the month of March, top for liquor, top for cannabis, and top for tobacco. And also, you can see the numbers of AVNs here that were issued in each industry if that is of interest to you; 48 for liquor, three for cannabis, and then 18 for vapor.

Chair Postman: So, on youth access, top for cannabis, but we had at least one quarter -- or I think it was one month that you reported to us where cannabis was at 100% compliance with our compliance checks, which was great.

Chandra Brady: Yes. And I will do that breakdown.

Chair Postman: Okay, sorry, go ahead.

Chandra Brady: No, no, that's okay. We'll definitely get there. And then warning topics. I think I got off by a slide, sorry. I took notes ahead of time because these are new for me, too. The warning topics for March, just to further break it down, you can see a lot of COVID-19-related stuff here. And there is a big combination of things, so you can see that this is a tool that our officers are using across the industries and across the spectrum of violations to help people find compliance. Next slide.

Alternative Dispute Resolutions. On the left, you see liquor. On the right, you see cannabis. And this is really just a demonstration of our attempts to resolve these things at the lowest level possible and, again, help folks get in compliance. So really briefly, on the liquor side, we had 41 of these uncontested. That is common in the youth access because that is a licensee saying, yeah, sorry, and just moving forward. And then informal resolution, 25 of them. And two went to a formal hearing on the right side, and in the cannabis industry, we had two at an informal hearing. Next slide.

Youth Access Compliance Rate for Liquor. You can see that we are at 81% for March, holding pretty solid about there. The average over the last six months is 79.2. Pre-COVID, it was 85%. So just an interesting note that we are not quite back there yet, and it's not looking like we are headed there, but we are doing lots of work. I think some of that is related to our delivery curbside stuff. Next slide.

So, as we begin to take a look at this, again, this is new for us and new for the industry. This is a learning process for everyone. You can see that we were at 70% for the month of March but lots of jumping around. And so, I was curious, and we broke this down a little bit more, and when we look at curbside compliance rate, it's actually 75%, which makes sense because there we have the licensee actually delivering curbside right there at the licensee location. And then when we get into delivery, that's a 57% compliance rate. So that's where the issue really starts to show up in their compliance. Next slide.

Cannabis Compliance. You can see that in the month of March, we were at 86% post-COVID, or in the last six months, we are at 92.75%. And then our pre-COVID rate was 97%. Just a reminder that when we are dealing with this small of numbers, like 21 checks, little things make big differences, so that's why this looks to be such a large jump. Next slide.

When we look at tobacco and vapor, I understand this has been one that always jumps around historically. It came out at 88% in March and an average over the last six months of 72.7%. I

would also say that we have been doing a lot of our [indistinct] checks the FDA team has. So that probably has an impact behind the scenes on this. Although, I'm not sure exactly what that is, but I will figure it out. Next slide.

Premise Checks are really just about numbers. It's about showing how much we are out there. You can see that here we were at 3,771 locations in the month of March. I added on the right side a percentage of our total locations or total licensees that we visited for a frame of reference. Next slide.

ID Checks is another tool we have in addition to compliance checks to make sure that we are impacting youth access as much as we possibly can. So, this is simply the number of ID checks we have done in the last three months. Next slide.

We are starting, but we had a successful transition of the Examiner Team to the Enforcement and Education Division. And so, we are beginning to look at their data and the work they are doing. And we are starting to adjust some of their duties and really fold them into our division, and it's really exciting. And they're still largely driven by CCRS, so we are looking forward to having that transition technically complete, so we can really fully make that work for us. Next slide.

FDA. This is a new report for you, too. We have a team that does not reflect in our other data. And so, in addition to the data that I have reported here, we have about 900 mostly tobacco, and a little bit of vapor inspections in the first quarter. And then you can see an additional 742 undercover buy attempts, and 171 referrals for sales to a minor, with a 77% compliance rate.

I also believe in being really transparent when it comes to how we do our business and how we police ourselves. And so, this is a look at the last three years here today for investigations, complaints, and how those were resolved. The third column is complaints, how they were resolved, and a number of them that resulted in investigations. And then over on the right side are specifics about how those came in and how they were resolved. So, as you can see, in 2022, we have had two complaints about officer conduct, one of which was founded, one of which was unfounded. And the one that was founded was resolved in informal counseling and some training.

This next slide is a report on hiring, training, and our vacancies. We still have 25 vacancies, although in March, we did hire 10 individuals, and we have 10 currently in background. We have done a ton of work on recruiting. As some of you know, we have a great new recruitment video out there that we will be releasing soon. And then I know that I have used a lot of time, so I'm rushing. But we have done a lot of training to make sure we are staying current, informed, and educated in the industries that we regulate.

And then I'll share this. I will let you read it for yourself when you have time. But we are doing a ton of work in partnerships. I went on four field visits, including a visit to the incinerator for destruction, which we do occasionally, and which was exciting. We held a leadership

conference where we sat down and did some training as we re-enter this post-COVID era on what we want that to look like. And we held an in-person event to honor a retiree and swear-in new officers. And I heard a rumor that used to happen at Board meetings, and so at any point, if the Board wants to have a conversation about re-engaging with that process for our staff, it's very meaningful to us and I know to you, and so we are ready to do that when you are. And that's all. Sorry. I have time for questions.

Chair Postman: No, sorry. That's great. I didn't know we used to do that. That was before my time, but we should get back to it. You bet.

Ollie Garrett: I guess that leads to a question. So being that the Board meetings are virtual -- because David, what used to happen, is they used to come into the Board meeting and the swearing-in and everything would take place with the Chief of Enforcement giving them their badge and on and on. How would we structure that? Something to think about if we go back to it in the virtual setting. Would you bring them in and have it done virtual, or what?

Chandra Brady: We could certainly talk about what our options are.

Ollie Garrett: Okay.

Chandra Brady: I think it's important. It's really important to us traditionally, and to honor the process, I present the badge for a swearing-in. So, I would need to be with the person. But whether that was on camera for you guys or they were able to introduce themselves, however, we would decide that worked for us now.

Chair Postman: Yeah? Let's have that conversation soon. There is no reason not to. And at some point, we may have hybrid meetings where there are some people in person, anyhow, so let's figure it out. That would be great.

Ollie Garrett: Yeah, I was gonna say, I don't believe I'm saying that, but it could be that during the time we are doing that, that might be the time that all Board Members are there.

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## **POLICY UPDATE – JUSTIN**

Chair Postman: Okay, we will turn to Policy Update from Justin Nordhorn. He's the Director of Policy and External Affairs. And, Justin, is this the first time now officially you have been part of this? But I know anyhow, if anybody wonders, Policy is going to be a regular part of EMT meetings and Justin who leads that team. And our former Enforcement Chief is the boss there. So, welcome.

Justin Nordhorn: Thanks, Chair Postman, and Member Garrett. So, a couple of things I would like to start off with to kind of capture what was said already. I would like to commend Chandra. Yesterday, she shared with the management team the video for recruiting, and it is really

impressive. So, hopefully, you'll get a chance to see that. I wanted to give a couple of shoutouts to some folks we have seen. So, our group is fairly small. They do a fantastic job. I couldn't be more proud of the Rules team that we have and Mary doing the education outreach with Public Health and Prevention. But everybody has access to the Rules inbox, and we have had some folks out of Licensing who have really gone above and beyond in responding to questions that actually go to other agencies, and they have done the leg work. So, we shared that internally with their management, but just to highlight some of that.

And then on the Enforcement side, we have been working and collaborating with their training. And so, I know that it's kind of a shame to have to highlight it, but usually, when we have communicated stuff out, it goes out publicly to everybody. And so, staff internally oftentimes get the same information at the same time, and we are really trying to make an effort to get information out sooner. So, Chandra's team reached out to me, and we collaborated, and we got some good information out before the public announcements have gone out so that we can have consistency and also competence in answering questions as they come from all over the state. So really nice job from the teamwork there.

As we are getting into -- I won't go into all of the different rules. You have heard those updates. So, of course, we got the social equity, electronic services, axe throwing, pesticide action levels, etc. We have been doing some other outreach to be able to facilitate some of the issues in the interim session. So just to touch base, Mary has been working with other agencies on the Healthy Youth Survey that is going to be coming out in '23 for the 2023 Healthy Youth Survey. And so, they have been navigating different and varying questions. And, obviously, with COVID, things came up on how use is done, and so we want to make sure we are considering a number of those issues. I have also done some outreach with the new Program Manager of the Department of Health around medical cannabis, and we have been opening conversations on a variety of topics, including medically-compliant product availability of such in the stores. Is there any way we can collaborate together also on information the budtenders can share?

And it sounds similar to some of the robbery issues that we have had. There seem to be some assumptions on what can or can't be done. And so, I think that there is certainly an opportunity for education. And so, we'll be working with the Department of Health to figure out how we can communicate that out for folks. The other thing that we have is we have got a number of outreach meetings coming up in the next couple of weeks. I'm trying to reach out to stakeholders in both the Cannabis and the Alcohol industry, seeking what they would like to see in the Outreach Program and also how to set up some more informal problem-solving. So, it wouldn't be decision-making meetings but really listening opportunities.

And this is different than the Listen & Learn, this is more "educate us." Let us take your concerns and challenges and barriers back so we can put those into consideration when we are going through the policy development. And so we are really at the infancy stages of that right now. But that's something that's on the forefront.

So, on the rule side, we have three concurrent topics kind of going on in the interim here. We have got the THC compound issue that is continuing from last session. We also have issues around the definitions because we are taking the approach with the delta-8 issues in the convenience stores and other licensed locations, so we have got that component there. And we are going to build some definitions in that, so you are going to see a number of different projects that are evolving in that particular area. As part of that, of course, we are also going to be looking at what we need to do for the legislative session next year. And so we have already started looking at that work. So, we hope to have a number of those rules done by the year's end, and so we'll have a really good foundational piece for the legislative session.

And as we are coming into later this month, we are hosting our first deliberative dialogue. Well, I shouldn't say our first. It's our third on the topic. So, we are reconvening our panel of scientists to have on April 27th from 1 PM to 2:30 PM. We are going to have another deliberative dialogue session to talk about plant chemistry. And then we are also going to be having a couple more deliberative dialogues in May and June around similar topics. And so, we are going to be looking at a number of different issues and seeing what's important for folks to be engaging with so we can have a good understanding of how we are going to develop those policies around the rules as well as any type of agency-request legislation that we want to propose to you all. And so then in July, we are also scheduled to have a couple more Listen & Learn sessions around our rules, so you can expect to see some rule language before then. And then we'll be engaging stakeholders in that particular outreach effort.

And then the last thing that I wanted to kind of cover with everybody is the House Bill 1480 Research Project that we have going on. So, the CDM group is the group that is doing that independent research. We have been having a really good working relationship with them. They have been sharing information and we are able to provide feedback. They are adopting that as they go through those processes. In the month of March, they were doing weekly updates to us because of the nature of the work they were doing in creating some interview questions for the focus groups and those types of things, and we are going to be shifting back to the monthly updates from them as we move forward. But what we have, they have done a lot of data collection. They have been focused on predominantly the free data sources initially that they can get data.

They are also looking at cost issues when it comes to purchasing data. And they are really keeping us informed about if we are going to buy this, what does this mean for other parts of the study? So that has been very helpful to have. They have also provided a Twitter announcement in March based on the Alcohol Awareness Month. So that was a nice thing that they did -- not at our request. And right now, they're focused on a moderating guide and focus group questions to do the outreach for industry members on some of the impacts around 1480. And what that's going to look like is they are going to have a cross-section of both geographic and demographic, so they can make sure that we are having good coverage across the state and in all communities as well as the first tier of candidates that they are looking at. We are not picking anybody who they are interviewing. We said, "Here's the list of all the licensees impacted. We want this to be neutral and independent."

So, they are going to be picking those and doing the recruitment on those. And my understanding is the first tier of folks that they are reaching out to are all people who have not provided previous comments. So, we have those previous comments that they can reference and refer to in a study, and so they are really looking for some of those new voices that haven't been heard yet. And I thought that was pretty exciting for us. So, the final report is going to be due on November 1st. We will have kind of the interim rough draft report on October 1st, and then we also have on the backend a dashboard that they are going to be creating for us. And so we'll be able to have some of the data and information set up. So, the final report, which you can expect to see, is an Executive Summary in-depth analysis of the information that was gathered and also trying to make it reader-friendly by building in some infographics and the like. So, hopefully, it won't be just pages upon pages of text for everybody to go through.

So that's kind of what we have going on at the moment, and we'll keep everybody informed. But I didn't want to rehash everything that you've heard this morning and yesterday in Caucus, so those are the other items on our list.

Chair Postman: You got plenty going on as always. Appreciate it. I was just gonna say on 1480, just in case anybody -- that's the Bill out of the legislature in the session before the most recent that extended some of the allowances. And they mandated a study to see what impacts there were on that both from the industry's positive perspective and others' concerns about it. Just so everyone knows what we are doing there. Yeah.

Justin Nordhorn: Yeah. And to call out this attaboy, I guess you could call it, to Chandra's group again. They shared yesterday what they presented to you today with the breakout between the delivery and the curbside. And I think that the data breaking out is going to be really helpful for the CDM group to look at as an ongoing issue because it directly relates to the alcohol allowances that were part of that Bill. So, I'm really glad to see those pieces kind of moving in for those studies.

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## **COMMUNICATIONS UPDATE – BRIAN**

Brian Smith: Good afternoon, Chair Postman, Board Member Garrett. I will be really brief. What I wanted to connect with is the Communications team, all the things that you have heard going on in this meeting we have been involved in some shape or form, as you might understand, so I won't go into any of the details there. But I will just hit some of the media highlights and some of the insights that you maybe didn't hear today on some of those things. Since we met last, there has been a definite uptick in media contacts, particularly around the area of retail robberies. Not only our reaction to it and in helping understand in the media what's going on but also some of the work that we initiated through the roundtable that the Board led. It was very successful with so many people that you heard Rick talk about. So that's an ongoing issue that we continue to be asked about.

And any number of issues ranging from the synthetically derived cannabinoids are still out there and those questions. Helping some of the media now, they are trying to catch up and understand the issue, I think, a little bit more. It's complex for a lot of people now that they are trying to dig a little deeper. I was contacted today about our Social Equity Program and where that's headed. I expect to get more of that over time. We are 10 years since the passage of I-502. That was just the vote. A whole lot of action happened before we started doing retail sales. But some are taking a look at that as it's been 10 years.

And then Chair Postman was recently on the Inside Olympia program with Austin Jenkins. That's online and is available to watch if you missed it when he was on there and, of course, did a great job. And the Seattle Times just this week did a pretty full coverage of the Healthy Youth Survey more so that I can really remember them digging into that. They didn't talk to us about it, but they did talk about youth with alcohol and the downward trend, the continued downward trends of alcohol use, and the COVID impact of youth cannabis user-reported use. So, if you haven't seen that, of course, that affects us and the work that Mary does, of course, always. So, again, fair amount of media contact this last month, I haven't run up the totals, but we are averaging at least two or three per day coming in on these things.

So just moving on to some of the other issues. I am specifically working with DFI on messaging around alternatives to cash. You heard Jim talk about that. You heard Rick talk about that on their website. I just heard during this meeting from their Communications Director that they have updated their website and wanted me to take a look at it. And from there, I can be able to put together a message from both DFI and from the LCB that can go out to licensees this week explaining those cashless options that are available. And that is something that we have been hearing of late is that there are some folks using these. It's working for some people, but not everyone is aware of them. And there are private businesses that can help these businesses do it, and we want to be able to help facilitate the communication, I guess, that they are there.

Chair Postman: That's great.

Brian Smith: Some of the other things on social equity, we did our second video. Before I jump into that, Ollie, you got a question on it?

Ollie Garrett: Yeah. The people that offer the cashless whatever that is, you would think they would be the ones contacting all of the retailers with their product.

Brian Smith: That's typically how a business would get their word out, yes.

Ollie Garrett: Right.

Brian Smith: I don't how much they are doing that, but at least we can be a clearinghouse to let these businesses know that is there. And, of course, as in anything, we are all marketed to, right? And these businesses are in that field. So, I can't vouch for how much they are reaching out to other licensees, but at least we can do a part too.

Ollie Garrett: But it leads me to think if -- and I'm thinking it from a business sense -- that is something that they would be doing. So, with an assumption that they are doing that and have done that, is there something we are not aware of that would stop someone from engaging in that type of system?

Brian Smith: In the conversations that I have had internally, that has not come up. Jim's got his hand up, and maybe I can let him explain that, but we have not run into an obstacle that I'm aware of. I'll call on you Jim. Do you mind answering all these questions?

Jim Morgan: Yeah. So, these businesses definitely are reaching out to licensees to try to sell their services. But the feedback I have gotten from some of them is that it's not universally known. They get pushback from these licensees because they are not sure that it's okay for them to do that in some cases. So that is part of what we want to get passed is at least make them aware that these systems are okay by us.

Ollie Garrett: That makes sense.

Chair Postman: Yeah, and we heard that in almost each of these meetings in one place. And that's on us. That's for us to do. So, I think that they are out there marketing. We also know that some of the retailers have been reluctant to sign up because of the cost per transaction. We heard that in the roundtable. And so, there could have been slow uptake for that reason, too. So, as we were saying before, it's just going to take all these things. DFI and Brian's people and everybody else in answering those questions, I think.

Jim Morgan: Hearing it from a number of channels and hearing it repeatedly, I mean, it's the same similar type of things about questions about whether they can have firearms in the business. I mean, it was just a lack of clarity. And so when that lack of clarity exists, there is a hesitancy to act on it. Right? And so we are trying to do our part.

Chair Postman: Yeah. Good.

Brian Smith: So, on the social equity side of things, we are very involved there. You heard Becky, of course, go deep into that. We will be meeting tomorrow with Dr. Johnson at the Office of Equity to talk about our licensing plan and our communication plan for how we are going to go roll this out. Jim Weatherly, our DEI Manager will be present with us and helping us follow through to make sure that we are as effective as we can be on that. We have contracted with a translation firm that has been translating the social equity things that we do into Spanish. Now that the Board took action today on the cannabis rules at the start of the stuff for the proposed rules, we can get those translated and posted to our website alongside all of the other things that we do. And last week, we launched our second in a video series. This one is on steps you can take now to prepare for a Social Equity License. We made that available on the social equity section of our website.

So those people who like to visually just watch something and have it, it's a quick little three-minute video going through reiterating some of the things that we have on our website about the stuff you can do now. And that is ongoing. We are committed to the social equity stuff. I, personally, will be the lead from the Communications team on the social equity all the way through. And we want to keep our information as current and as fresh and as valuable as we can throughout the process. So, as you guys hear things or you want to talk to me about it, I hope you'll reach out and then help us be able to augment that site to make sure it's something that we can be proud of and is valuable to people primarily.

And then just some things we roll out quarterly. We do the newsletters, and we have launched the Cannabis and the Alcohol newsletters over the last two weeks, just so that you know. And we lead off both of those with the profile of the new Board Member that will be coming on in May, Mr. Vollendroff. And so that is just another channel of reaching licensees so they are aware of what is going on with the Board and the changes and what he will be bringing to the Board beginning in May.

And then ongoing things. I'm on the Steering Committee of both of the projects, CCRS and SMP. And that's always just ongoing behind-the-scenes kind of work. Julie Graham is the lead on SMP for communications and is fully engaged and immersed in that. And as we take off, she'll be the lead going forward and be able to carry that out. So, I'm the lead on CCRS stuff. But that's about it in a nutshell. I mean, you've heard so much today and good information. Just know that we are involved in that and committed to all the updates you heard from people today and trying to be successful there.

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## **GENERAL AGENCY UPDATE – TONI**

Toni Hood: Hello. Good afternoon, Chair Postman and Member Garrett. I will be brief today. Yesterday, we started kicking off our discussion of Executive Order 22-04, which is the order from the Governor implementing the Washington State Pro-Equity Anti-Racism or PEAR Plan and Playbook. And in the Executive Order, it outlines what he expects from the Office of Equity, and it also outlines what he expects from the individual agencies. And one of the tasks that we are tasked with is to develop a PEAR team, and that PEAR team is going to be led by Jim Weatherly, our DEI manager. It will include at least one member of the Executive Management Team, staff members, as well as external stakeholders. So, we are very excited about the opportunity to include some external stakeholders. And we need to, at the very least, give the Office of Equity our contact name, which would be Jim Weatherly in this case, and we will have an outline if not a fully developed team roster by the end of the month.

And that team will report back to the Executive leadership of LCB, and they will help us try to implement all of the PEAR Plan and the Playbook. So, the playbook will help us quite a bit when we get that. We haven't got it yet, but it contains a lot of templates and other guidance so that we can report back on our activities to the Office of Equity so that they get consistent reporting

from all agencies. So, we are excited about building that team and moving on to play our part in that plan.

The only other item that I have today on my list is just the regular update on the Systems Modernization Project. We hired our organizational change management firm, and we are doing their contract this week. They will start on Monday. We are really excited to have them on board to help us with organizational change management. We will also be ready to publish our RFP, our goal is next Thursday. We were very happy with the reviewer's comments. We had several reviewers of the RFP give us feedback. And the good news was the comments were very few, and we were able to address those comments very quickly. And we got high praise from our third-party quality assurance consultants, which was really great to hear.

And we also had a good meeting with OCIO regarding our progress and meeting all the conditions so that we can move towards getting the first gate funding. The gate opened. I'm not sure what the technical term is, but we get the first amount of money for our project. So, I want to give kudos to our team, which is made up of people from across the agency, who have really done a great job on the RFP and the readiness of this project. Thank you.

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#### **DIRECTOR'S COMMENTS – RICK**

Rick Garza: Just a couple of things. Thank you. In the discussion about DEI, I thought of one of the things that I spoke with Jim. Toni, I, and Anita, our HR Director, meet with him regularly and we met today. And I thought what would make sense is given the agency priority that we have with respect to DEI is to have Jim come to EMT and provide you information about the work that we are doing as an agency, just as we report the information that we are doing today by division. So I said I will talk to the Chair and our Board Member. I didn't do that beforehand, but I didn't suspect you would have a problem with that, so I thought it would give a great opportunity for our Board Members together to all hear the work that we are doing, because I know from time-to-time Jim has the opportunity to meet with you to introduce himself in the program, but to give you highlights each month of the work that we are doing, because it really is integrated throughout the agency. I just wanted to suggest that we begin that next month.

Chair Postman: I think we would welcome the opportunity. Yeah.

Rick Garza: And then, I think it was Brian. If you have the opportunity to see the Seattle Times story on the Healthy Youth Survey. As you know, that is done in our schools every two years, I think it's well over 200,000 kids. That is some really interesting information, and I think Mary would want to share with us almost a 50% drop in drug use through the year that was compared. Yet, you see in that same article deaths -- overdose deaths among youth skyrocketing. So, it's the most bizarre thing that I have seen over the years.

Chair Postman: Some of it was surprising. And talking about Mary Segawa, our public health person who has worked on that project for a very long time and does such great work on that,

and she was briefing me on this a bit ago. And the best explanation, it seems, for the decline in drug use is that with parents working from home, children didn't have the opportunity to smoke pot at home when their parents were home. And so, I get that, but then you look at those other things that you mentioned, Rick, and it is really interesting. And of course, the pandemic was -- it did not get people proportionately. So, some of that depends on where you live and is it a two-person working household? Or do they work from home? Or do they not? Or is it a safe household? And so, I will be interested to fast forward and see what the next survey shows on that. But yeah, some really interesting findings.

Ollie Garrett: In some of the discussions here that I had been having with the mayor's office is how some of that goes hand-in-hand with a lot of what has come out during COVID is mental illness-type things with young folks. And things that young people have mentally been going through or experiencing where they never -- you know, you didn't know that they were feeling the way they were feeling and on and on, how some of that all goes hand-in-hand. Because, as you know, when you read the paper, there are a lot of young folks that for the reason being that the parents didn't have a clue or anything, they are committing suicide. And it's something they are associated with. I don't think it is drug use. It's just undetected. I'm not trying to diagnose or anything, but there is a lot of undetected mental illness that folks don't recognize. And even the people who are experiencing it don't recognize what they are experiencing and how it would associate with something else.

Rick Garza: It might be good to have Mary come in. And you may not be aware; we are one of the few agencies who are part of putting those questions together for the Healthy Youth Survey. We have been doing that long before Mary came the first time, and so we do have an influence on the questions that are chosen or not. And so it might be good because Mary has a lot of background and experience with that to share that information. After all, I was kind of blown away by yet almost a 50% drop in drug use among youth, which we have never seen. We have never seen a fall like that before, and yet surging suicides and overdoses related to youth, so it's baffling. And it will be interesting in the article to see -- I think you said, David -- what we see next year, supposedly a year after we have come out of almost a year out of COVID. Because they are back in the schools. They will be taking the survey again in the Fall/Winter, I believe. And I don't know if that is another year out. But, anyway, I just thought I would share that. I said enough about all of the good work that the Board and the agency are doing around the surge in armed robberies. And we will be sharing more information, as Brian said, in the coming week. So, thank you.

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## **ADDITIONAL TEAM UPDATES**

No additional updates.

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## **FINAL BOARD INQUIRIES**

No additional inquiries.

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## ADJOURN

Meeting adjourned at 3:12 pm.

Minutes approved this 5th day of November 2025



Jim Vollendroff  
Board Chair



Ollie Garrett  
Board Member

Not Present

Peter Holmes  
Board Member

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

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