



Executive Management Team Meeting

Wednesday, August 11, 2021, 1:30pm

This Meeting was Convened via Conference Call

Meeting Minutes

EMT ATTENDEES

Chair David Postman
Member Ollie Garrett
Member Russ Hauge
Rick Garza, Director
Toni Hood, Deputy Director
Chandra Brady, Director of Enforcement and Education
Brian Smith, Communications Director
Becky Smith, Licensing & Regulation Director
Chris Thompson, Director of Legislative Relations (excused)
Gretchen Frost, Special Assistant to the Director
Dustin Dickson, Executive Assistant to the Board

GUESTS

Jim Morgan, Chief Financial Officer

APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the June 9, 2021, and July 14, 2021, EMT meeting minutes.

SECOND: Member Garrett seconded.

ACTION: Chair Postman approved the motion.

David Postman: Thank you, those are both approved. Our first staff presentation today is an update on the traceability system, the Cannabis Central Reporting System. And to give us that is Jim Morgan, our Chief Financial Officer.

TRACEABILITY UPDATE – JIM

Jim Morgan: I just wanted to take a few minutes to provide a brief update on where we are with the Cannabis Central Reporting System, or CCRS, project. I did send a communications plan to you as an

item of information. I'm not going to go through that in any great length today, but you can take a look at that.

We did want to make this our first step in the process for our communications plan to give you a heads up on what we're doing and how we're doing. First of all, the project - and I believe you were briefed April or May, sometime around that timeframe that we were moving forward with this effort. We have a fully constituted project team. Efforts are in full steam and we're on track to deliver the new system, it looks like in December. And the communications plan will lay that out. The communications plan is designed to connect with all of the stakeholders; the internal LCB, Board, staff, managers, subject matter experts, general staff, external stakeholders including industry, legislature and Governor's Office. And it also will have a particular focus not necessarily just on the communications plan but our activities, particular focus with the integrators, the folks who provide systems to our licensees. They will be the ones who will be responsible for sending the information to us for us to collect in our database. So, that's where we are.

The communications plan has kind of a calendar of events there, who were communicating with, and on what timeframe, and also some highlights of talking points that we'll have in our communications. And just a brief recap on those, and this goes way back to when the requirements for this at that point was considered as a contingency system, that it's really focused on bare necessities. What do we need as an agency? What does Enforcement need to be able to do our jobs? What information must we collect? And to keep that in as simple a system and as simple of a process as possible. So the talking points addressed those points. This is the first step in the process. Tomorrow, you will see an all-agency communication coming from me as the project sponsor and then on down the list that you can see in the plan there following through with all of the other stakeholders in that order. So, that's all I wanted to share with you. I have time I think for questions.

Chair Postman: Are there questions for Jim on this from the Board? I'm not seeing any. Okay. One quick one, Jim. The key phrase was "on track", which I'm glad to hear. And looking at this calendar, I see we'll be reaching out to the integrators very soon, licensees, within a week or so, and then stakeholders all by the end of this month, which then does give us some time to make adjustments if necessary. And I just want you to know, in between then, sort of September to November at some point, when you get those next milestones, let's reconvene and just see how that's going. Because it does look good but I'd just be really curious what you're hearing out there and whether it gives us any new tasks between now and December.

Mr. Morgan: I'd be happy to do that.

Chair Postman: Okay, that's great. Thank you, we appreciate that. Good luck.

Next up is an update on some agency policies and practices, both on return to office and the new vaccination requirements. Deputy Director Toni Hood will walk us through those. Hi, Toni.

AGENCY UPDATES – TONI

Toni Hood: Good to see everyone. Good afternoon. Just as a reminder, I'm going to start with what we did in July. In July, we sent a message out to all staff indicating what the then mask policy was going to be. And at that time, we gave them the option to show Human Resources (HR) a copy of their vaccination card. We did this by appointment. We're still doing it by appointment, where you can literally just hold the vaccination card up to the camera, show HR you're vaccinated, they will check you off the list. And the

purpose of that back in July was to allow employees and supervisors to know that the employees can walk around the building and in the hallway without a mask on. So that was that purpose. But of course, it's even more relevant now that we have the new mandate. After that email went out, we have had 101 employees voluntarily share that information with HR. They have contacted them and shown them a copy of their card. And of course, since then, some things have changed.

For the next communication, we sent out an email at the end of July, which talked about the fact that we were going to open the building to employees who wanted to come in. It was only on a volunteer basis, on September 7. At that time, we tried to communicate very clearly that again, this was voluntary, it was not a requirement. And we reiterated the masking protocol that we have. So if you are not going to show your card or if you're not vaccinated or choose not to share that information, you'd need to continue to wear your mask when you're outside of your cube or your office. We also explained that the child and elder care allowance during telework continues, so people can continue to care for their children or other elder care. We finally reminded people that there is a potential impact on office space if people continue to telework and that OFM has put forward guidelines which indicate if you don't come into the office at least three days a week, then we should be looking towards, in the future, sharing cubicle spaces or having what they call "hotel space" where you just come in and use a generic space if you're not coming in very often. We wanted to put employees on notice that this could happen down the road. So if we do ever get to the point where we are physically changing the cubes, we will be looking for the OFM guidelines. None of the leadership team wants people to be surprised if down the road they don't get their own assigned cube 100% of the time. So that messaging was sent out on July 30.

And, as everyone knows, the Governor made his announcement this week requiring that all employees be vaccinated by October 18. Since then, HR has fielded a number of calls. Currently, people are asked to call their assigned HR consultant. Whichever division you're in, you can call that person and ask them questions. We have had some questions about the exemptions that were outlined at a very high level. But we don't have a lot of information to give employees at this time. Regarding the medical exception, we can tell employees that the state HR has given us guidance that we will be applying the reasonable accommodation analysis to this issue. So, if you had another medical reason to get an accommodation, HR would handle that by getting the minimum amount of information regarding your medical condition from your doctor in order to properly apply the exemption. We don't have any further information on that yet. We expect next week to get something more in writing. I don't know if there'll be a standardized form for this particular kind of accommodation or if we'll use our general reasonable accommodation forms that HR does on a regular basis.

One of the questions that was brought up was, do employees have to get periodic testing if they fall within one of the exemptions, meaning medical or religious? At this point, we don't know the answer to that. We generally have had questions just mostly about the exemptions. And some people are simply contacting HR to find out what does this mean. Some people have been referred, if appropriate, to their union representative to get more information. And, we are passing along the information agency-wide via email as soon as we get updates. Are there any questions about that? I do have a few more detailed notes if people have questions.

Chair Postman: I have a couple, and I don't see any from other Board members yet. Seeing what's happening with the virus and the variants nationwide and starting to happen in Washington State, it's possible that we could be in a position even as soon as September after we're theoretically opening the office, that we're encouraging people to stay home again and not come in. Have you heard from state HR yet? Is that something that they're going to continue to do enterprise-wide?

Ms. Hood: We have not heard that. We have continued to communicate to our employees that this is an ever-changing environment. And so the September 7 date, of course, was decided back in early July. And we tried to put enough caveats in there so they won't be surprised if leadership chooses to change that date or modify it in any way.

Chair Postman: And if we do and if we're encouraging people not to come in or certain people or limit their time, then we reset the clock on them potentially losing office space as well. So people needn't fear -

Ms. Hood: Yes, and then just to clarify, there is no specific clock. This is guidance by OFM. I think that there would be a specific clock if, for example, we were moving back into the building right now. Then there would be a clock because they don't want to design something that is not going to fit with their guidelines. But since we have the current building and we don't share with anyone currently, there's no specific clock on that.

Chair Postman: Yeah. And then not entirely by self-interest, but I also assume when we're looking at the time you need to spend in the office, we'll prorate that for, say, the part time employees of the agency?

Ms. Hood: I would imagine that OFM guidelines have something that would allow us to accommodate that. That is certainly logical.

I just got an email that I forgot to mention. We can send this out to employees, but I haven't yet. It is simply a vaccination timeline chart, which very clearly spells out if you get the Pfizer, when you have to get your initial dose done by, and when you have to get your second dose by to have your series completed in accordance with the Governor's Proclamation. And then it proceeds to outline Moderna and J&J. It's a nice easy to read chart so that there's no doubt that you must complete your series by October 4 to be fully vaccinated by October 18.

Chair Postman: Right, okay, thank you. Anything more, Toni?

Ms. Hood: No, that's all I have.

Chair Postman: Alright, seeing no other questions. Great. Thank you. We will now move to a licensing update from Licensing and Regulation Director, Becky Smith.

LICENSING UPDATE – BECKY

Becky Smith: So good afternoon Board members. I am excited this morning or this afternoon to share with you guys our website. And so I was hoping Dustin, could you pull up that website for us on the social equity website? I know that Dustin had sent it out to everyone but what I want to share here is that this went live last Friday, I believe. We shared the website (<https://lcb.wa.gov/se/cannabis-social-equity>) on the 27th of July with the Social Equity Task Force. This site includes a series of web pages. It'll provide information about the social equity program. I want to just note the "five things you need to do now". This was a question that had come up during the Social Equity Task Force meeting and an area that we want to make sure is information we provided. They get to learn more about the program, they get to get involved in the Task Force activities. It shows you what they can do now if an applicant is interested in signing up to be part of receiving updates as well.

And then we're really looking at questions. So on there, as you see, there's licensing requirements, but then frequently asked questions or submit your question. We have already received questions in submit your questions that again, went live on Friday and we received our first question on Monday. As soon as we start to receive a few more, we'll start to put up the frequently asked questions. But this was a great opportunity for Liquor and Cannabis Board to get out there in front of questions that were being posed to not just the task force but a lot of Licensing staff and Enforcement staff as well. Jody Murphy, Kaitlin Bomba and Kevin Milovac, all names that you always hear are the folks that put this together with the help of Communications. It's a fantastic tool for folks to be able to take a look at and use. So I wanted to share that with everyone this afternoon.

Chair Postman: It looks great. So, thanks to you and the Communications staff and your people for doing it. Anything we can do to help the Task Force, we need to do. This looks really good to me.

Ms. Smith: Well, thank you. And I also want to mention that Ollie and Justin and I met with Anzhane Slaughter last week. She's the Social Equity project manager. And I just want to thank Ollie for all of your support for what the agency's doing but also for just really providing some guidance to Licensing, to myself on what next steps need to be. We shared information with folks about what tools we have and what information we have at our hand, as far as data and some information we had received from other states about the process and how their application process has gone. So we're going to be reaching back out and providing that information to the task force. We are going to be doing a presentation on the 25th to the Licensing work group as well, again, just to give them some updates, provide them with some information. I think whatever we can do to help move that work forward, we're certainly willing to do that. Ollie, do you want to add anything to that?

Member Garrett: Yeah. One of the things that has been a little frustrating, sitting in a lot of the meetings and as I was explaining to Anzhane, was a lot of the people that are part of the Task Force came on later in the process and kind of didn't know how we got to where we are today. They didn't know that it was the LCB that initiated the bill that led to having the Task Force. They didn't know that the LCB had done all of the community outreach back in - was it January of this year or the end of last year - that we had the outreach, that we had heard firsthand from the community and the folks that they were now hearing from on our calls, that we had already gone through that process. And based on that and based on that we are having our staff listening in on all of the Task Force meetings, we are thinking about things that we could be doing now. We are starting to bring topics back to the agency and we are doing those things. And also, a lot of the things that they were researching and doing, we already have the information at the agency. We've already done those things. We know what the other states are doing. We know if we were to look at the new census and if things were being done the way we did them in the beginning, what that would look like today, how many new licenses would be needed today. So we are doing this work at the LCB and it looked like there was a breakdown with the Task Force knowing that we are doing everything we can in our power. And what we need from them is to help us with the things we need help getting through, whether it's legislators or whatever that is. That's what we need. But to come to us and spin your wheels researching things that we already have the information for seemed unneeded. So that's what came out of the conversation last week. We at the LCB are not just on the outside looking in. We initiated that bill that included having the Task Force, and people didn't know that, so it was a great conversation to have.

Chair Postman: That's great. Do you think, Ollie, at this point are we, as an agency, engaged at right amount and level? Are there things we should be looking at?

Member Garrett: Well, I think that Becky should be included on those Thursday calls with the Task Force or with the project manager of the Task Force because that's where they can come and check with us to say, "Here are the things we need answers to. Before we start working on these things, do you already have the answers," and things like that. That's the piece that was missing.

Ms. Smith: And to help that as well, we're putting together a Task Force Work Group for the agency. Toni is going to be co-chairing that with me. So, all the information isn't coming from Licensing because this is an agency movement. This is agency work and both Rick and Toni have been very supportive about what our next steps will be. We are bringing the other division directors in so everybody's involved in the conversation. And of course, Ollie will be representing the Board on that workgroup.

Chair Postman: Terrific. Any other reports, Becky?

Ms. Smith: Yes. I want to share with you that we've also been doing a pilot with our cannabis unit. And that's because over time, we've heard that change requests, we call them alterations, have been taking a long time to process. We wanted to find the top six, maybe the top ten alterations, that we could move to customer service. Just like liquor -- it should be really the same process as liquor has and not as complicated. We want it to take days and not months to get these through. We want our licensees to be able to reach out and get something done quickly instead of having to feel like they're jumping through all these hoops and say "nah, I'm not going to submit it because it's going to take months and I'd rather just not put it in". So, we want to have those alterations submitted. We want to be able to have that information contained in the licensing file. It helps Enforcement do their job, certainly, and it helps us in the future, do our job. So that will be started the second week in September. We'll move all of that work over. Right now we're providing some training to our customer service staff. But I thought that was important to mention because again, we survey our licensees in cannabis to see what we can do differently, how we can improve the process. And this was one of the things that we kept hearing over and over again and the cannabis manager jumped on it. And again, a great thing for us.

Another thing I wanted to mention is that we had our very first application for a combined or shared tasting area. And as you recall, Senate Bill 5549, aka, the Distillers Bill, allowed for a tasting room for brewery, winery, and distillery to be together. We've been waiting for this to happen and we did receive our first application and we are moving that forward to getting licensed.

One other thing is I do want to mention, as always, we're seeing a lot of special occasion requests coming in. We actually had four that they decided not to do the event. And that was because of what's happening out there with COVID, and they pulled back their event. But more so than anything, we're seeing a lot of these requests continue to come in. So, I think that's it for me. Thank you. Does anybody have questions?

Chair Postman: I don't see any more. Thanks, Becky. We appreciate it, as always.

We're running right on time and so we will move to Communications and Media update from Communications Director, Brian Smith.

COMMUNICATIONS AND MEDIA UPDATE – BRIAN

Brian Smith: Good afternoon, Chair Postman and members Garrett and Hauge. Hello. I'll be real brief here and touch on just a few things that's going on, some of which you've already heard.

Communications has been very involved with the divisions and the work that you heard about already. This piece of good news is that, as I told you last time, that we are now fully staffed in the Communications office. I didn't give you a name last time, but the young woman's name that has joined our team is Samantha Gooder and she's been off to a great start. Chair Postman joined us this morning on a huddle and I think he felt at home among a group like us. He was able to talk shop and we understand where he's coming from on that. And, I think he understands where we're coming from. So thank you, David, for joining us. And I want to extend that to you, Ollie and Russ, that if you ever want to join our Communications team and engage us on anything and to meet Samantha, I'd be happy to work with Dustin to set that up.

Moving on, a couple things, you heard Becky talk about the social equity webpage with Licensing. That was all of them as far as the development and the content of what it was going to be. But it's like handing over a blueprint to somebody. And so our team actually put that together. Brad and Julie did all the online work on that, and that's actually a pretty extensive amount of work. It was a priority for us because we knew it was a priority for Licensing and for Ollie and our work that's prominent with social equity. We really pushed them and they worked hard to be able to get that up to satisfaction. So, it was a good collaborative effort with the Licensing team, which I think we almost always have.

Next, the communications planning and implementation for the traceability project. That was the communications plan that I wrote that you have, and we have been working together with the project team to develop the planning. And then next thing is implementation. And I'm right with you, David. Once we start understanding what's needed out there, you pivot, you move, and you provide what is needed also in the time. And I think we're set up to be able to move quickly as we need to.

I'm also working with the Communications Director for the State Department of Agriculture on a collaborative piece of legislation that we're both taking on. And so we've had some initial meetings and have started developing some work. Hector Castro is the Communications Director over there at Agriculture, and a good guy, and someone that we have collaborated with in the past. And so that's going well.

And lastly, is that a lot of work, of course, always on COVID. We know that that's a dynamic as Toni talked about. What we need to communicate with employees, what we need to have on our website, what we need to be able to have on our intranet so that people have the information that they need. And it's clearly something that's on people's minds and when we've got this much riding on what's currently riding on the COVID information, we want to make sure that we're providing and filling that gap when there's a need for communications and we're ready to be able to support Rick and Toni and doing whatever we need to be able to do there.

One thing I wanted to circle back on real fast, though, is when you were looking at the social equity page, I want you to know that if you went to the LCB homepage, that's what we call the "dynamic display" on the website. So, it's in big graphical format would be one of the things that would catch your eye when you first come to our homepage. And what you saw there was what we call the landing page, the first page you go into if you clicked on that site. So it's one of these things that come up and it looks sharp and it captures your eyes, I think, when you first look at it. I just wanted to bring that to your attention to know that it's prominent and I think that people will be able to find that quickly.

And then the last thing on media, it has actually been very light. I tell you guys that you can always expect a couple requests a day. I think it's probably even been lighter than that in the last couple of weeks.

Maybe August is a month when people sometimes take time off, but we'll take it. I'm happy to not get inundated with media all the time because we've got plenty to do.
If there are any questions, I'm happy to address any of them.

Chair Postman: Okay, questions from the Board for Brian? No? Okay.

Thanks for having me this morning, Brian. It was great. I had a good time and I'd encourage others because I heard a story about a Communications Director, a French exchange student and a monkey in Spokane. I'm not going to tell you any more than that. You've got to go to a communications huddle to find out how that all ties together. But it really was a good time and I did feel at home, so thanks for all the work and putting together the team. It was great.

Alright, we are moving on to Enforcement and Education with Director Chandra Brady.

ENFORCEMENT AND EDUCATION UPDATE – CHANDRA

Chandra Brady began with a data presentation ([PRESENTATION 1](#))

Chair Postman: Can we pause one second to just take question from Member Hauge?

Member Hauge: Now, when you're talking about "alternative dispute resolution", are you talking about the process where after an Administrative Violation Notice (AVN) is issued, the license holder is referred to our hearing examiner for a compromise penalty? Or is there some other program that we're using?

Ms. Brady: That's exactly the process I'm talking about. So they can choose to say, "yes, I did it, I'm just going to pay the fine", or they can choose to ask for a formal hearing. Or, they can go to informal hearing and negotiate a resolution with our hearings officer.

Member Hauge: Who is the hearing examiner reporting to right now?

Ms. Brady: Kjell reports to Deputy Chief Reinke.

Member Hauge: Thank you.

Ms. Brady: Yes. If you'd ever like to talk more or meet with that team about their process, that's always available.

Ms. Brady continued and concluded the presentation.

Chair Postman: Thank you, Director. I like your mission statement. It seems to reflect what I know of your team's work. And as I've told you, and some of them before, when we get a chance to read enforcement reports and AVN and field reports, it's always impressive to me sort of how cool-headed your men and women stay. There's a level headedness there, even when they're met by some real strong resistance in the field. And I think people think of this as just walking into a bar and checking it out or going into a cannabis store. It can be stressful. There is tension. One of your officers had hands put on them from somebody. It happens out there and it just seems like the team just has the right kind of response to that, and that's what makes them professional. So, it's appreciated and noticed.

Ms. Brady: Thank you, Board Chair.

Chair Postman: Okay, I see no other questions, so thank you, Director. Keep it up.

We will move to agency Director Rick Garza for your comments. Hello, Rick.

DIRECTOR'S COMMENTS – RICK

Rick Garza: Chair Postman, Board Members Garrett and Hauge, thanks for being with you today. I thought the staff just did a great job of updating the Board.

It's going to sound redundant to the staff because we just had a management team meeting and discussed many of these issues, but I want to start just by thanking Jim for leading us through the traceability update and the change to a new reporting system. We've done this once before. It was several years ago. I think there were some lessons learned about how to do that, maybe a little differently, a little bit more streamlined. So I want to thank Jim for that.

And I said this yesterday, Becky, just a proactive effort that you did in creating that webpage for the social equity applicants and for the Task Force, and the work of Communications, just really well done. And then you reminded us that the internal workgroup that you've created of the staff and in more divisions than just licensing to make sure that we're prepared when those recommendations come from the Task Force to us. I just thought the webpage looks great and I just want to thank all the staff for their work on that.

Next, the return to office and Toni's update with respect to the Governor's new vaccination requirements for state employees. I think you said it and we've been very consistent, I think the Board myself and the leadership team about making sure that we're very flexible with our employees as we look to return to work. And now with the COVID positive cases surging, you kind of spoke to it for a second when you said, we're going to have a pause and wait and make sure that if we return people that we do so when they're safe. So I just want to reiterate, I think we've been very consistent throughout the year and a half that we're going to be very flexible to not force our employees to return to the workplace. And frankly, I think the Governor's move was probably something that, again, because of the surge in cases, is one way of making sure that people get vaccinated. So thanks, Toni for that update.

And also thanks for Brian's update with respect to Communications, and thank you David, for being able to check into that meeting.

Chandra, thanks for your update. You would never think we'd go a year without doing compliance checks. It's just never happened. It took a pandemic. And I think there were 14 to 15 months that we didn't do compliance checks. Frankly, I thought the compliance rate would be even lower. So you don't do compliance, you're not going to get a very high compliance rate. And so we'll get that number back up to where it was. But it's interesting to see the compliance checks and the rates within the different products that we regulate. But thanks again, Chandra for your update.

I guess one of the things I want to share is, since this meeting only happens once a month, I'm just going to reiterate it here with everyone is I want this time with you to be productive for you. We're reporting information that we hope is important to you because it's important to us. But looking ahead, if there are issues that you think you would like us to cover, things that you're hearing from licensees, things that you're hearing from inside the organization, feel free to reach out to us, the directors, and let them know

that, “hey, I'd like you to spend a minute or two sharing information with respect to this area”, whether it's Licensing or Enforcement. And typically, as we all know, externally, it's typically Licensing or Enforcement questions. But I want to make sure as I chatted with Ollie yesterday that we're giving you the value that you need out of the meeting and giving you the information that you need so it's not just us presenting. If you have questions that you would like us to cover, please feel free to reach out to any of us to share that information. And so I think the staff really covered most of the work that's a priority today, Chair Postman, Members Garrett and Hauge. So with that, I'll stop and take any questions you might have.

Chair Postman: The only thing I'd say, Rick, in terms of what we'd like to cover, I would just always encourage you and your staff to talk amongst yourselves. So if somebody has something that they think needs more time with us, that they want to get into some more details and go in depth with us, that's okay with me. And we could hold some of the others. I thought today was great. The balance was great. But we can use this time in a priority way if we need to. So feel that you've got that flexibility to let us know if we should carve out more time for a single deep dive. I think this is a rare meeting that we get to all sit here and have this conversation with a full Board and your executive staff. Questions, Russ or Ollie? Comments? Seeing none I'll just check with Rick to see if you had any other additional team updates or anybody on your team have anything they want to add before we close up for the day.

Mr. Garza: I do not but staff, feel free to jump in if you'd like. We have a few minutes.

Chair Postman: Okay. Well, that's the end of the agenda. I will echo Rick, your echoes of praise for the staff. I will admit that I have a tendency to hear criticism louder than I hear compliments. It's something I'm always working on a little bit. But the fact of the matter is, I hear a lot of great things about the staff of the LCB, not just internally from teammates but from external stakeholders as well. And you know, it is across the board. And often what I would say is that what seems to me is that if somebody's watching from afar, they can be more critical and they hear things or they just sit in a meeting. But when they have that face to face interaction, when they're able to sit down with people and have a sensible conversation, it's really appreciated out there. And so I just will try to bring down my own personal volume on the criticism side and not react to that as much. But it's great to hear all those good things. And I certainly experience it myself. So I'll just take this chance to thank you all for the work you do every day here. And seeing nothing else, we will adjourn today's Executive Management Team meeting. Thank you. We'll see this group again next month. Have a good day.

Meeting adjourned at 2:30pm.

Minutes approved this 8th day of September, 2021.



David Postman
Board Chair



Ollie Garrett
Board Member

Not Present

Russ Hauge
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant