



Board Caucus Meeting

Tuesday, August 31, 2021, 10:00am

This meeting was held via web conference

Meeting Minutes

CAUCUS ATTENDEES

Chair David Postman
Member Ollie Garrett
Member Russ Hauge
Dustin Dickson, Executive Assistant

GUESTS

Nicola Reid, Compliance and Adjudications Manager
Kathy Hoffman, Policy and Rules Manager
Audrey Vasek, Policy and Rules Coordinator
Jeff Kildahl, Policy and Rules Coordinator

At 10:01 Chair Postman announced the Board would go at ease.

At 10:05 Chair Postman brought the meeting to order and announced Member Garrett was unable to connect to the web conference due to technical difficulties.

Chair Postman also announced an amendment to the agenda, informing that Nicola Reid would be presenting a request from Lumen Field for a pilot program for expanded alcohol service.

APPROVAL OF MEETING MINUTES

MOTION: Member Hauge moved to approve the August 17, 2021, Board caucus minutes

SECOND: Chair Postman seconded.

ACTION: Chair Postman approved the motion.

LICENSING PRESENTATION – EXPANDED SERVICE REQUEST FROM LUMEN FIELD

Nicola Reid presented the proposal from Levy at Lumen Field ([PRESENTATION 1](#)), asking that the following items be considered for a one-year pilot program:

- Pre-Made Batched Spirits Cocktails
- Low Proof Pre-Made Canned Spirits Cocktails
- Addition of Wine to Hawking

Nicola also highlighted expanded safety precautions in the presentation. She added that the program would be evaluated by Enforcement and Licensing consistently and a summary would be provided after one year. She asked if there were any questions.

Member Hauge: No questions from me. I had a briefing earlier from Nicola and I feel very comfortable with the amount of information that has been developed.

Ms. Reid: Thank you.

Chair Postman: I think you've done a really good job presenting this to the Board members and getting us the information we need. I just, for sake of clarity, I want to make sure I'm on track – so, one year from now, when you have that summary of the pilot program, it has to come back to the Board for action no matter what, right? It cannot be administratively approved or extended?

Ms. Reid: My apologies, I should have clarified that. When we collect the data at the one-year mark, we'll essentially do another write-up and come before you and share the information gathered from local authorities, from LCB Enforcement and from the public safety data.

I think it is also important to know that one of the things we did ask from Levy at Lumen Field is if they are on the DUI target list, and they are not listed with the City of Seattle. They don't allow tailgating on the premises, though we do know that tailgating occurs, but they also are ensuring that their staff are trained to not let already over-intoxicated people into the facility.

Chair Postman: That's great. I think you were clear, I just want it to be clear for everybody including the operators that this is a true pilot program and if we see problems or that it is not going well we won't hesitate to end it or make modifications, as with any of the ones you've mentioned, and I appreciate that. Anything else to add?

Ms. Reid: I think I have covered all the areas I wanted to share with you today that I thought were really relevant to it. I think, lastly, I do appreciate that they are going to increase their staff levels. The minimum is one per 50, they are going to staff one per 40. That really does help as they are a big arena. And in addition, they don't have to have all of their employees MAST (Mandatory Alcohol Server Training) trained, they are going to have 75% MAST trained which includes employees that aren't directly serving or handling the alcohol itself.

Chair Postman: That's great, thank you. With that, is there a motion to approve the request from Lumen Field for a one-year pilot program?

MOTION: Member Hauge moved to approve the pilot program at Lumen Field as described for the time period suggested.

SECOND: Chair Postman seconded.

ACTION: Chair Postman approved the motion.

Chair Postman: That is approved. Thank you Ms. Reid, we appreciate the work you've done on this to bring it to us.

Ms. Reid: Thank you for having me.

BOARD MEETING PREP AND RULES UPDATE

Kathy Hoffman provided a brief update on THC compound evaluation rulemaking, including:

- “Listen and learn” scheduled for September 9, 2021, 9-11am
- No comments received to date on the draft conceptual rules
- CR 102 on track for presentation on September 29, 2021

Kathy asked if there were any questions. There were none.

Jeff Kildahl provided a brief update on cannabis related rulemaking, including:

- Quality Control
 - Continuing to work with the economist
 - Sent messaging yesterday asking for feedback from producer/processor perspectives beyond “deliberative dialogues” already held, and to participate in interviews with the economist
 - 30 responses received to date
 - Anticipate hosting a “listen and learn” session on or about October 15, 2021
 - CR 102 tentatively scheduled for December 8, 2021
- Criminal History Background Checks
 - No comments received at the public hearing on August 18, 2021
 - CR 103 scheduled for consideration tomorrow, September 1, 2021

Jeff asked if there were any questions. There were none

Audrey provided a brief update on alcohol related rulemaking, including:

- Implementing 2021 Legislation – House Bill 1480 Related to Extending COVID-19 Alcohol Allowances
 - Internal rule drafting group is nearing completion of comments received from the “listen and learn” held August 5, 2021 on the alcohol to-go endorsements
 - Next meeting is today
 - A “listen and learn” related to outdoor alcohol service areas and food service menu requirements scheduled for Thursday, September 2, 2021
 - Comments will be compiled into a comment table and the internal work group will continue to review and consider revisions to the conceptual draft rules
 - Will survey licensees to estimate possible implementation costs
 - CR 102 tentatively scheduled for late September or early October
- Axe Throwing at Liquor Licensed Premises
 - Kickoff internal meeting scheduled for next week to determine scope, potential timeline and next steps
 - CR 101 tentatively scheduled for late September or early October

Audrey asked if there were any questions. There were none.

RULES PETITION REVIEW AND CONSIDERATION

Audrey presented and reviewed the staff recommendation regarding the rules petition ([PRESENTATION 2](#)) to amend WAC 314-11-050 to allow alcohol service in adult entertainment facilities. The petition was filed by Amber Lewis on behalf of Eric Forbes of Dream Girls, LLC.

Audrey reviewed public safety considerations, including medical harms, injury, crime and violence and how allowing alcohol service in adult entertainment facilities may affect them. She noted one establishment was issued a liquor license on a trial period in 1998. Local authority objected to the license renewal based on criminal activity and the license was ultimately cancelled in 2002. Audrey added that there were also arguments supporting alcohol service, including support from the industry members.

Audrey summarized that the agency staff felt it would be premature to initiate rulemaking allowing alcohol service in adult entertainment establishments without direction from the legislature that considers the whole package of recommendations from the task force report.

Chair Postman: Any questions, Member Hauge?

Member Hauge: Audrey and the rulemaking staff have briefed my very comprehensively on this. We've been looking at this for a while. I appreciate the depth of the inquiry that our rulemaking team has undertaken. I certainly agree that this is a question for the legislature – there are too many balls in the air for our staff to take a worthwhile stab at this, I believe.

Chair Postman: I would align myself with those comments as well. I did read the task force report carefully and I've discussed with the policy team and others. Thinking out loud and looking for clarification, it seems that members of the task force, at least some of the members, the workers, were asking for legislative action for a couple reasons, perhaps, but including that their package of recommendations was more than to just allow alcohol. There's one reference, that I can't find right now, but as I recall it was that the owners and operators want to see alcohol of course, but some of these others might be more specific to worker protections, and we would really just be taking a piece of this to approve within our legal authority because we don't regulate those other pieces. So, we'd be kind of picking and choosing from the task force recommendations and that may be putting the cart before the horse. Is that a fair summation, do you think?

Ms. Vasek: Yes. I think that captures it. There were four recommendations in the report, alcohol legalization being one of them. I think those four work together, and to do one without the others would perhaps not have the same effect.

Chair Postman: And in discussing this with various members of the staff, and including public health concerns and others, I didn't hear a lot of strong objection to the concept presented here, but not support for leading with legalization. That's not to prejudge what our decision would be when in fact it does come back to us, if, in fact it does come back to us after legislature acts. But, from my perspective at least, this is not out of any clear objection to the idea of doing something along the lines that the task force recommended.

This was really presented in the task force report; these were worker's concerns. The workers at these clubs are – "strippers are workers and like all workers they deserve workplace protections tailored to their needs". That's from the report, and when I read that – and again, I take this in the holistic view of that there's a package of things that they thought would give them the workplace protections that they needed. With that, I will pause and see if Member Hauge has any comments. Hearing none, is there a motion regarding the rules petition to amend WAC 314-11-050 to allow alcohol service in adult entertainment facilities? The motion would be to accept the staff recommendation to reject the petition at this point and await legislative action as presented by the task force.

MOTION: Member Hauge moved to accept the staff recommendation.

SECOND: Chair Postman seconded.

ACTION: Chair Postman approved the motion.

Chair Postman: Thank you, Ms. Vasek, for the work you did on this throughout and for bringing it to us.

Ms. Vasek: Thank you for having me.

BOARD MEMBER AND EXECUTIVE ASSISTANT REPORTS

Chair Postman: We will not have a quorum for next Tuesday, so there will be no Caucus on the 7th.

Member Hauge: We received a letter on Sunday from a license holder, Mr. Dusek, and he asked for some response – of course I'm sure we'll follow up on that – but it's not the issue that he raises directly but it's an issue that has been coming up more and more lately. I talked about it a little bit with Kathy and other members of the management team – I've been pretty pessimistic about the possibility of the federal government taking steps regarding legalization or decriminalization. It seems to me that there is so much other work that needs to be done that that's not going to happen any time soon. I'm not changing my mind, but more and more we are wrestling with issues that relate not to, so much, the market we have now that was designed in Initiative 502, but what the market is going to look like when the feds do decriminalize. We know that simple decriminalization will be the kickoff bell for the industry to try take advantage of doing business on a national scale.

I would like us, the Board, to spend some time thinking about what we would like to see the system look like when it is nationally legalized so that we are not caught unawares. By that, what I mean is, what about the current system would we recommend preserving, what would we recommend changing, we're going to need some legal advice about what will inevitably change, such as interstate commerce – but I don't think it's too soon to start thinking in those terms. I know that it bothers me, and I can only imagine what a license holder might be thinking about the whole system changing, as it will, within a period of no fewer than two years but probably no more than five. And, again, I think it's something we should be paying attention to.

Chair Postman: I think that's an excellent point. First of all, I agree with you – I don't think we'll see decriminalization or legalization immediately. I think two years would be really optimistic. You'll see that when the bill in congress was released for review recently, one of the first things I read was the sponsors themselves saying "this isn't going to pass". This was really more to start the discussion. LCB staff is looking very carefully at the legislation because it does give us some early signals at least about some of the things you were talking about. Things like, where are the places where it would force us to change, maybe from our view an incursion into a territory that we think state's rights should be maintained, so I'm glad that we're doing that.

I would second the request; I think we should have that discussion. We hear it a lot from licensees, from very different perspectives, and one of the things we've heard about – and I don't know how to get my head around it, whether I would agree or not – is, we need to be ready to have Washington's industry become national leaders. We all want every Washington industry to be the best, and I know that the Governor that appointed us loves to brag about every Washington business, including its cannabis

growers and producers. But that a conversation that I think is really complicated and has a lot to do with our current policies and enforcement, and where do we move – I've been having these same questions.

So, why don't we – I'll follow up with staff – I know the policy and rules and external affairs are looking at the federal legislation as a place to start their discussions. I think we should find a way to bring the full Board into those conversations, which then means it would be a public conversation as well. I think it's time for that. If you have ideas, Member Hauge, on how you'd like to see that – we could do it with a work session in Caucus with staff first, or if you want to hear from members of the industry early on, we should figure out how to build that conversation and be purposeful about it.

Member Hauge: I think starting out with a Board briefing about the work that is going on in the agency on these questions is great. I think it's also very important to have a public discussion with our license holders about what they would like to see preserved of our current system when we imagine what might happen with national decriminalization or legalization. I think we have to hear from them.

Chair Postman: Good. Why don't we start with that, then, and we can ask the team to come to us and give us their best read of what that bill does say and if there are places that it rubs up against things that concern us. And as Rick Garza pointed out, a little while ago we had a meeting with Patty Murray's staff on this and they seemed very open to wanting to hear from us about where those red flags are and where are the things that we really want to preserve about our system and not let national decriminalization impact us. So, I think we've got a good partner in D.C. on this and that's where it should lead. I'll follow up on that and we'll figure out how to do that and we'll start with the briefing on the national bill. Great, thank you for bringing that up.

With that we will adjourn the meeting. We will have our Board meeting tomorrow, but no Caucus next week. Thank you all, have a great day.

FUTURE AGENDA ITEMS

- Staff to brief Board on national cannabis legislation

Meeting adjourned at 10:39am.

Minutes approved this 28th day of September, 2021.



David Postman
Board Chair

Not Present

Ollie Garrett
Board Member



Russ Hauge
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant to the Board