

**OFFICE OF THE
WASHINGTON STATE LIQUOR CONTROL BOARD
Board Meeting /August 13, 2008**

Board Chairman Lorraine Lee called the regular meeting of the Washington State Liquor Control Board to order at 10:00 am, on Wednesday, August 13, 2008 in the boardroom, 3000 Pacific Avenue S.E., Olympia, Washington. Board Member Roger Hoen and Board Member Ruthann Kurose were present.

Meeting Minutes – The Board unanimously approved the minutes from the meeting dated July 30, 2008.

Purchasing Services Division –

- **Potential New Listings/Rejections** (memo date August 7, 2008)
Debi Besser, Director of Purchasing, made recommendations as explained in the attached memo. The products recommended for approval show good performance. Board Member Roger Hoen asked whether, with new products, we try one and if successful, expand the selection? Debi Besser affirmed this policy. Board Member Ruthann Kurose inquired if price was a consideration. Ms Besser stated it as one of the factors as well as whether or not a product shows a growing trend. Board Member Roger Hoen moved for approval. Board Member Ruthann Kurose seconded the motion, and it passed unanimously.
- **Wine and Mixer Listing Review** (memo dated August 1, 2008)
Steve Burnell, Wine Program Manager, made recommendations to de-list products on the attached memo. They conducted a thorough review to determine which products were doing well. Board Member Roger Hoen noted a concern expressed by store managers that some of the de-listed products accumulate in their storage area. Mr. Burnell stated that the products are closed out and the prices reduced. They will monitor the stocks. Board Member Ruthann Kurose asked about sales and profit. Mr. Burnell explained that they watched the trend for whether a product's sales grew or declined. Board Member Roger Hoen moved for approval. Board Member Ruthann Kurose seconded the motion, and it passed unanimously.
- **Potential One-Time-Only Listings** (memo dated August 6, 2008)
Steve Burnell, Wine Program Manager, recommended a one time only purchase of two items listed on the attached memo. The first product has done well and the manufacturer donates a portion of the profits to a clean water non-profit. The second product is a tryout to determine whether to list it. Board Member Ruthann Kurose moved for approval. Board Member Roger Hoen seconded the motion, and it passed unanimously.
- **Potential Size Extensions** (memo dated August 7, 2008)
Steve Burnell, Wine Program Manager, made recommendations to extend sizes products listed in the attached memo. Board Member Roger Hoen moved for approval. Board Member Ruthann Kurose seconded the motion, and it passed unanimously.

Financial Office – Randy Simmons, Director of Administrative Services, presented the final Decision Packages to be submitted to the State for the next budget biennium, per the attached list.

Chairman Lorraine Lee requested he sum up the state budget process for the meeting attendees. Mr. Simmons explained that the Divisions submit the Decision Packages to our Financial Office.

- If approved, they go to the Board
- Once the Board approves, they go to the Office of Financial Management (OFM).
- The OFM evaluates Packages from all the agencies.
- Those approved are forwarded to the Governor's office.

- If approved, they are added to the Governor's budget presented to the Legislature.

Director Simmons went through the items on the list and said it would be available following the meeting, with any changes incorporated.

Chairman Lee clarified that these packages had been in development for an extended period, beginning with the Strategic Planning and Three-Tier Review processes, and allowing for stakeholder input. She acknowledged two stakeholder members of the Three-Tier Task Force present at this meeting. Chairman Lee also expressed appreciation to Director Simmons, other directors and staff for all the hard work to assemble this. Board Members Hoen and Kurose added their thanks as well, observing that public safety requests comprised the highest amounts asked for and that this had involved very extensive planning.

Board Member Roger Hoen moved to approve the Decision Package Budget Request as outlined by Director Simmons. Board Member Ruthann Kurose seconded the motion, and it passed unanimously.

Licensing Division – Alan Rathbun, Director of Licensing, reviewed the selection process for grocery stores to participate in the pilot study of wine and beer sampling. Fifteen of the stores belonged to national chains, and the board apportioned the shares according to the number of outlets for a particular chain in Washington State. The number of stores are as follows: Safeway-seven stores, QFC/Fred Meyer-five stores, Haggen/Top Foods-two stores, and Albertson's-one store.

Sharon Hendricks, Manager Retail Licenses, conducted a lottery to select, at random, the following independent grocery stores from those that applied. The name of each store that applied was written on a slip of paper and drawn from a basket, sight unseen, by a staff member, Kevin McCarroll. The first twelve drawn from the western Washington group were the selected stores. The next two drawn were alternates, in the event a selected store failed to qualify. The first three drawn from the eastern Washington group were the selected stores. The next one drawn was an alternate, in the event a selected store failed to qualify.

Fifty-one stores from western Washington applied. The twelve stores and two alternates selected are:

- Dave's Market Place, 669 Lincoln Ave. E in Tenino
- Tacoma Boys, 5602 6th Ave. in Tacoma
- West Seattle Thriftway, 4201 SW Morgan St. in Seattle
- Stadium Thriftway, 618 N 1st St. in Tacoma
- Everett Grocery Outlet, 710 SE Everett Mall Way in Everett
- Matthew's at Lakemont, 4989 Lakemont Blvd. SE in Bellevue
- Blaine Cost Cutter No. 489, 1733 H St. No. 100 in Blaine
- Anacortes Food Pavilion No. 79, 1519 Commercial Ave. in Anacortes
- Metropolitan Market, 1618 SW Dash Point Rd. in Federal Way
- Metropolitan Market, 2420 N. Proctor in Tacoma
- Lynnwood Grocery Outlet, 19800 44th Ave. W Ste. G in Lynnwood
- Vashon Thriftway, 9740 SW Bank Rd. in Vashon

Alternates

- Central Market, Poulsbo WA
- Shoreline Central Market, Shoreline WA

Fourteen stores from eastern Washington applied. The three stores and one alternate selected are:

- Denny's Harvest Foods, 215 E SR 902 in Medical Lake
- Cowiche Harvest Foods, 16850 Summitview Rd. in Cowiche
- Rosauer's Super Market No. 2, 1808 W 3rd Ave. in Spokane

Alternate

- Dayton Mercantile, Dayton, WA

The Meeting recessed at 10:55 am.

The Meeting re-convened at 4:05 pm at WSLCB Distribution Center in south Seattle. This portion of the Board Meeting was audio taped. Chairman Lorraine Lee opened the meeting with a brief description of the purpose: to hear the city of Seattle on a request to add products to the banned list in the Alcohol Impact Areas (AIAs) and to receive a biannual report on the AIAs.

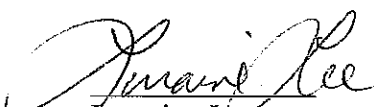
Alan Rathbun, Director of Licensing, gave a brief background on the AIA and introduced the Seattle staff: Kimberlee Archie, Director of Planning, and John Hayes, Director, Community Relations. Ms. Archie and Mr. Hayes presented the update and banned products request with the attached PowerPoint presentation and testimony from active community members. Mr. Hayes praised LCB Lieutenants Blaker and Richey for all their help. Ms. Lane Ross, Mr. Bob Knutson, Ms. Grace Reamer, Ms. Maribeth Ellis, and Mr. Kevin Boze all spoke in favor of keeping the AIA in place as well as adding the attached list of additional products to the banned list. Further, they asked that we amend the list to include Big Bear 40 ounce. All who spoke had participated in multiple litter pickups to document problem products. There was also support for a formulary ban instead of a specific product ban. The Board Members expressed a willingness to keep an open mind, although developing a formula presents a challenge. Another idea was restricting hours of sale.

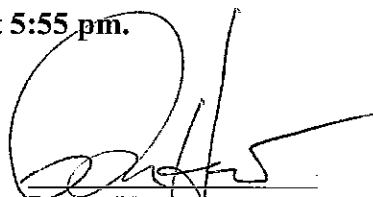
Chairman Lee noted that there were differences in the statistics in Chief of Police Kerlikowske's letter to the Board and the presentation made today. The presentation represented updated figures. Board Member Ruthann Kurose requested testimony from police officers. It is available. Board Member Roger Hoen raised the issue of litter pick-up by volunteers and Methicillin-resistant Staphylococcus aureus (MRSA)—increasingly a problem in Tacoma. The Seattle community leaders stated that volunteers use protection such as gloves and grabber sticks when doing litter pick-up.

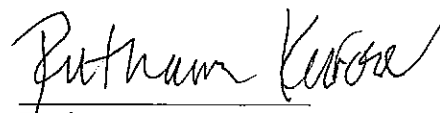
Scott DeMartin of Columbia Distributing Company and Jeff Carter with KLL Distributors spoke briefly about an agreement in the works with the city to develop a program for responsible sales. It is still in the planning stages.

In the matter of the Big Bear 40 ounce product not currently on the list for requested ban, Director Rathbun suggested distributing an amended list to licensees with a time period for written or e-mailed comment. Chairman Lee and the Board Members agreed. The comment period would be extended to September 12, 2008. The Board Meeting to act on the request is tentatively set for September 24, 2008.

The Meeting adjourned at 5:55 pm.


Lorraine Lee
Chairman


Roger Hoen
Board Member


Ruthann Kurose
Board Member