



Executive Management Team Meeting

Wednesday, February 10, 2021, 1:30pm

This Meeting was Convened Via Conference Call

Meeting Minutes

EMT ATTENDEES

Chair Jane Rushford
Member Ollie Garrett
Member Russ Hauge
Rick Garza, Director
Megan Duffy, Deputy Director
Brian Smith, Communications Director
Chandra Brady, Director of Enforcement & Education
Becky Smith, Licensing & Regulation Director
Chris Thompson, Director of Legislative Relations
Gretchen Frost, Special Assistant
Dustin Dickson, Executive Assistant

WELCOME CHANDRA AND BOARD MEMBER INTRODUCTIONS

Chair Rushford: Welcome to our February 10 Executive Management Team meeting, the monthly meeting. We'd like to begin by welcoming Chandra. You've had opportunities to meet some of us, but this is the first opportunity for all three Board members to be with you. We enjoyed the opportunity to meet you when you were a candidate for the position. Welcome.

Member Hauge: I just want to follow up and say that I am very, very happy that Chandra's on-board. From what I've seen and what I've heard, it's going to be a good fit and help us progress. Thanks.

Dustin Dickson: Chair, this is Dustin. I'm sorry to interrupt. Chandra is having some technical difficulties. She logged on but doesn't have audio. We're trying to reconnect her now.

Chair Rushford: We'll come back to her. Thank you Russ. Let's consider the January 13 EMT meeting minutes.

APPROVAL OF MEETING MINUTES

MOTION: Member Garrett moved to approve the January 13, 2021, EMT meeting minutes.

SECOND: Member Hauge seconded.

ACTION: Chair Rushford approved the motion.

Chair Rushford: Let's move ahead while we're waiting for Chandra to rejoin. Becky, do you mind if we move to your update?

Becky Smith: No, we should take advantage of me having a voice.

Chair Rushford: Thanks for joining us.

LICENSING UPDATE – BECKY

Becky Smith: Thank you, Dustin, for displaying our presentation (HANDOUT 1).

My apologies. Sometimes when you look at data the first time and you think, “this looks good! Wow, I can't believe this!” And then it turns out to be too good to be true. And it actually was too good to be true when it came to the liquor numbers so we redistributed the updated materials just before the meeting.

Let me start with the alterations. Alterations have been fast and furious in Licensing since the first shutdown back in March and April of 2020. Since then, we've transitioned from summer to winter structures. These changes are about outdoor seating, the structures that you see all over next to beer, wine, spirits, restaurants and taverns that allow licensees to be open and operating. We had a lot coming in in July. We're still around 75 applications and have more than what we've had experienced in the past. But we are certainly on the downward spike.

We're still working with cities. When they come up with an idea that they're reaching out to us and Enforcement to consider, we all sit down to see how we can come to an agreement on what will work.

Customer service has also been working to come up with ways to be more efficient from home. I didn't think at the beginning of this pandemic that we would be able to get all of our staff home. But certainly, we've been able to with customer service. We've worked through being able to have 17 hard-copy permits that someone would have to go into the office and print and scan. And now we're at a time and a place where we place them in a digital folder, and we're able to do those assignments from the digital folder instead of printing them out.

Liquor licensing unit has been very busy adapting to the changes just like everyone else, trying to meet the needs of the customer base. In January of this year, we saw 259 applications, which is about 83% of the 313 that we saw January of 2020. We continue to see an upward trend in the beer and wine and gift delivery. In 2019, we had 18 applications. In 2020, we have 38 already, indicating that the market is adjusting to expand alcohol delivery services.

We're also working with nightclubs to convert them into a “beer, wine and spirits” restaurants so they can open because as you know, nightclubs cannot be open right now. So far we've seen about 62 of our nightclubs convert into “beer, wine, spirits” restaurants all over the state of Washington. We've also implemented some training for our non-retail alterations in liquor. Prior to the pandemic, any kind of non-retail premise changes were handled by the supervisors, because there were only about 10 a month. So,

pretty minimal. Now we are receiving about 25. We've trained all of our investigators that are non-retail to be able to help with that increase because we wanted to still be able to process those applications within five days. I'll go back and mention, both in customer service and in liquor, non-retail, anytime we have an alteration request, we generally complete them within seven days at the most and for non-retail, five days is the most that it takes to process those applications.

We've also been doing some training on the non-retail side with the rollout of implementing Senate Bill 5549 - the distillers bill. We've already had requests come in for shared tasting areas and we anticipate that we'll see an increase in the number of distillers asking for those co-located locations.

Moving on to the cannabis side, we've conducted a few exit interviews. Our cannabis manager, Kevin Milovac, actually started this process back in February of 2020 and he completed 633 interviews the first year. And out of that 633 you can see that 572 of those interviews reported that they received a positive customer service experience. And I want to elaborate on that a bit and highlight that the manager wanted to reach out directly, so he actually gives the licensees a call. It's not a survey that he sends out. It's actually a direct call to licensees to find out how we're doing. He asks questions like, "are there improvements? Are there areas that we might want to highlight that we're doing well?"

When it has come to our customers and our licensees on the cannabis side, we saw some room for efficiencies in both how we processed our applications but also in how we provided education to those licensees. In being able to reach out directly, he has taken that data in-person during the exit interviews. He's looking at ways that we can improve our process. If there's the ability to change an application or a procedure, he's going back and having those conversations with those customers or those licensees that maybe had some difficulties in getting their application processed the first time around or even the second time around. Also, when it comes to financial investigations, do we really have the need to do the intensity that we've done in previous years?

We are definitely seeing some positive changes come out of these exit interviewers. At the same time, we've seen concern for an investigator and the connection that they're having with the licensee. We are really providing some education to staff to improve our processes.

And with that, I also have to mention that our cannabis unit has really been the division leaders in diversity, equity, and inclusion. For a couple of years now, it really has been a topic that the licensing division has taken on by making sure that our staff know what's out there as far as groups that they could participate in. This has been very positive, but at the same time, we wanted to take it to another level. And so what we've done is for the cannabis unit and for other units as well, they're taking an educational approach to the topic. They call it "DEI Moments" in the cannabis unit. They're discussing Martin Luther King. They're discussing poverty in America. But even more so, they're discussing how diversity, equity, and inclusion should be utilized and considered in the day-to-day operations of the work that they're doing. It's definitely a hard subject but something that needs to stay in front of everyone's mind. Hats off to them for taking the lead in our division for that work.

Chair Rushford: Becky, if I could just pause for a moment, I see that Ollie has a question.

Ms. Smith: Oh, sure.

Chair Rushford: Thank you.

Member Garrett: Becky, why are they called exit interviews?

Ms. Smith: Good question, Ollie. It's because we've completed the application process. Let's say somebody has just finished moving their producer license location from one spot to another. When the process is all done, they've paid their fee, and now their alteration has been completed or their financial investigation has been completed and we're completely done, then he reaches out. That's why it's called an exit interview.

Member Garrett: Thank you.

Chair Rushford: Does that answer your question, Ollie? Did you have another question?

Member Garrett: No, it answers the question. I was just thinking a suggestion might be to call it something else more related to customer service. I don't know what it would be. Exit interview just sounds like something is ending.

Chair Rushford: Maybe call it some kind of performance interview or something. I hear what you're saying, Ollie.

Ms. Smith: Yes, I do too.

Member Garrett: Yes, that's all. I mean, it's not big deal but it just doesn't seem like the right terminology for it. Because it's still about customer service outreach, asking "how was your experience". That's just something to think about.

Ms. Smith: No, it's great feedback. I'll certainly go back and have that conversation with the manager, with Kevin, and talk about that.

Chair Rushford: Thank you.

Ms. Smith: I want to move on to our diversity, equity, and inclusion for our policy and education team. Of course, all of you know this team well. They do most of our data polls. They are an amazing group of individuals. They create all of our training that comes out. Anything that's needed as far as making changes in our processes along the way for Covid-19, they have tried to utilize materials that will make the job for our investigators, our customer service, and even for our licensees easier. The questions is how can we take the information that's provided in these different venues and make it something that is easy for staff to comprehend and share with the people that reach out to them. They've also done a lot of work for us when it comes to being able to brief the Social Equity in Cannabis Task Force. They helped provide some material to the group after my presentation. We wanted to make sure that we provided all of the information that the task force was seeking. Most of the information we shared with the Board previously. Things like the demographics of the retail title certificate holders, such as: how many title certificate holders are people of color; how many title certificate holders do we have; how many people were denied licenses for Initiative 502 and Senate Bill 5052 due to criminal history? And so, to be able to really show that we've done 17,000 criminal history checks for our licensees and out of that, 171 exceeded the 8-point threshold. Then out of the 171, 43 individuals were denied based on criminal history. And then out of that group, 6 of those that were denied were self-identified people of color. Being able to pool all of that data is the responsibility of our education and training team, our policy and education team. They do a fantastic job at providing us with all of that information.

Last but certainly not least is compliance and education. I say compliance and education but as you know, Nicola wears a lot of hats along with Susan and Linda Thompson. They cover both packaging and labeling and all of our adjudication processes as well as working with our “sports and entertainment facilities”. We’ve done a lot of work this year but the one you probably hear the most about in the news right now is the Climate Pledge Arena. We really are in the final stages and preparing to provide some information back to the Board. We’ve worked with Sara (Health and Prevention), Kathy (Policy and Rules) and Enforcement, making sure that we have certainly covered areas of concern like we have in the past with the other arenas like Safeco, making sure that any requests are things that we want to really look into, especially if it’s something different than we’ve allowed before. We have other sports and entertainment facilities reaching out such as the University of Washington. They’re looking at doing some expanded services. And then the Spokane Indians at the Vista Stadium are also looking at expanding their areas of service. These are just a few of the things that licensing is working on besides out there licensing our applicants.

I want to add that all the Board members and anybody else on the phone are always welcome to join our division meetings. They happen once a month on a Tuesday at 8:30. Since the pandemic, since we’ve all been at home working virtually, staff are very creative. I think we have some of the most creativity when it comes to covering topics and really trying to figure out how to include everyone like we’re all sitting in one place all at the same time. We also try to have diversity, equity, and inclusion as a topic, again, that we want to strengthen in our division. Looking at our employee survey results, and as everyone does, you jump to what didn’t go well. And we had so much that did go well this year that I was really surprised at the number of staff in Licensing that actually responded to the survey. You’re never quite sure how they will respond being at home, but we had some really positive feedback from the survey. At the same time, we have areas that we need to concentrate on. No surprise was being able to concentrate on making sure that we’re staying connected with our staff during the pandemic. That’s an area that you’ll see us concentrating in our division as well as inclusion. Again, diversity, equity, inclusion is something that we’re going to be talking about and hopefully seeing some improvements in the area with staff and building some trust with the licensees that we’re serving. With that, I’m going to stop and see if you have any questions.

Chair Rushford: Any questions from Ollie or Russ?

Member Garrett: Whatever happened with, and how did we get to the “no” on the ax-throwing requests? In our last conversation, I thought there was going to be some other research done.

Ms. Smith: We’re doing that as well, Ollie. We actually have two other things that we’re working on that I didn’t mention in the update, so thanks for asking. We did some more research. We looked at other states as well. We’re going to be bringing that back to the Board but before we do, we wanted to make sure that we included others from our agency like Sara and Kathy and Enforcement and sharing the information with them as well. If there were areas or things that we hadn’t considered, we want to make sure we do before we bring it forward to the Board and share that information with all of you. We met with them a couple of weeks ago and there was some follow-up information that needed to be added to the presentation to the Board.

Member Garrett: So in the meantime, was that a misquote in the press? I thought I saw in some of the press in the last couple of days that we denied them.

Ms. Smith: That hasn’t stopped the process going forward. We do have a licensee that is going through the adjudication process, so that is correct, Ollie.

Member Garrett: Okay. So we denied them but we are working on something going forward.

Ms. Smith: That is two separate things. We are doing a write-up to provide some more information to the Board. At the same time, there is an adjudication process and hearing that's going to be happening.

Member Garrett: Okay. Thanks.

Chair Rushford: Any questions or comments, Russ?

Member Hauge: No, thank you. Thanks for the update.

Chair Rushford: Excellent update. And I just want to quickly add that I agree with Becky. Things have gone all across the agency incredibly well during an unexpected and unprecedented time. Kevin has been so responsive. The Board receives many inquiries and our habit is to go out to those of you who are the experts. He has been so responsive and quick to acknowledge those requests. That's greatly appreciated by us so the stakeholders involved get the information they need. And I'll be curious - I might already be gone - but I'll be curious about what happens with Blade and Timber. I think we can land in a more favorable place with their request.

Any other questions from anyone else for Becky? Hearing none, we'll go back to Chandra.

WELCOME CHANDRA AND BOARD MEMBER INTRODUCTIONS

Chair Rushford: Chandra, I'm not sure if you heard our welcome at the beginning. But the Board is pleased to be with you again, as a Board. So this is the first time since we met you during the process when you were a candidate. We're delighted that you're on the team. I know you have some time later on this agenda to talk a little bit about the transition and some of your observations, but we're very excited to have you join us. And this is the only opportunity really that the Board, the three of us, have with staff. We do this once a month and try to orient the executive management team meeting to meet Board expectations and not be too redundant for all of you. We try to vet that a bit, and so you'll grow accustomed to our pattern here. With that I'd like to ask Ollie or Russ if you have any questions or comments.

Member Garrett: I just want to say welcome and I look forward to meeting you in person one day.

Chandra Brady: Thank you.

Member Hauge: I'll echo that. It goes without saying, that we were all really impressed with your interview and looking forward to helping you succeed here. Thanks.

Ms. Brady: Thank you.

Chair Rushford: Okay, thank you very much. Again, Chandra, we'll be back to you for your remarks a bit later. We'll move now to Chris' update on legislative session.

LEGISLATIVE UPDATE – CHRIS

Chris Thompson: Good afternoon, Madam Chair, Board members. It's a very busy season in the legislature. We're just a few days short of the policy committee cut off-on Monday, next week at 5pm. I was going to highlight a few bills that we've been particularly involved in and if members have questions on other bills, hopefully we'll have a minute for that as well.

First of all, I wanted to talk about the agency request bill, and that is House Bill 1480 and Senate Bill 5417. We had a Senate hearing on Monday in which Rick testified. Our hearing on the House Bill is tomorrow. Both committees have scheduled our bill for executive action - in the Senate on Thursday and in the House on Friday. Since we have already had that hearing in the Senate, and there was quite a bit of testimony, that's where there's been a focus on potential amendments. I'll just highlight a few of those and see if there are questions. One request came from the Wine Institute to authorize wine by the glass to-go, among the other privileges. Their argument is that that would represent just parity with what the bill envisions, granting for spirits, in other words, cocktails to-go. So, that looks like it was received favorably by committee members and that is included in a proposed substitute by the committee's ranking member, who is also our prime sponsor, Senator Curtis King. In addition to that change, wine by the glass to-go, there are a few other changes that are under consideration. Senator King, in his proposed substitute bill, shifts the timelines. As a reminder, the bill that we proposed in its original form, sunsets the additional allowances on July 1, 2023. Senator King's proposed sub would add on another 18 months and so sunsets those privileges, December 31, 2024. Senator King's proposed sub also shifts the timeline of the study of impacts by 12 months, shifting that to take place during 2023 instead of 2022. In addition to those changes in Senator King's proposed sub, there are some other ideas. One is likely to be coming forward from the Washington Traffic Safety Commission. This is an idea that they ran by us. I think they're likely to say they would like to see the bill amended to explicitly refer to the open container law and include language that says the privilege as set up and the parameters around it defined in rule, must comply with and require customers and delivery drivers to comply with the open container act. And so that principally involves placement of the product in the vehicle, whether it's a customer doing takeout, or whether it's by means of delivery that the product is moving from the licensee to the end customer. The feedback I've heard internally so far as that makes good sense and doesn't present any concern or problem from our standpoint. Finally, there's an idea that Senator Stanford is interested in regarding the tax exemption around mini spirits bottles as part of cocktail kits to go. He's interested in preserving the intent and the integrity of existing law related to tax preferences. There are a number of requirements under current law for any instance of a new tax preference being created, and that involves articulating a statement of the purpose of the tax preference and a number of things in addition to that - setting goals, identifying metrics for measuring performance toward the goals, collecting data, et cetera, et cetera. So, it sounds like Senator Stanford is willing to go along with our proposal to exempt this from that process, generally, that would apply to tax preferences, but he also wants to make the point about this process generally is important and it deserves an acknowledgement. He's got some language that would identify a purpose of this, and report that it's of such small magnitude and such short duration that it shouldn't be required to comply with the other provisions in current law around tax preferences. So, that's a nod to the current law and the spirit of and the purpose of that current law, while also acknowledging and accepting that, in this particular case and this narrow context, this specific proposal doesn't need to comply with those requirements. That's all I've got in the way of known potential amendments to our agency request bill in the Senate. And again, that is up for executive action tomorrow morning in the Senate. I don't know what will come up in the house on this but as I mentioned, we haven't had the hearing yet. They have scheduled executive action on it right after their Friday meeting, so I think we're looking pretty good in terms of our agency requests bill. I'll pause there to see if there are any questions on that before I move on to a couple of other items.

Chair Rushford: Any questions from Ollie or Russ?

Member Hauge: No questions for me.

Member Garrett: No questions for me.

Chair Rushford: Questions from anyone else? Thank you.

Mr. Thompson: Hearing none, there are a few other bills I was going to quickly mention. One is that there is a bill in the House, House Bill 1443, related to social equity in cannabis. That bill has received a hearing and is scheduled for executive action on Friday in the House Committee. There are, at this point, no publicly available proposed amendments to the bill. A couple of quick points I'll mention about what the original bill does in revising the existing program for social equity in cannabis. One is it changes one of the areas where the eligibility would be determined. Current law says eligibility is achieved by one of two ways: One is having a cannabis offense, either in your family or yourself, and that isn't revised by this bill; the other is to be able to qualify by living five of the last ten years in a disproportionately impacted area, however the specifics of those areas aren't defined. There's some guidance, but it isn't specifically defined. In light of gentrification, the bill changes that from five of the last ten years to a period from 1975 to 2015, so that's a significant revision. The bill also articulates a few additional topics for the task force to study and potentially make recommendations on. It also directs Department of Commerce to create a new pilot program to award grants. Eligibility requirements for grants under the social equity program are revised to include not just the retail sector of the industry, but any cannabis licensee who would also meet the social equity applicant eligibility criteria. As I mentioned, those criteria are currently only partly identified. Someone with a cannabis offense is qualified without question, but the residency-based criterion isn't yet fully defined. The other thing the bill does related to eligibility is that it says the LCB may, by rule, create additional eligibility criteria which is unspecified. That's not everything in the bill but these are the highlights. The Senate companion bill has not been heard, but the House has been engaged in this. I expect they will try to move the bill out of committee on Friday.

Moving on to another bill about hemp. Senator Stanford has a bill to create a voluntary process for registering if you want to process hemp. Current law already has a permitting process through the Department of Agriculture for hemp producers. This bill would provide a mechanism for hemp industry participants to process hemp and to get registered for that. Registration is not required and the purpose for that is to reflect federal law, which doesn't require it. We think that many would choose to get registered so that they could conduct interstate commerce. But back to our role here. The LCB does not have a role in overseeing or regulating hemp. However, current law allows an individual to both produce or process cannabis and hemp at the same location. So, the LCB's concern is not really with Senator Stanford's bill, it's with current law. Senator Stanford's bill presents an opportunity to fix the concern in current law where today the LCB is not able to ensure compliance by our cannabis licensees if they're also engaged with hemp. We've put together some language for this bill that I shared with Senator Stanford last night. We spoke for quite a while, mostly on our agency request bill, but we discussed this also, and he's open to this. We're also working with Department of Agriculture and they're also working with stakeholders. So, I think there's a good chance that a Senate floor amendment may address the request the LCB has. This bill is already out of committee, so it's next stop would be the floor. We're hoping to get all these changes and fixes made through a senate floor amendment.

I have two more quick items I was planning to mention. One is that there's a lot of energy in the legislature this year around using liquor license fees as a way of providing some relief for hard hit

businesses. There are a number of proposals. The House has had two different bills that try to address this. The Senate has already passed their bill, Senate Bill 5272, 48 to 1, and it's gone over to the House. What it does is give liquor licenses listed in the bill - and there's a long list of liquor licenses - a one-year reprieve. This means the license fee is waived for a year. That one-year period starts a month after the effective date of the bill which has an emergency clause and would go for a year. So, there's a lot of energy around this in the Senate. This is part of their early action package where they accelerate the timeline to get this bill on the governor's desk as soon as possible. It's an impact of about 11.2 million revenue loss to the state and dollar for dollar, those are dollars that the licensees would be able to keep rather than have to pay in the form of license fees to the state.

The last item I was going to mention is House Bill 1463 that deals with the concentration of THC in marijuana concentrates. This is a revived effort. We saw a different approach in a bill last year that was heard but didn't move. The bill this year says that marijuana concentrates must be no more than 30% THC, and those concentrates cannot be sold to people under 25 years of age, with an exception for medical patients. There's a hearing on this bill on Friday in the house. The LCB has some thoughts and some concerns about this. We are putting together a statement that could be submitted to the committee as part of their record. I don't think at this point we plan to actually testify, but we want to make sure that some of these issues are documented and become part of the record on the bill. I think we might have some interest in working with the sponsor, either after cut-off or over the interim to both provide some background and information to her as well as engage in some dialogue. Clearly, there are some things about this effort that makes sense to our staff and that we understand and reflect some positive efforts and worthwhile goals and how to effectively and practically move toward those. I think our take is that this bill doesn't quite get there and we want to see if there's anything we can do to help her formulate what we think might be a more effective way of addressing the risk of highly concentrated products and younger aged users. We'll see what happens at the hearing on Friday. This bill last year didn't go anywhere. I think there's a lot of interest but also a lot of controversy. I see also there are some concerns about this from Paula Sardinas and others in the African American community. I will stop there and see if there are any questions or comments that any have on this or on other bills.

Chair Rushford: Board members Garrett or Hauge, any questions or comments?

Member Garrett: I have no questions.

Member Hauge: I have no questions. And Chris, I appreciate your updates that you send to us via email every week.

Mr. Thompson: Thanks, Russ.

Chair Rushford: Yes, thank you for that. We really appreciate the weekly highlights and summary. Anyone else, if you have a question, would you "raise your hand" please? Not seeing any, Chris, thank you so much for the thorough update. We really appreciate it at this critical time in the process. As always let us know if there's something that we can do to support you.

Mr. Thompson: Thank you very much.

Chair Rushford: We'll move now to Chandra.

Mr. Dickson: Chair, this is Dustin. Sorry for the interruption, but due to scheduling constraints, can we move to Rick's portion of the agenda?

Chair Rushford: Of course, thank you. We're running a little bit behind today but I think we'll make that up going forward. Rick, welcome.

DIRECTOR'S COMMENTS

Rick Garza: Good afternoon, everybody. I'll try to be quick because you're right, Jane, it looks like we're running a little behind.

Maybe to segue with Chris, we did testify on our agency request bill in the Senate on Monday. I think the hearing went very well. Thanks to the effort of staff and the information that was provided. And I'll also testify in the House tomorrow on our agency request legislation. I think Chris covered all that needs to be covered. The issue of the dates and moving the sunsets, it's interesting. In testimony, obviously, the industry would like to see those allowances extended for a longer period of time. And then we heard the prevention community sharing that they'd like to see those extended for only a year as opposed to three years. Chris had shared that Senator King was suggesting a little over three years. I think he's going to go back and have a discussion with Senator King about that. I think I had shared with Russ earlier today, given that the industry was asking for three years -- or actually that the sunset be removed. The prevention community was asking for just one year of allowances, that maybe the date that we set, it makes more sense, but we'll see. We certainly want the bill to move so I'll let Chris work with Senator King and governor's office on those dates.

Senator Braun had another proposal very similar that only applied to spirits, beer, and wine restaurant licensees that would create those allowances permanently. We'll see if that bill moves. Good work, I thought, by staff on that bill. And just so you know, there were a lot of favorable comments, if not all favorable comments from the trade associations that we've all been working with that have been struggling through the pandemic because many of them are closed. So, I just wanted to report to the Board that there were accolades to the Board and staff for the work that they've done and being open, transparent, and flexible with the industry. And that's been shared throughout the last year.

Also, I wanted to share that as you know, we've been having discussion about DEI: diversity, equity, and inclusion. And actually, after this call, I'll be going to a conversation with the cabinet agencies about how we worked as an agency with our employees to create leadership competencies, not just the core competencies that are needed to build succession and leadership in our organization, leadership competencies in training and worked on that the last couple years. It's an interesting discussion we're going to have later this afternoon about -- there are also DEI core competencies that we should be using and developing with our employees. And so that's going to be a discussion that's important. I want to thank Claris and Megan. We've been working the last few months to create a position description to be able to hire a DEI consultant, an employee that would work in HR so that once we have our program up and running, we'll have someone who can lead that. As you all know, and hopefully you all responded to the survey, we recently surveyed our employees with respect to "what does DEI mean" to them. Several questions, I'm sure all of you answered. We used the same model that Lenora Civic (sic)[Sneva] over in OFM used to survey their employees. Because really, if we're going to own this program, we want to know from the employees, "what does DEI mean to you", "what do you think is important in our workplace with respect to DEI?" I know the staff worked hard on that and I want to thank the staff that did that. We had a good response and that will help lead us to the program that we're going to create. I know Megan and Jim and others would want me to say that we'll know in a month or two that if the Governor's budget remains as the budget in the House and Senate then it's like that we will -- we've got a position

description already written. We'll be hiring soon for that position, which is important to us and as you know, is one of the three priorities of our Governor with respect to diversity. I'll stop there, Madam Chair, if there's any questions.

Chair Rushford: Any questions, first from the Board and then from anyone else?

Member Garrett: No questions.

Member Hauge: No questions.

Chair Rushford: Thank you, Rick, for taking the time today to give us that overview.

Mr. Garza: I have more, Jane.

Chair Rushford: Okay, great.

Mr. Garza: So you're aware, I did a presentation with the Olympia Lions Club yesterday. They had asked for an update of the agency. They heard about the work that we've been doing in trying to assist licensees in the alcohol industry. Obviously, the cannabis has not been impacted. They were looking for updates on revenue and what's going on with new legislation. I talked about the agency request legislation. It was really a fun, informal, active discussion with members of the Olympia Lions Club. Tomorrow, I'll be presenting to the UW Foster School of Business. They want to know specifically about the COVID accommodations for take-out. I'll be sharing that tomorrow evening.

I'm looking here on my list to see if there's anything new that I didn't cover with you since the last time. I think that's it, Jane. So thank you, Board and staff.

Chair Rushford: Thank you as well. And we'll look forward to the next time.

Chandra, we're back to you. We welcome you again and we'll enjoy hearing some of your observations. Please know that you don't have to take the entire amount of time, whatever works for you.

TRANSITION, OBSERVATIONS AND INSIGHTS – CHANDRA

Ms. Brady: Thank you. Thank you for the warm welcome. It's great to be with all of you again, Madam Chair, Board members, and the rest of the EMT.

I have had a great and a very full first eight days at the LCB Enforcement and Education division. I am meeting some great people and learning from the observations and experiences of others inside the LCB Enforcement Division, inside of other divisions within LCB, in other state agencies, and then of course, outside of the state from the industry, the licensees, the consumers, and the community. I'm finding that this organization is flexible and responsive, and change and transition seem to be programmed into its DNA. I'm really excited for what's to come. I've been talking with people, having one-on-ones, and defining my leadership philosophy and my expectations. And I'm just really excited as I continue to assess and come up with a plan, sharing that with all of you and will be on my list.

Chair Rushford: Thank you. I want to invite questions from the Board first. Again, we're also very excited. We know you're just getting started and there are so many people to meet and programs to review. Ollie or Russ, any comment?

Member Hauge: Not at this time.

Member Garrett: Not at this time.

Chair Rushford: Thank you, Chandra. Always know that we are available if you need anything from the Board. We work to support everyone in the agency and to be responsive to those things that come up that benefit from our involvement. So, never hesitate to check in with us.

Ms. Brady: I appreciate that. Thank you.

Chair Rushford: Thank you. We'll move now to Brian for his media update.

MEDIA UPDATE – BRIAN

Brian Smith: Hi, everybody. I'll touch on some of the subjects that we're talking about with the media and some of the things that the communications team is doing right now that may be of interest to you.

As you heard me talk last time I was here, we're getting a lot of localized types of stories that we haven't had for quite a while, where they're focused on restaurants and licensees that sell alcohol, about COVID violations, et cetera. You might have seen the article that was in today's Seattle Times about Stimpy's, a licensee who had previously defied an order but we recently came to an informal agreement with them. But it's those types of stories that are out there. These types of stories can take time, because I'll have to reach out to Enforcement or to Licensing with a lot of questions rather than just answering them off the top of my head, which I can often do with cannabis related things. So, thank you to Enforcement and to Licensing always for your help.

Ollie, you mentioned something about the Blade and Timber write up you might have seen in the press. There was a lengthy article in Cross Cut. I don't know if it was picked up by others on the wire out there but it was really kind of all about that company's efforts to be able to get a liquor license with us. And if you haven't seen it, I'd be happy to share it with the larger group. I did find it a kind of an interesting story. I do not believe that we were quoted in that. , He used some old conversations that we had with him. I hadn't talked with him at length recently. I'll put it that way.

Usually this time of year, we get lots of media inquiries about legislation. Typically, you get TV and radio and print around this time about ideas that people run in the legislature. It's just I think what the nature of COVID and the state of the media these days that I haven't had a whole lot of that. I'm knocking on wood so that we don't get something right off the bat. An exception to that is you might have seen the article in, I believe was the Sunday Seattle Times, about the home grow bill. That featured Don Skakie and Laura Kaminsky, which we know from our work here. Maybe Don's listening in on the call right now, I don't know. He got his picture in the Seattle Times and his thoughts.

I'm working also a little bit with a freelancer that's trying to get a story to The Washington Post. She generated back to the old story from a couple years ago about the candy edibles. Remember the candy ropes that started off the whole packaging and labeling discussion? She didn't seem to be up to speed on

what that was all about. She seemed to think that the Board was out to ban edibles so I was clear with her that the Board has never had an interest in banning edibles and that we know that it's important part of the industry. I explained to her how that whole process worked. I want to mention to Becky, give my thanks to Nicola and Susan for also helping me out with some of that type of work.

I talked about this last time too, is all the stories about social equity and the Shawn Kemp branch of that. I haven't heard really anything on social equity since that time. And as you know, there were a number of national stories about it. But I have not been asked about that in the last couple of weeks, even with the work of the task force, et cetera.

So, those are types of stories we're receiving. Probably I get one to two calls, maybe a day between Julie and I, which for this group that's a light amount for us to get a media call a day or two media calls per day. We typically see several in a day relative to any other state agency that's out there. But that's good news, as far as I'm concerned for now.

Some of the other issues that we're working on in communications that are of note is that I launched the cannabis newsletter yesterday to about 37,000 subscribers. I will make that available to you as well if you didn't see it on Friday when we ran the communications roundup on the intranet. We're in the process of putting together the alcohol newsletter, which will go out in two weeks. And so that's coming along well.

One of the things that came out of the Hillard Heintze recommendations and our subsequent small team's planning and strategizing, was to be able to develop a video series that we can share not only with our licensees, but also with our staff, so that we're bringing them up to speed. Communications was put in the lead of that and our intent is to be able to create something that's easily watchable, easily digestible, and is frequent enough to have value. I put out an inquiry to our licensees about the types of things that they would like to see more of or learn more of. I had a meeting with Justin in his new capacity as the head of the policy unit and we're going to go do the first video around rulemaking; describing how you can be involved in the rulemaking process and where you can find that information; who are the people that work through your rules and what is it like to be involved and engage the Board or engage the agency? We'd like to try and make this fun. No one on my team is really well versed in video editing, but I like playing with the software, so I think we're up for the challenge. I'm just now beginning the scripting part so we hope to have something here in the next several weeks that we can make available to the world.

Lastly is that I'm always involved on presentations, whether or not it's the ones we do with the legislature. For this last one, I teamed up with Chris, Becky, Jim and Justin for the presentations we give to the various committees and the ones that you heard Rick talking about yesterday with the Olympia Lions. I just wanted to finish though on the -- the piece Rick is going to do tomorrow was interesting, because that professor from the business school at the University of Washington found us. He'd been doing this research on innovative things that agencies -- well, government basically -- is doing to help during this time of COVID. It was a great conversation because he was very impressed with what we do, and he really wanted his students to be able to understand the role of regulation and knowing how we can evolve and be a part of something that is helping to contribute to the business and help these businesses do business during this time while still maintaining our mission. So, that'll be an interesting conversation that I think Rick will have tomorrow. It was fun to be able to talk to him and put that together.

That's about it. Are there any questions?

Member Garrett: No questions.

Member Hauge: No questions from me. Thanks, Brian.

Chair Rushford: Thank you, Brian. Excellent work. I think the video project is an excellent addition to an already great communications program. Also, a quick comment on the outstanding work to prepare for the legislature. I listened to the hearing on Monday. Rick always represents us well and I know that it takes a lot of effort on your part, your team's part, and everyone's part. Thank you for that and thanks again for giving us the update today.

Mr. Smith: You're welcome. And Chris deserves a lot of credit for Monday, I think helped him out with the testimony, not me.

Chair Rushford: Of course. I know there are many involved but you are sort of the choreographer for much of that. But yes, Chris, thank you very much if you're still on the line with us.

Mr. Thompson: Thanks, Jane.

Chair Rushford: All right, we're going to move now to any additional team updates. If you would just "raise your hand" if you have something quickly for around the table. It looks like we don't have any additional comments from the team. Dustin, do you have anything today for everyone?

ADDITIONAL TEAM UPDATES

Mr. Dickson: A quick update. I know I've updated you previously at caucus about the technology issues that we've been having. I've been working very closely with IT on a new virtual platform, just so the rest of you on the executive management team know. We are moving forward into further stages of testing. Hopefully, as soon as this spring we'll have far less, if not zero issues with connectivity.

Chair Rushford: And thank you for representing us so well in that. We appreciate your leadership on behalf of the Board. From the Board, any additional comments or inquiries?

Member Hauge: Nothing for me, thanks.

Member Garrett: Nothing for me.

Chair Rushford: With that we have completed the orders of this agenda and we really appreciate your willingness to be with the Board today. We are adjourned.

Meeting adjourned at 2:39pm.

Minutes approved this 12th day of May, 2021

Not Present

David Postman
Board Chair



Ollie Garrett
Board Member



Russ Hauge
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant