



## Executive Management Team Meeting

Wednesday, February 9, 2022, 1:30pm

This Meeting was Convened via Web Conference

### Meeting Minutes

#### EMT ATTENDEES

Chair David Postman  
Member Ollie Garrett  
Rick Garza, Director  
Toni Hood, Deputy Director  
Brian Smith, Communications Director  
Becky Smith, Licensing & Regulation Director  
Chris Thompson, Director of Legislative Relations  
Gretchen Frost, Special Assistant to the Director  
Dustin Dickson, Executive Assistant to the Board

#### GUESTS

Jim Morgan, Chief Financial Officer

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#### APPROVAL OF MEETING MINUTES

MOTION: Member Garrett moved to approve the January 12, 2022, EMT meeting minutes.

SECOND: Chair Postman seconded.

ACTION: Chair Postman approved the motion.

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#### CANNABIS CENTRAL REPORTING SYSTEM UPDATE – JIM

Jim Morgan: Good afternoon, and thank you, Chair Postman. The CCRS Project is moving right along and still making great progress. We are in a transition period right now. We are wrapping up the original scope of work and completing the work that was originally planned. As I have mentioned before, through the process of implementing the system, we have learned new things and discovered things that we would like to have changed or that the industry would like to have changed. So at the same time, while we are wrapping up the original scope, we are planning for what we have begun to call “Phase 2” of that implementation.

For the original scope, we had a successful implementation yesterday of a series of technical fixes. All of the fixes that we are doing right now affect the system behind the scenes and are not affecting the files

that licensees are required to upload. We have saved those, and we have a number of changes that may affect what they have to supply us, but we are going to be evaluating those as part of our Phase 2 and trying to do those as much as possible in one fell swoop to minimize the impact to the industry.

Technical fixes were deployed yesterday. In the critical batch of the first batch of reports, the most important reports, have been completed and are commencing the User Testing Phase, so that is nearing completion, as well. To date, 86% of licensees have access to the system. Our efforts on the Education and Enforcement side are focusing on the remaining 14%. Our Enforcement staff are reaching out to them either by phone or in person, to ensure that they are aware of the system and know how to get help to use the system as required. They have a plan for a series of contacts with each licensee for the next month and a half or so, and beginning April they will start more of an enforcement posture on that. By then they will have contacted every licensee more than once to make sure that they are aware of what is expected.

Phase 2 planning is underway. I believe I mentioned before that we recognized there was a big enough body of work left that has been identified since we went live that we would really like to address, so we are attacking that almost as a second project. Because of competition for internal IT resources, we have hired a Contract Project Manager to lead that effort, and we will be focusing on two primary areas, one that we have talked about here before, and that is the inefficiencies with the manifest process. We have scheduled a meeting with select stakeholders, licensees, integrators and labs that we have invited to a meeting on March 1. We will be presenting some of our thoughts and also getting their input, and then we will be starting to work on solutions to that process.

The other main body of work for Phase 2 will be getting our arms around all of the different change requests and issues that have been identified since we have gone live that have not yet been addressed. So, that process will be to evaluate all of those and then develop a scope of work for Phase 2. For the time being, we are continuing to use internal IT resources to support that effort and to support the Project Manager that is leading that, and we are prepared to bring in other contract resources as necessary to support that process.

One other issue that has come up that is kind of a separate focus, I do not believe it is going to be a large effort and will ultimately get worked into our scope, is we have discovered that there are some unique issues for Tribes. And that is because their requirements for reporting are different from licensees' requirements for reporting -- and that is they are not required to report as many things to us as licensees are. Their reporting focuses primarily on transactions between the Tribe and licensees. So the other information that we do gather from licensees, like the total snapshot of their inventory, the Tribes are not required to send that. So we have discovered that there are some processes in the upload process that are checking for -- that were built for the 1800 licensees that are using the system, and doing an error check to make sure that they have supplied all the required reports -- and the unintended consequence for Tribes was that they get the same error checking for their upload, but a report that is not there because they are not required to submit it is missing. So we have a meeting queued up tomorrow with members of the Suquamish Tribe that brought this to our attention, and we are meeting with their technical folks tomorrow to get a clearer understanding of what those issues are to make sure that we can address those issues.

That is about it, things are moving right along. We are gearing up to continue to make our improvements in Phase 2, and things are going well.

Chair Postman: Good. Thanks. A couple of quick questions. On the manifest, you told us before that it was working but just inefficient for licensees, and you are committed to trying to find a way. So is that part of Phase 2, the work to just improve that, or is that end of Phase 1?

Mr. Morgan: That will be one of the major efforts for Phase 2.

Chair Postman: Okay. Okay.

Mr. Morgan: It is going to be a big enough effort, we believe, that it was one of the drivers for saying we need to really dedicate resources for this Phase 2.

Chair Postman: All right. Okay. And in terms of the work that Education and Enforcement has been doing with Outreach, and I think last time it was 80%. Now we are at 86%. I am going to assume there is going to be some people who are going to need more hands-on visits or something to really understand. And I just want to make sure that as we continue working to improve the system and implement Phase 2 and find problems, our Enforcement and Education approach will have to adjust, as well. Right? You know, if we have a piece that we feel really confident is working well, we can have, I think, a pretty strong expectation that the licensees are doing it. Right?

Mr. Morgan: Absolutely. And everything I have heard from our Enforcement and Education Division just feels like a really reasonable approach. They want to make sure that the expectations are clear -- and that is the phase we are in right now, that we are setting reasonable expectations -- and then at some point, if people still are not responding in a way that is expected, and that we have ruled out the technical issues, we have ruled out being unaware, and then we will take appropriate steps from there.

Chair Postman: Great. And that is what I think the message I want to make sure our licensees have is that we are not looking to try to enforce something, that it is still a work in progress. We are looking at the pieces that either we just have not heard from these folks, or they have not accessed the system at all. That remaining 14% hopefully continues to shrink. And I have no doubt Enforcement and Education are going to be reasonable about that, and I am hoping for every day more licensees go ahead and access it and get in the system. And then if they have the problems, at least then we know what they are.

Mr. Morgan: Exactly.

Chair Postman: Because now, who knows, right? Okay.

Mr. Morgan: Right.

Chair Postman: Any questions, Ollie?

Member Garrett: No.

Chair Postman: Okay, great. Thanks, Jim. Keep it up. We appreciate it. Thanks for the updates.

We are going to move around on the agenda a little bit because we have some people, hopefully, joining late, so we are going to skip over the legislative update right now and go to a licensing update with Licensing Director, Becky Smith.

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## LICENSING UPDATE – BECKY

Becky Smith: Good afternoon.

Chair Postman: Good afternoon.

Ms. Smith: I am going to start with a little about CCRS

Chair Postman: Great.

Ms. Smith: We have seen an increase in our customer service emails and phone calls from last year at this time. We have responded to about 312 emails compared to 170 last year, and some of them are connected with CCRS. So we are connecting those people to the right people, and we are sending those emails on. So I hope when I come back to report out in the next few weeks we will see a decrease in the number of people reaching out to our Customer Service staff.

So with that, I also wanted to – as you remember, in December we made some changes to our alteration with cannabis. What we found out was that we had a couple of forms, and two forms were too many. We have combined those forms -- and we heard from our licensees that it was confusing -- so we have combined it into one form. It is simple. It is a lot of “yes and no” questions, but it clarifies the difference between what a simple change request is and what is an alteration is that needs an investigation. And so that way our Customer Service staff are able to get those where they need to go, whether it is to a Licensing Investigator in cannabis or just customer service. Again, we are processing those easy alterations within days. I mean, the difference for our cannabis licensees -- I am hoping that when we go back out and do a survey that we hear that that is making a big difference for them. We know it. We can see it in our charting, our data pool, that the timelines have really changed.

Chair Postman: That is great. Good. Thanks for doing that.

Ms. Smith: So for Liquor, I rarely share about new places that are opening, but I did want to share about there is a new proposed Seattle Mariners Event Center that is going to be built in now what is the empty Pyramid Brewing Facility outside across from T-Mobile. This facility will have a brewery, a 250-seat restaurant, and an event space with a capacity for 800, as well as an outdoor dining area. But I think what is most significant to mention here is that the brewery will be operated by Métier Brewing. They are recognized as Washington's first African American-owned brewery.

Chair Postman: Oh, great! Do you know when that is happening?

Ms. Smith: Well, they just reached out to us a few weeks ago, so it is going to probably be a few months until they open. But, we will keep you updated. I think that, as they said it, it is exciting that they are able to take over that empty Pyramid space because we do see businesses closing all the time. And so, to know that we have a big venue like that reopening again is pretty exciting.

Chair Postman: Yes. Good.

Ms. Smith: The Liquor Unit is also currently reviewing the criminal history process with the ultimate goal of streamlining the current WAC and bringing it into line with the recently revised process for cannabis. As

you know, we revised the cannabis criminal history process, so we are looking at doing that for liquor as well, and ultimately to improve timeframes, timelines for our licensees.

Onto our Alcohol Impact Areas, the City of Everett reached out for some guidance on their upcoming five-year review at the end of this year. They have also inquired about adding additional products to their banned product list. The team, Kim Sauer, who is fantastic, has presented in front of the Board several times. She is meeting with them and helping them to figure out what they want to do and how to get them to a space to add those added banned products or to provide some education to them.

And then the team is also working with Enforcement to provide RVP training to the Liquor Enforcement staff. This training will cover RVP and AVN process, as well as go over the program requirements, what to check at the premise, and educational materials Enforcement can utilize when talking to licensees. Anything that we can do to help our Enforcement staff and provide more education -- as you know, new staff is coming on all the time, and we want to make sure that whatever Licensing can do to help in providing more education is where we definitely all want to be on the same page.

I do want to mention a bit about HB 1480. I know I talk about it every time, about the extended Liquor COVID allowances. We did receive some feedback again about the temporarily added endorsement application. I think that the one thing in Licensing, when we do receive feedback about our application process, whether they say "it is too complicated", "that we do not know where these forms are", that we do listen. So we modified the form to allow for the applicant to file for one or all three endorsements on a single application. That way they are not having to fill out three different applications, and that is already done. The team has also extended the online resources on our external website. A big thanks to Communications for helping us with that. It includes information about food requirements, outside service areas, for instance. Like I said, we heard feedback that it was hard for our customers to find, that they did not know -- it was difficult to find the location of where the form was housed. And so, Communications was very responsive to us and helped us right away to make those changes.

Chair Postman: Great.

Ms. Smith: And one last update. I always want to mention what we are doing with our social equity work, and so I do want to let you know that a webinar for "Community Rules Education Engagement Orientation" is going to take place on February 17. Kathy Hoffman and her rules group are heading that up. It is from 6 PM to 8 PM to give access to more folks that will be available to listen in. And we have also updated our website -- our social equity website. We want to provide those updates often. And so, for people that have questions, for people that want to hear more about what is going on with the social equity work, they can go to that website and access and see what is happening right now.

We also have included on that website the Task Force recommendations. What is yet to come is our response to those recommendations, which we are working on right now, as you know, and we will be providing -- people and our community will be able to see those updates soon.

Chair Postman: Great.

Ms. Smith: I think that is it. Questions?

Chair Postman: One quick question just on the allowances. I am just curious. Any sense yet -- are we seeing people reapplying to keep doing what they are doing? Are you seeing any surge of new interest, or do you think we are going see a lot more of that than we had?

Ms. Smith: I think we will see a lot more of it. Right now, people are still able to do what they have always done. I think that when we get to the point of saying “you are no longer going to be able to do this without an endorsement”, then I think that is when we will see a surge. Because we have about 10,000 licensees that are eligible to apply, and we have only seen a small -- we have seen probably -- 500.

Chair Postman: Really? Okay.

Ms. Smith: So there are still licensees that have to go into add that endorsement.

Chair Postman: Okay, great. Thank you for that. Any questions?

Member Garrett: No.

Chair Postman: Thank you, Becky. Appreciate that. We will see you next time.

Our Enforcement Education Director, Chandra Brady, is out today. So we are going to skip that, too, on our agenda and go to a Communications Update from Communications Director, Brian Smith.

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## **COMMUNICATIONS UPDATE – BRIAN**

Brian Smith: Good afternoon, Chair Postman and Board Member Garrett. Just hitting on a couple of things on the media front. The last time I reported, I said it had been consistently slow, but this has been a very busy month on the media end of things. One of the top stories is ones that you would be familiar with about robberies at retail stores. I think probably in the last couple of weeks I have talked to all the TV stations and the radio stations about how the LCB works with retail stores and what our relationship is as opposed to local law enforcement. We had issued a message out to all licensees a couple of weeks ago stating things that they can do -- bringing up the problem, understanding that we acknowledge it and share their concerns but also some steps that they can be able to do to stay safe for themselves, for their customers, for their staff. That has generally been positively received.

We keep hearing most of the times that I am talking to these reporters they had heard from people that had contacted them. We have heard that the cannabis associations had a list of people that -- or a list of stores and robberies. We still have not seen that list. It has not been shared with us. So that organization or representatives at least have been speaking with those news organizations. I followed up with Matt Driscoll. He is the Opinion Page Editor now for the News Tribune, but he was also a columnist. He did kind of a big piece that ran in a weekend edition of the News Tribune a couple of weeks ago about that, and that fairly cleared out the essence of the issue -- the bottom line of the stuff is the problem with cash, which we know, and it is a real public safety concern.

And as you know, Chair Postman's guest editorial had run in the Olympian and the News Tribune, which I am sure you have seen, Ollie. That is still up there. It has been up there for over a week, and I know it was getting some attention along those lines.

I have also been speaking with the Associated Press -- a reporter that is doing an in-depth piece into synthetically-derived THC that is ongoing. Continued to speak with him yesterday, and I think he is reaching out to Gillian at CANNRA (Cannabis Regulators Association) to get some additional information, but there is something coming from him. I spent quite a bit of time with him over the last couple of weeks helping him understand, and he has been exploring the issue, I think, in-depth.

So moving outside of that into some of the things that we are active in. Hopefully, you've taken a look at -- go ahead, Ollie. Got a question? Comment?

Member Garrett: Yes. Somebody said something to me yesterday that the LCB -- at these stores that the security people cannot have a gun or a weapon and that that was an LCB requirement. Is that correct?

Mr. Smith: I wish Chandra was here to be able to help fill that out. You can have armed security in the store. That can happen. That came directly from Enforcement, that we shared with our people. I think that the conflict comes around "what is a licensee able to carry on the premises", because there is conflict between Federal Constitutional Right to have a gun on the premises but also state law which prohibits certain things along those lines. And so, it is more of a conversation that we have with our licensees about weapons in the place, but you can have armed security within the retail stores.

Member Garrett: Okay.

Chair Postman: Even the gun -- whether a clerk can have a gun there, is that in statute, or is that in rules?

Mr. Smith: It is in the statute.

Chair Postman: That is what I thought. So it is not us...

Member Garrett: Okay.

Chair Postman: ...that is a state law thing that...

Member Garrett: Okay.

Chair Postman: ...prohibits that.

Member Garrett: Okay.

Mr. Smith: Thank you for that clarification.

Ollie Garrett: Yes.

Mr. Smith: Hopefully, you took a look at the -- we launched the new newsletter to both the cannabis industry and the alcohol industry -- followed the tool that the Governor's office had been using for some time, which is Medium, which is going to work a lot better for us. I think the graphics look really good. It is easy to read. We have had some positive feedback on that. And so both of those are out. Ollie, if you are interested, or if anyone, if you have not seen it yet, I will be sure to share that with you.

Working with the Licensing Division on a communication plan for social equity and what this is going to look like with our work for the coming year. Ollie, I know you will have some interest in that. Let me get that together, which I hope to get done by the end of the week, and have a conversation with Becky and her team about that. And then I will be happy to share that with you for your feedback and what we might be able to do in addition or change or get your thoughts.

And then I am working on a number of things that you heard some of the others talk about, whether it is with Jim and the projects on CCRS and SMP we're continuing to work on with -- I told you about the social equity work. Rick is doing a presentation next week to the Regional Chapter of the National Highway Transportation Safety Association, and I am working with him and Mary on what that presentation will look like.

So, we have got a lot going on, as always, in a number of different pools, but things are moving along smoothly. Are there any questions?

Chair Postman: No. None from me. Thanks.

Mr. Smith: All right. You are welcome.

Chair Postman: That will do it for now, thank you. We appreciate it.

Next is Toni Hood, Deputy Director for General Agency Update.

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### **GENERAL AGENCY UPDATE – TONI**

Toni Hood: Good afternoon, Chair Postman and Member Garrett. Just a quick update today on SMP (System Modernization Project). We are currently interviewing Project Managers for the project, and we have interviewed a couple and have a few more coming next week, hopefully. It is our main priority to get a Project Manager onboard full time. We always intended to hire a contractor to help us with the project in addition to the -- they are almost Sub-Project Managers within the agency. For example, Glenda will stay on the project and be very active in it, but she will not be the Lead Project Manager. So we are continuing to interview for that position. Becky, Jim, George and Jill are all helping me with that panel, so that gives us a nice wide range of backgrounds and perspectives to pick that person, because it is really important for our project that we get the right person.

We are also working on the RFP (Request for Proposal) for the Integrator. That is the second priority right now. And we have a lot of people working on different pieces of that. Matt has done a great job of outlining different pieces of the RFP that can be done by different groups so we can move forward together on that.

Finally, the last thing is that we have five conditions that we need to meet for the OCIO before we can relaunch, and some are due at the end of April, and some are due at the end of May. We have started working on those. That includes things like an amended investment plan and an amended readiness assessment report from our QA (Quality Analysis). So, they are all things we anticipated. And some of those things are interesting -- you cannot prepare too soon. For example, the readiness report, you want to be prepared close in time to the submission, otherwise, we do not get credit -- if you will -- for all the readiness we are doing. So, we have a great plan on that, and we will just continue forward.

Otherwise, everything is quiet on the operations front. Lots of people are being interviewed for various internal positions. Lots of great hires, I know, but other than that, pretty quiet in operations.

Chair Postman: Okay, great, thank you. We appreciate that.



Rick Garza, Director, will give us his comments. And also Chris Thompson, our Legislative Director, is deep in legislative business, so he was not able to make it. So, I have asked Rick to just hit some highlights of what he and Chris and others have been working on. Good afternoon.

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## **DIRECTOR'S COMMENTS – RICK**

Rick Garza: Good afternoon, Chair Postman, Board Member Garrett. I will just cover some of the highlights for Chris. I probably would not know all of it, but the ones that are, of course, of interest to us are two agency requests bills, House Bill 1859, which is the lab bill, just cruised through the House very easily. I think it had one dissenting vote in the Appropriations Committee. I think it rolled out 32 to 1.

Also, House Bill 1668, our THC cannabinoid bill, moved out of Committee 22 to 11, which is a good vote. There were several amendments, five that I recall -- attempts to amend the bill, even a striker to place 5567 -- which was the WACA (Washington Cannabusiness Association) proposal in the Senate for THC Cannabinoid -- onto our bill, was not successful. There is an odd amendment that was placed on it to require that legislators appointed by the legislature be consulted as we do rulemaking on this bill. And so we will take another look at that closely. Obviously, we do not believe that is necessary. Legislators and staff are always available to join us in rulemaking. In fact, many legislative staff, both Caucus staff and Committee staff, are notified through the distribution of our rulemaking, so they are well aware and can be as involved as they wish in the rulemaking, policy or anything else of the Board. So that is an odd amendment to be placed on the bill. We will see where that goes.

House Bill 2022, the social equity in cannabis bill of Representative Wicks -- very close vote in Appropriations, 17 to 16 out of Committee. We are continuing to work with Representative Wicks on that proposal. Obviously, we want to see that move forward and have been strong supporters of that. So we will continue to work on that. In fact, we are working on it as you know, today.

House Bill 1827, the Governor's Executive Request Bill. The community reinvestment program had a great vote out of appropriations, 28 to 5, and it provides 125 million for community reinvestment. I think I probably look at all the cannabis bills. The more significant proposal was to move money back into the communities that were armed in the War on Drugs. So that appears to be doing very, very well.

And then I don't know that I have a whole lot more to add, but I certainly would take any questions.

I want to commend Chris and the work that he did. That Appropriations Committee worked all Saturday and then yesterday, or on Monday, my goodness, most of the day trying to get our bills out. We were very successful in moving and defeating many of the amendments that were brought, again, against our proposal. Also, the Committee was able to repeal some of, or disapprove, many of the amendments that came to the social equity in cannabis legislation. So we will see where that moves forward.

The good thing is our bills are moving forward. The bills that we have supported are moving forward in the cannabis space. And a couple of proposals that we did not support, the reorganization of the Board, also the other THC proposal that came from the WACA -- the vote did not move out of Committee.

So with that, I will take any questions you may have.

Chair Postman: I would just add onto the question of being to stop of those amendments, at the same time we were open to other changes to the legislation. And you and Chris both worked hard over the

weekend with staff and legislators to figure out what they really needed to build their confidence in a couple of small areas around the THC bill in particular, and so I was glad to see that. There is an openness to improving the product for sure. We would continue to resist something that would flip it as much as some of those amendments would, so I think that progress is really encouraging.

On the question of the formal invitation to legislators to participate in rulemaking -- I think we would all welcome legislative engagement. They are welcome today if we need to find a way to better communicate that with them, we can. And we have a pretty robust process of those "listen and learn" sessions and "deliberative dialogues", depending on the issue. People learn a lot from those, and I think we would all benefit from having legislators be a part of that. So there is no resistance on our part to have them engage there. I am not sure that belongs in statute to do that, so I am hoping we can work that out as the bill goes along.

I know that Member Garrett is so much more knowledgeable on the social equity piece -- so I don't know if she has anything to add. That bill is a work in progress, and there are a lot of questions coming up, and for the most part, people seem to be open to trying to improve it. And I would just say from my perspective, what I have told members -- just is we want to build it into something that we could implement -- that does not have some unreasonable expectation from one way or the other. So hopefully, we are going to get there. It is sort of a surprise to me that it is as strong as it is today because we did not hear much about it prior to the session, that this latest piece of legislation would be coming. So I don't know if you wanted to add something there, Member Garrett.

Member Garrett: No, I agree with you. And one of the things I was saying to Rick this morning that it is going to -- we have to stay focused on doing, and putting together, something that we know is doable.

Chair Postman: Yeah.

Member Garrett: That just listening we -- yes, there are some loud voices out there -- but we have to be the ones to look at everything that is being said. We have the same goals for the same outcome, that we are focused on putting together what we know is doable, and that is doing the right thing. So, yes.

Chair Postman: Yes, that is good. And I think there is a growing consensus about what that right thing is - about how to handle licensing and the importance of that in this social equity effort that is going on. And that is progress right there. Right? We are at least talking about how best to do this, not whether or not to do it, and so I am optimistic. I am going to remain so until the end. I think this is a bill that we are going to see bubbling along until the final days. Anything else, Rick, to add?

Mr. Garza: No. Thank you, Chair Postman.

Chair Postman: Great, thank you. We appreciate that.

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## **ADDITIONAL TEAM UPDATES AND FINAL BOARD INQUIRIES**

Chair Postman: That takes us through the agenda. One, I will just give staff a second here if we missed anybody, or if there is anything to add just go ahead and raise your hand we will call on you. And other than that, Member Garrett, anything else to ask or say?

Member Garrett: No.

Chair Postman: Okay, great. Well, with that, then, we will adjourn early today. Hopefully, next time we will have a full slate and can get into some of the details on this session, which will be very far along at that point, so looking forward to that.

Thanks, everybody on the team for your reports today. Keep up the good work. We always appreciate that. We will adjourn the Executive Management Team meeting for February 9, 2022. Thanks, everybody.

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Meeting adjourned at 2:11pm.

Minutes approved this 14<sup>th</sup> day of April, 2022.



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David Postman  
Board Chair



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Ollie Garrett  
Board Member

Minutes Prepared by: Dustin Dickson, Executive Assistant