

# EXHIBIT C



Washington State  
Liquor and Cannabis Board

# Overview of the WSLCB Rule Development Process

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Washington State Liquor and Cannabis Board  
HCA- DBHR Presentation  
November 12, 2020



## Washington State Liquor and Cannabis Board

### Today's Presentation

- WSLCB rule development process, including:
  - **What does the WSLCB do?**
  - **Rule development process**
    - From concept to completion
  - **How to get involved**
    - Statutory and regulatory authority
    - The most effective ways to provide input and comment
  - **Current Rule Projects and Future Rule Projects**



## Washington State Liquor and Cannabis Board

### Who is WSLCB and what does WSLCB do?

- Three-person Board
  - Holds regular public meetings and work sessions with stakeholders;
  - Makes policy and budget decisions;
  - Adjudicates contested license applications and enforcement actions on licensees.
  - Board members are also responsible for hiring the agency's Director, who manages day-to-day operations.
- License liquor, cannabis, vapor and tobacco product production, processing and product sale.
- The Board does not create or pass statutes (laws).
- The Board *does* approve or authorize rules that implement statutes (laws).



Washington State  
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# Rule Development Process



# Washington State Liquor and Cannabis Board

## Basic Rule Making Process

The standard rule making process is described in chapter 34.05 RCW, the Administrative Procedures Act, and divided into three stages:

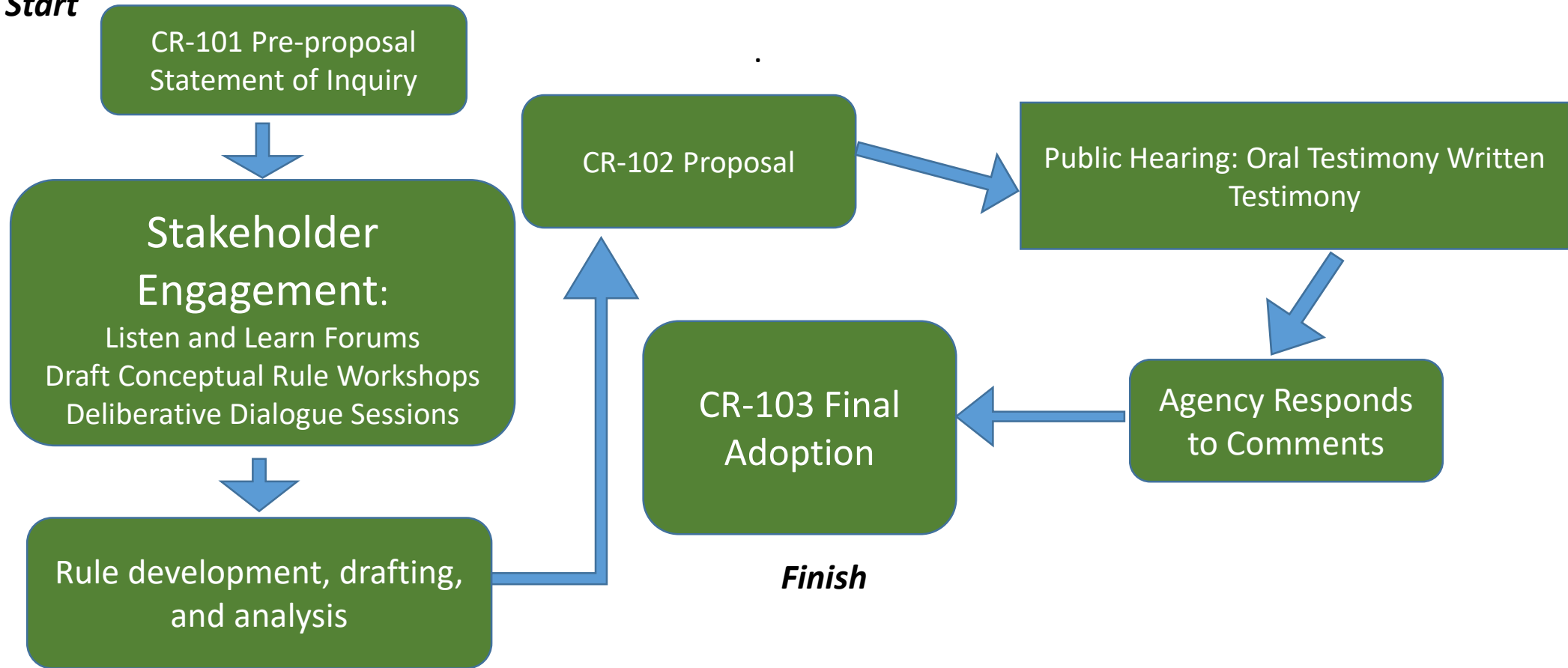
- Stage 1: Pre-proposal Statement of Inquiry (CR-101) – RCW 34.05.310
- Stage 2: Proposed Rule Making (CR-102) - RCW 34.05.320
- State 3: Rule-making Order (CR-103) - RCW 34.05.360

Each stage consists of specific tasks and processes.



# Washington State Liquor and Cannabis Board

**Start**



**Finish**



# Washington State Liquor and Cannabis Board

## Standard Rule Making – Stage 1

### Pre-Proposal Statement of Inquiry (CR-101) – RCW 34.05.310

Purpose: Describes the issue(s) being considered for rule development

- The CR-101 identifies the purpose and scope of rulemaking.
- The scope of the rules created through this process is controlled by statutory authority and must be compatible with existing requirements.
- Most rule development occurs after the CR-101 is filed.
- The agency collaborates with stakeholders to develop rules. *This is considered an informal process.*
  - Includes Listen & Learn sessions, rules workshops, and other forms of inclusive stakeholder engagement.
- **The agency begins internal development of required analysis as described in chapter 34.05 RCW, the Administrative Procedures Act, and chapter 19.85 RCW, the Regulatory Fairness Act .**





# Washington State Liquor and Cannabis Board

## Standard Rule Making – Stage 2

### Proposed Rule Making (CR-102) – RCW 34.05.320

Purpose: Describes the rule proposal and impact analysis.

- The agency drafts a *proposed* rulemaking order consistent with the requirements of RCW 34.05.320.
- Once the CR-102 is filed, a formal review period and comment process begins.
- The CR-102 provides information regarding the date, time, and location of the public hearing, how formal comment may be made before the hearing, and other details.
- At the public hearing, the public may provide written comment, oral testimony, or both.



# Washington State Liquor and Cannabis Board

## Standard Rule Making – Stage 3

### Rule Making Order (CR-103P) – RCW 34.05.360

Purpose: Final rule adoption

- After the public hearing and review period, the agency compiles all comments received, and makes a decision whether the proposed rules should be changed or adopted as proposed.
- If the agency makes substantive changes, a supplemental CR-102 must be filed (see RCW 34.05.340), and a second public hearing held. This substantially extends timelines.
- If the agency adopts the rule as proposed, the agency files the rulemaking order, or CR-103P, and the rules typically become effective 31 days later.
- All comments and the agency's responses are compiled into a Concise Explanatory Statement, and provided to all commenters and the public shortly after the adopted rules are filed.
- The Board is the final decision maker for all WSLCB rules.



## Washington State Liquor and Cannabis Board

# How to Get Involved

- **Subscribe to WSLCB GovDelivery messages:**  
<https://public.govdelivery.com/accounts/WALCB/subscriber/new>
- **Participate in Listen and Learn and other WSLCB hosted rule development forums**
- **Contact Sara Cooley Broschart, WSLCB Public Health Liaison:** [sara.broschart@lcb.wa.gov](mailto:sara.broschart@lcb.wa.gov)
- **Follow Board meetings and Board caucus sessions:**  
[https://lcb.wa.gov/boardmeetings/board\\_meetings](https://lcb.wa.gov/boardmeetings/board_meetings)



**Washington State  
Liquor and Cannabis Board**

# **Statutory vs. Regulatory Authority**



## Washington State Liquor and Cannabis Board

### What is a statute?

- A statute is a law passed by a legislative body, like the Washington State Legislature. *Boards and Commissions are not legislative bodies that create or develop statute.*

*Example:* RCW [69.50.357](#)

#### **Retail outlets—Rules.**

- (5) The state liquor and cannabis board must fine a licensee one thousand dollars for each violation of any subsection of this section. Fines collected under this section must be deposited into the dedicated marijuana account created under RCW [69.50.530](#).



## Washington State Liquor and Cannabis Board

### What is a rule (or regulation)?

- A directive made and maintained by an authority that interprets or implements a statute, establishes a program, standards or criteria.

*Example: WAC 314-55-086*

#### **Mandatory signage.**

(1) All licensed marijuana processors, producers, and retailers, with the exception of licensed retailers with a medical marijuana endorsement, must conspicuously post a notice provided by the board about persons under twenty-one years of age at each entry to all licensed premises. The notice must contain all of the following language: "Persons under twenty-one years of age not permitted on these premises."



## Washington State Liquor and Cannabis Board

### What Can the WSLCB Put in Rule?

- **Guidelines regarding product production, processing, and retail sale for liquor, cannabis, tobacco and vapor products.**
  - *WSLCB does not have the statutory authority to regulate consumer behavior or product consumption once the product leaves the retail establishment.*
- **Penalties and fees where expressly mandated by statute.**
  - *When penalties and fees are established in statute, WSLCB cannot increase, decrease, or modify those penalties and fees.*



## Washington State Liquor and Cannabis Board

### What Makes a Great Comment?

- **Substantive:** A substantive comment identifies an issue you have with the language, says why it's a problem, and offers other factual, unbiased, verifiable information for WSLCB to consider.

#### Qualities of a substantive comment:

- References document pages, chapters or sections and *uses objective information*.
- **Uses verifiable facts** to question the adequacy, accuracy, methodology, or assumptions of the analysis.
- Proposes **a reasonable new alternative or revision** to the alternatives presented.
- Identifies a passage in the document that is unclear.

#### Things that *do not* qualify a comment as substantive:

- Offering only anecdotal stories or research “suggesting” an outcome or relationship.
- Crafting an emotionally compelling story without facts.
- Stating only that you agree or disagree with a policy, resource decision, analysis finding or presented alternative.
- Asking vague or open-ended questions.
- Commenting on **unrelated projects or rules**.





## Washington State Liquor and Cannabis Board

### What Makes a Great Comment?

#### **Example of a Helpful Substantive Comment:**

I disagree with closing Route 245A in Alternative E. I need the road to access my private land.

#### **Example of an Unhelpful Comment :**

Stop closing our roads.



# Washington State Liquor and Cannabis Board

## Actual WSLCB Examples Unhelpful

### WAC 314-55-525 Category VI. Statutory penalty violations.

Allowing a minor to frequent a retail store. RCW <a href="#">69.50.357</a> (2)	\$1,000 monetary fine
Allowing persons under twenty-one years of age to frequent a retail licensed premises. RCW <a href="#">69.50.357</a>	\$1,000 monetary fine
Employee under legal age. RCW <a href="#">69.50.357</a> (2)	\$1,000 monetary fine
Opening or consuming marijuana on a licensed retail premises, or both. RCW <a href="#">69.50.357</a> (4)	\$1,000 monetary fine
Retail outlet selling unauthorized products. RCW <a href="#">69.50.357</a> (1)(a)	\$1,000 monetary fine

- Actual comment received (paraphrased): Asked WSLCB to substantially increase penalties, including license cancellation based on commentors assertion that no minors should be near or allowed in I-502 stores.
- The reality: As noted in the table, this is a statutorily established fine with no licensee cancellation option. Since I-502 stores are age-gated, there is a high compliance rate, and this violation occurs less often than others.



# Washington State Liquor and Cannabis Board

## Actual WSLCB Examples

### WAC 314-55-105: Marijuana

#### Product Packaging and Labeling:

4) **Marijuana edibles in liquid form.** The following standards apply to all packaging and labeling of marijuana edibles in liquid form:

(a) Containers or packaging containing marijuana edibles in liquid form must protect the product from contamination. Containers or packaging must not impart any toxic or harmful substance to the marijuana edibles in liquid form.

(b) Marijuana edibles in liquid form must be packaged:

(i) In child resistant packaging consistent with 16 C.F.R. Part 1700, Poison Prevention Packaging Act; or

(iii) **Marijuana edibles in liquid form that include more than one serving must be packaged with a resealable closure or cap. Marijuana edibles in liquid form must include a measuring device such as a measuring cup or dropper. Hash marks on the bottle or package qualify as a measuring device.**

#### Helpful

- Actual comments received (paraphrased): Original conceptual draft rule removed measuring device. Comments from public health and prevention, based on actual, verifiable data urged WSLCB and industry to reconsider and add measuring cup or device back into rule along with hashmarks on bottles.
- The reality: All parties interested in assuring products are safely packaged when leaving retail facility. Option offered processors options that supported compliance.



# Washington State Liquor and Cannabis Board

## Current and Future Rule Projects

- **Current**
  - Cannabis vapor products
  - Cannabis product testing
  - Cannabis Tier 1 expansion
  - Cannabis legislative implementation
  - Liquor legislative implementation
- **Future**
  - COVID-19 temporary allowances
  - 2021 Legislative implementation
  - Cannabis advertising rules
  - Liquor rule remodel



# Washington State Liquor and Cannabis Board

## Resources

- WSLCB frequently requested lists: <https://lcb.wa.gov/records/frequently-requested-lists>
- WSLCB data portal (general cannabis information): <https://data.lcb.wa.gov>
- WSLCB public records: <https://lcb.wa.gov/records/make-public-records-request>



# Washington State Liquor and Cannabis Board

## Questions?

Contact Kathy Hoffman, Policy and Rules Manager

360-664-1622 (Desk)

360-764-0608

[katherine.hoffman@lcb.wa.gov](mailto:katherine.hoffman@lcb.wa.gov)

## Thank you!

# EXHIBIT D

**COST PROJECTION FOR SAMPLING PROGRAM (PRODUCERS ONLY) 2/8/2021**

	Base Month	Base Annual	Total	Westside	Eastside
<b>Agricultural Commodity Inspector 2</b>	modified "Auditor" type		<b>41.00</b>	<b>13.00</b>	<b>28.00</b>
Salary/Benefits	\$ 5,678	\$ 68,132	\$ 2,793,412	\$ 885,716	\$ 1,907,696
Ongoing except travel	\$ 326	\$ 3,910	\$ 160,310	\$ 50,830	\$ 109,480
Travel (per diem, lodging)	\$ 250	\$ 3,000	\$ 123,000	\$ 39,000	\$ 84,000
Vehicle lease - Toyota RAV 4	\$ 347	\$ 4,160	\$ 170,560	\$ 54,080	\$ 116,480
Mileage (at \$0.15/mi - DES rate 1/2021)			\$ 377,531	\$ 73,302	\$ 304,229
<b>Total ongoing</b>	<b>\$ 6,600</b>	<b>\$ 79,202</b>	<b>\$ 3,624,813</b>	<b>\$ 1,102,928</b>	<b>\$ 2,521,885</b>
<b>Onetime</b>		\$ 1,325	\$ 54,325	\$ 17,225	\$ 37,100
<b>Total 1st year</b>	<b>\$ 6,711</b>	<b>\$ 80,527</b>	<b>\$ 3,679,138</b>	<b>\$ 1,120,153</b>	<b>\$ 2,558,985</b>

	Base Month	Base Annual	Total	Westside	Eastside
<b>Program Specialist 3 (Supervisor)</b>	modified "Auditor" type		<b>9.00</b>	<b>3.00</b>	<b>6.00</b>
Salary/Benefits	\$ 8,005	\$ 96,057	\$ 864,513	\$ 288,171	\$ 576,342
Ongoing except travel	\$ 326	\$ 3,910	\$ 35,190	\$ 11,730	\$ 23,460
Travel (per diem, lodging)	\$ 250	\$ 3,000	\$ 27,000	\$ 9,000	\$ 18,000
Vehicle lease - Toyota RAV 4	\$ 347	\$ 4,160	\$ 37,440	\$ 12,480	\$ 24,960
Mileage (est at 2,000 mi/mo, \$0.15/mi)			\$ 32,400	\$ 10,800	\$ 21,600
<b>Total ongoing</b>	<b>\$ 8,927</b>	<b>\$ 107,127</b>	<b>\$ 996,543</b>	<b>\$ 332,181</b>	<b>\$ 664,362</b>
<b>Onetime</b>		\$ 1,325	\$ 54,325	\$ 17,225	\$ 37,100
<b>Total 1st year</b>	<b>\$ 9,038</b>	<b>\$ 108,452</b>	<b>\$ 1,050,868</b>	<b>\$ 349,406</b>	<b>\$ 701,462</b>

	Base Month	Base Annual	Total	Westside	Eastside
<b>Program Specialist 2 (Sample auditor)</b>	"Office" type		<b>1.00</b>		
Salary/Benefits	\$ 6,344	\$ 76,122	\$ 76,122		
Ongoing except travel	\$ 231	\$ 2,770	\$ 2,770		
Travel (per diem, lodging)	\$ -		\$ -		
Hybrid Premium Vehicle Lease	\$ -		\$ -		
Mileage			\$ -		
<b>Total ongoing</b>	<b>\$ 6,574</b>	<b>\$ 78,892</b>	<b>\$ 78,892</b>		
<b>Onetime</b>		\$ 6,105	\$ 6,105		
<b>Total 1st year</b>	<b>\$ 7,083</b>	<b>\$ 84,997</b>	<b>\$ 84,997</b>		

	Base Month	Base Annual	Total	Westside	Eastside
<b>WMS Band 2 (Program Manager)</b>	"Office" type		<b>1.00</b>		
Salary/Benefits	\$ 9,804	\$ 117,650	\$ 117,650		
Ongoing except travel	\$ 231	\$ 2,770	\$ 2,770		
Travel (per diem, lodging)	\$ -		\$ -		
Hybrid Premium Vehicle Lease	\$ -		\$ -		
Mileage			\$ -		
<b>Total ongoing</b>	<b>\$ 10,035</b>	<b>\$ 120,420</b>	<b>\$ 120,420</b>		
<b>Onetime</b>		\$ 6,105	\$ 6,105		
<b>Total 1st year</b>	<b>\$ 10,544</b>	<b>\$ 126,525</b>	<b>\$ 126,525</b>		

	Base Month	Base Annual	Total	Westside	Eastside
<b>TOTAL PROGRAM COSTS</b>	<b>Monthly</b>		<b>52.00</b>	<b>16.00</b>	<b>34.00</b>
Salary/Benefits	\$	320,975	\$ 3,851,697	\$ 1,173,887	\$ 2,484,038
Ongoing except travel	\$	16,753	\$ 201,040	\$ 62,560	\$ 132,940
Travel (per diem, lodging)	\$	12,500	\$ 150,000	\$ 48,000	\$ 102,000
Hybrid Premium Vehicle Lease	\$	17,333	\$ 208,000	\$ 66,560	\$ 141,440
Mileage	\$	34,161	\$ 409,931	\$ 84,102	\$ 325,829
<b>Total ongoing</b>	<b>\$</b>	<b>401,722</b>	<b>\$ 4,820,668</b>	<b>\$ 1,435,109</b>	<b>\$ 3,186,247</b>
<b>Onetime</b>			\$ 120,860	\$ 34,450	\$ 74,200
<b>Total 1st year</b>			<b>\$ 4,941,528</b>	<b>\$ 1,469,559</b>	<b>\$ 3,260,447</b>



**Sampling Program Calculator (Producers only)**

Staff calculations	Total	Westside	Eastside
# of active producer licensees	1,075	504	571
visits to licensees/year		12	12
# of samples per visit		12	12
# of trips/month	1,075	504	571
# of samples/month	12,900	6,048	6,852
Hours needed for samples/month	4,938	1,512	3,426
FTE equiv (1,490 hrs/FTE)	39.77	12.18	27.59
<b>Sampler FTE's (round up)</b>	<b>41.00</b>	<b>13.0</b>	<b>28.0</b>
# of samplers per supervisor	5	5	5
# supervisors	9.0	3.0	6.0
# of sample auditors	1		
Program Manager	1		
<b>Total Staff FTE's</b>	<b>52.00</b>	<b>16.0</b>	<b>34.0</b>

Inspection Fee calculations		Westside		Eastside	
Component	Rate	Variable	Total	Variable	Total
Inspection fee	\$200.00		\$ 200.00		\$ 200.00
Mileage from dispatch to licensee	\$ 0.57	7.5	\$ 4.28	143.0	\$ 81.51
Mileage from licensee to lab	\$ 0.57	33.3	\$ 18.98	148.0	\$ 84.36
Mileage from lab to duty station	\$ 0.57	40.0	\$ 22.80	5.0	\$ 2.85
Hourly rate (collection)	\$ 40.00	1.0	\$ 40.00	1.0	\$ 40.00
Hourly rate (travel)	\$ 40.00	2.0	\$ 80.00	5.0	\$ 200.00
			\$ -		\$ -
<b>Cost per inspection trip</b>			<b>\$ 366.06</b>		<b>\$ 608.72</b>

<b>Total Hours to do inspection</b>		<b>3.00</b>		<b>6.00</b>	
<b>Miles per inspection</b>		<b>80.80</b>		<b>296.00</b>	
<b>average MPH</b>		<b>40.40</b>		<b>59.20</b>	

**Westside example:**

A licensee located in Olympia scheduled for the required flower testing under 314-55-102. Licensee selects Medicine Creek as the lab to perform the compliance testing. Assume an inspector is dispatched from Olympia.

Distance from Olympia inspector to licensed location: 7.5 miles  
 Distance from licensed location to lab: 33.3 miles  
 Distance from lab to duty station in Olympia: 40 miles  
 Hourly rate for sample collection (assuming 1 hour for collection): \$40  
 Travel time rounded to nearest hour for calculation purposes: 2 hours @\$40

**Eastside example:**

A licensee located in Omak scheduled for the required flower testing under 314-55-102. Licensee selects Green Grower as the lab to perform the compliance testing. Assumes an inspector is dispatched from Spokane

Distance from Spokane inspector to licensed location: 143 miles  
 Distance from licensed location to lab: 148 miles  
 Distance from lab to duty station in Spokane: 5 miles  
 Hourly rate for sample collection (assuming 1 hour for collection): \$40  
 Travel time rounded to nearest hour for calculation purposes: 5 hours @ \$40

**COST PROJECTION FOR SAMPLING PROGRAM (PRODUCERS & PROCESSORS) 2/8/2021**

	Base Month	Base Annual	Total	Westside	Eastside
<b>Agricultural Commodity Inspector 2</b>	modified "Auditor" type		<b>48.00</b>	<b>16.00</b>	<b>32.00</b>
Salary/Benefits	\$ 5,678	\$ 68,132	\$ 3,270,336	\$ 1,090,112	\$ 2,180,224
Ongoing except travel	\$ 326	\$ 3,910	\$ 187,680	\$ 62,560	\$ 125,120
Travel (per diem, lodging)	\$ 250	\$ 3,000	\$ 144,000	\$ 48,000	\$ 96,000
Vehicle lease - Toyota RAV 4	\$ 347	\$ 4,160	\$ 199,680	\$ 66,560	\$ 133,120
Mileage (at \$0.15/mi - DES rate 1/2021)			\$ 438,339	\$ 96,281	\$ 342,058
<b>Total ongoing</b>	<b>\$ 6,600</b>	<b>\$ 79,202</b>	<b>\$ 4,240,035</b>	<b>\$ 1,363,513</b>	<b>\$ 2,876,522</b>
<b>Onetime</b>		\$ 1,325	\$ 63,600	\$ 21,200	\$ 42,400
<b>Total 1st year</b>	<b>\$ 6,711</b>	<b>\$ 80,527</b>	<b>\$ 4,303,635</b>	<b>\$ 1,384,713</b>	<b>\$ 2,918,922</b>

	Base Month	Base Annual	Total	Westside	Eastside
<b>Program Specialist 3 (Supervisor)</b>	modified "Auditor" type		<b>9.00</b>	<b>3.00</b>	<b>6.00</b>
Salary/Benefits	\$ 8,005	\$ 96,057	\$ 864,513	\$ 288,171	\$ 576,342
Ongoing except travel	\$ 326	\$ 3,910	\$ 35,190	\$ 11,730	\$ 23,460
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Mileage (est at 2,000 mi/mo, \$0.15/mi)			\$ 32,400	\$ 10,800	\$ 21,600
<b>Total ongoing</b>	<b>\$ 8,927</b>	<b>\$ 107,127</b>	<b>\$ 996,543</b>	<b>\$ 332,181</b>	<b>\$ 664,362</b>
<b>Onetime</b>		\$ 1,325	\$ 63,600	\$ 21,200	\$ 42,400
<b>Total 1st year</b>	<b>\$ 9,038</b>	<b>\$ 108,452</b>	<b>\$ 1,060,143</b>	<b>\$ 353,381</b>	<b>\$ 706,762</b>

	Base Month	Base Annual	Total
<b>Program Specialist 2 (Sample auditor)</b>	"Office" type		<b>1.00</b>
Salary/Benefits	\$ 6,344	\$ 76,122	\$ 76,122
Ongoing except travel	\$ 231	\$ 2,770	\$ 2,770
Travel (per diem, lodging)	\$ -		\$ -
Hybrid Premium Vehicle Lease	\$ -		\$ -
Mileage			\$ -
<b>Total ongoing</b>	<b>\$ 6,574</b>	<b>\$ 78,892</b>	<b>\$ 78,892</b>
<b>Onetime</b>		\$ 6,105	\$ 6,105
<b>Total 1st year</b>	<b>\$ 7,083</b>	<b>\$ 84,997</b>	<b>\$ 84,997</b>

	Base Month	Base Annual	Total
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Ongoing except travel	\$ 231	\$ 2,770	\$ 2,770
Travel (per diem, lodging)	\$ -		\$ -
Hybrid Premium Vehicle Lease	\$ -		\$ -
Mileage			\$ -
<b>Total ongoing</b>	<b>\$ 10,035</b>	<b>\$ 120,420</b>	<b>\$ 120,420</b>
<b>Onetime</b>		\$ 6,105	\$ 6,105
<b>Total 1st year</b>	<b>\$ 10,544</b>	<b>\$ 126,525</b>	<b>\$ 126,525</b>

	Base Month	Base Annual	Total	Westside	Eastside
<b>TOTAL PROGRAM COSTS</b>	<b>Monthly</b>		<b>59.00</b>	<b>19.00</b>	<b>38.00</b>
Salary/Benefits	\$	360,718	\$ 4,328,621	\$ 1,378,283	\$ 2,756,566
Ongoing except travel	\$	19,034	\$ 228,410	\$ 74,290	\$ 148,580
Travel (per diem, lodging)	\$	14,250	\$ 171,000	\$ 57,000	\$ 114,000
Hybrid Premium Vehicle Lease	\$	19,760	\$ 237,120	\$ 79,040	\$ 158,080
Mileage	\$	39,228	\$ 470,739	\$ 107,081	\$ 363,658
<b>Total ongoing</b>	<b>\$</b>	<b>452,991</b>	<b>\$ 5,435,890</b>	<b>\$ 1,695,694</b>	<b>\$ 3,540,884</b>
<b>Onetime</b>			\$ 139,410	\$ 42,400	\$ 84,800
<b>Total 1st year</b>			<b>\$ 5,575,300</b>	<b>\$ 1,738,094</b>	<b>\$ 3,625,684</b>

**Sampling Program Calculator (Producers and Processors)**

Staff calculations	Total	Westside	Eastside
# of active producers & processors	1,304	662	642
visits to licensees/year		12	12
# of samples per visit		12	12
# of trips/month	1,304	662	642
# of samples/month	15,648	7,944	7,704
Hours needed for samples/month	5,838	1,986	3,852
FTE equiv (1,490 hrs/FTE)	47.02	15.99	31.02
<b>Sampler FTE's (round up)</b>	<b>48.00</b>	<b>16.0</b>	<b>32.0</b>
# of samplers per supervisor	5	5	5
# supervisors	9.0	3.0	6.0
# of sample auditors	1		
Program Manager	1		
<b>Total Staff FTE's</b>	<b>59.00</b>	<b>19.0</b>	<b>38.0</b>

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 Distance from licensed location to lab: 33.3 miles  
 Distance from lab to duty station in Olympia: 40 miles  
 Hourly rate for sample collection (assuming 1 hour for collection): \$40  
 Travel time rounded to nearest hour for calculation purposes: 2 hours @\$40

**Eastside example:**

A licensee located in Omak scheduled for the required flower testing under 314-55-102. Licensee selects Green Grower as the lab to perform the compliance testing. Assumes an inspector is dispatched from Spokane

Distance from Spokane inspector to licensed location: 143 miles  
 Distance from licensed location to lab: 148 miles  
 Distance from lab to duty station in Spokane: 5 miles  
 Hourly rate for sample collection (assuming 1 hour for collection): \$40  
 Travel time rounded to nearest hour for calculation purposes: 5 hours @ \$40

# EXHIBIT E



**Topic:** Third Party Sample Collection Program  
**Date:** February 8, 2021  
**Drafted by:** Kendra Hodgson

Information Only       Decision Needed

**Problem or Opportunity**

Statements have been made that the current marijuana test requirements are inherently flawed as a result of sample collection inconsistencies and lack of oversight. It has been proposed during Quality Control rule making comment period that WSLCB alter the test sample collection requirements and implement third party test sample collection.

The suggestions presented to the agency include:

Create a new license type for test sample collectors

WSDA runs a sample collection program

WSLCB runs a sample collection program

Labs are required to collect the sample rather than could collect as under current rule (option not presented in public comment)

These options were reviewed by WSLCB staff early in the QC rule development and it was determined that any third party sample programs increases cost to licensees to an extent that was not feasible to implement. Some of these calculations were completed as part of a cost benefit analysis that did not fall within the scope of the Small business Economic Impact Statement.

The information presented in this document will not address each of the three options but will share detail on current regulation and estimated minimum costs that would be associated with state run sample collection programs.

**Background**

**WSLCB**

RCW 69.50.348 outlines the authority and requirement for representative samples to be submitted for testing. The language states specifically:

- (1) On a schedule determined by the state liquor and cannabis board, every licensed marijuana producer and processor must submit representative samples of marijuana,



useable marijuana, or marijuana-infused products produced or processed by the licensee to an independent, third-party testing laboratory meeting the accreditation requirements established by the state liquor and cannabis board, for inspection and testing to certify compliance with quality assurance and product standards adopted by the state liquor and cannabis board under RCW 69.50.342. Any sample remaining after testing shall be destroyed by the laboratory or returned to the licensee submitting the sample.

Under this authority WAC 314-55-101 outlines who may collect test samples and the manner in which the sample must be collected in order to be representative and establishes the minimum sample size necessary to represent a 5 lb. lot. 4 sub-samples at no less than 1 gram each totaling a 4 gram sample.

Under current rule producers, processors or certified labs may collect the test sample and transport the sample(s) to the certified marijuana testing lab.

In surveying the certified labs they are aware they could offer test sample collection as a service, but to date when asked the labs have stated they are not collecting samples (rare exceptions by the labs were mentioned). There is one lab (Testing Technologies) who lists this as a service they provide.

In essence currently test sample collection is being done by producer/processors staff and they are transporting their samples to the certified lab of their choice for the required tests. This is taking place via license staff or by transporter license holders.

### **WSDA Hemp Production Pre-Harvest Protocol**

Under RCW [15.140.030](#) the Washington State Department of Agriculture (WSDA) was given the authority to develop the agricultural hemp program in Washington State.

Additional sections of RCW 16.306 set forth the authority for WSDA to establish hemp sampling and testing requirements.

The WSDA hemp program is substantially different in part because of the federal guidelines in play for a commodity that is legal at a federal level.

The WSDA hemp testing program:

- Tests only for THC concentration (WSDA receives a full cannabinoid profile that encompasses potency)
  - Note from WSDA: We do a full cannabinoid profile (because if people fail they want to know where their genetics went wrong.) – but THC numbers are the only thing WE need for compliance. We do also offer heavy metal/pest testing for folks that want it.



- Collects samples to verify that the licensed hemp producer has plants that meet the definition of hemp
- Collects samples prior to harvest
- Is a fee for service program. Fees are paid by the hemp licensees
- Hemp Inspection fee is made up of \$200 plus mileage and hourly rate
- THC testing costs are not included in the fee
- Costs for testing break out
  - \$200 flat inspection fee for each inspection
  - \$.57 per mile to collect and deliver the sample to the lab of choice
  - \$40 per hour for the travel time and collection time
  - THC test fee (varies depending on the private lab performing the THC test)

Under the current WSDA program they have three seasonal inspectors (located in Spokane, Yakima and Tacoma). In the most recent harvest year they had approximately 85 unique farms with harvests, for which they conducted 100 inspections (some farms



had multiple harvests). The median costs for the inspection for THC testing only was \$700 dollars. The range varied from at least \$350-\$1500.

Source documentation on program structure can be found in the documents links provided here and in WAC 16-306.

**WSDA Hemp Harvest Sample Request Form**

<https://cms.agr.wa.gov/WSDAKentico/Documents/Forms/4752-HempSampling.pdf>

**WSDA Hemp Production Pre-Harvest Sample Protocol**

<https://agr.wa.gov/getmedia/c7a9924f-2953-4c1b-b408-824098636251/810-hempprodpreharvestsamplingprotocol>

**Sampling program costs comparisons**

	Current WSLCB	WSDA Hemp
Inspection fee	<b>\$0</b>	<b>\$200</b>
Mileage fee	<b>No “additional” fee*</b>	<b>\$.57 /mile</b>
Hourly rate	<b>No “additional” fee*</b>	<b>\$40 / hour</b>
Cost of testing	<b>**</b>	<b>**</b>

\*labs could choose to charge fees related to performing sample collection services. Licensees likely have variable costs associated with collecting and delivering a sample. These variable costs will be contingent on business decisions.  
\*\* Variable depending on the lab selected

Cost structure example:

	Current WSLCB	WSDA Hemp	State Run
Inspection fee	<b>\$0</b>	<b>\$200</b>	<b>\$200</b>
Mileage fee	<b>No “additional” fee*</b>	<b>\$.57 /mile*</b>	<b>\$.15 -.57mile*</b>
Hourly rate	<b>No “additional” fee*</b>	<b>\$40 / hour</b>	<b>\$40 /hour</b>
Cost of testing	<b>**</b>	<b>**</b>	<b>***</b>

\* mileage costs are estimated based on assumption that there are agency provided vehicles and the mileage is the DES rate. Mileage rate subject to change.  
\*\* cost of testing would be charged by the third party lab directly to the licensee





Example #1:

A licensee located in Olympia, WA scheduled for the required flower testing under 314-55-102.

Licensee selects Medicine Creek as the lab to perform the compliance testing. Assuming an inspector is dispatched from Olympia, WA the following costs would be incurred.

Distance from Olympia inspector to licensed location: 7.5 miles

Distance from licensed location to lab: 33.3 miles

Distance from lab to duty station in Olympia: 40 miles

Hourly rate for sample collection (assuming 1 hour for collection): \$40

Travel time rounded up to nearest hour for calculation purposes: \$80

	State Run	Example
Inspection fee	<b>\$200</b>	<b>\$200</b>
Mileage fee	<b>\$.57/mile</b>	<b>\$46.06</b>
Hourly rate	<b>\$40 /hour</b>	<b>\$120</b>
Cost of testing	**	**
Estimated Total:		

\*example uses the high end of per mileage information currently available

\*\* cost of testing varies based on the lab selected to perform the tests

Example #2

A licensee located in Omak, WA scheduled for the required flower testing under 314-55-102.

Licensee selects Green Grower as the lab to perform the compliance testing. Assuming an inspector is dispatched from Spokane, WA the following costs would be incurred.

Distance from Spokane inspector to licensed location: 143 miles

Distance from licensed location to lab: 148 miles

Distance from lab to duty station: 5 miles

Hourly rate for sample collection (assuming 1 hour for collection): \$40

Travel time rounded up to nearest hour for calculation purposes: 5 hours @ \$40



	State Run	Example
Inspection fee	<b>\$200</b>	<b>\$200</b>
Mileage fee	<b>\$.57/mile</b>	<b>\$168.72</b>
Hourly rate	<b>\$40 /hour</b>	<b>\$240</b>
Cost of testing	<b>**</b>	<b>**</b>
Estimated Total:		

\*example uses the high end of per mileage information available

\*\* cost of testing varies based on the lab selected to perform the tests



**Cost Projections**

In attempting to project resources needed to run a state sampling program and the costs that would be incurred by licensees the following assumptions were used.

- Sampling program would not be a state subsidized program
- Licensee fees would fund the program
- The program would need staffing and infrastructure necessary to scale to ~1500 license locations to encompass all testing required by producers and processors
- At a minimum inspector classifications would be: Agricultural Commodity Field Inspector 2 – Salary Range 36
- A scheduling tool would need to be built or purchased to handle the volume of sample requests
- Chain of custody disclaimers would need to be created
- Fee structure estimates would use existing WSDA hemp program dollar amounts
- Mileage reimbursement rates assume there are agency vehicles provided and per mile would be subject to DES rates which are subject to change
- Total number of samples was calculated using the average amount of samples taken a month ~12,000/per month
- There would be indeterminate opportunity cost loss to licensees in the additional time added to sample collection and test result completion as part of sample scheduling and collection.

Budget Estimates:

**Producer only sample collection**

Fees would need to support at a minimum 52 FTES and program costs

		Total	Westside	Eastside
<b>TOTAL PROGRAM COSTS</b>	<b>Monthly</b>	<b>52.00</b>	<b>16.00</b>	<b>34.00</b>
	\$	\$	\$	\$
Salary/Benefits	320,975	3,851,697	1,173,887	2,484,038
	\$	\$	\$	\$
Ongoing except travel	16,753	201,040	62,560	132,940
	\$	\$	\$	\$
Travel (per diem, lodging)	12,500	150,000	48,000	102,000
	\$	\$	\$	\$
Hybrid Premium Vehicle Lease	17,333	208,000	66,560	141,440
	\$	\$	\$	\$
Mileage	34,161	409,931	84,102	325,829
	\$	\$	\$	\$
<b>Total ongoing</b>	<b>401,722</b>	<b>4,820,668</b>	<b>1,435,109</b>	<b>3,186,247</b>
		\$	\$	\$
<b>Onetime</b>		<b>120,860</b>	34,450	74,200
		\$	\$	\$
<b>Total 1st year</b>		<b>4,941,528</b>	<b>1,469,559</b>	<b>3,260,447</b>



**Producer/processor sample collection**

Fees would need to support a minimum of 59 FTES and program costs

		Total	Westside	Eastside
<b>TOTAL PROGRAM COSTS</b>		<b>59.00</b>	<b>19.00</b>	<b>38.00</b>
	<b>Monthly</b>			
	\$	\$	\$	\$
Salary/Benefits	360,718	<b>4,328,621</b>	1,378,283	2,756,566
	\$	\$	\$	\$
Ongoing except travel	19,034	<b>228,410</b>	74,290	148,580
	\$	\$	\$	\$
Travel (per diem, lodging)	14,250	<b>171,000</b>	57,000	114,000
	\$	\$	\$	\$
Hybrid Premium Vehicle Lease	19,760	<b>237,120</b>	79,040	158,080
	\$	\$	\$	\$
Mileage	39,228	<b>470,739</b>	107,081	363,658
	\$	\$	\$	\$
<b>Total ongoing</b>	<b>452,991</b>	<b>5,435,890</b>	<b>1,695,694</b>	<b>3,540,884</b>
		\$	\$	\$
	<b>Onetime</b>	<b>139,410</b>	42,400	84,800
		\$	\$	\$
	<b>Total 1st year</b>	<b>5,575,300</b>	<b>1,738,094</b>	<b>3,625,684</b>



- Collects samples to verify that the licensed hemp producer has plants that meet the definition of hemp
- Collects samples prior to harvest
- Is a fee for service program. Fees are paid by the hemp licensees
- Hemp Inspection fee is made up of \$200 plus mileage and hourly rate
- THC testing costs are not included in the fee
- Costs for testing break out
  - \$200 flat inspection fee for each inspection
  - \$.57 per mile to collect and deliver the sample to the lab of choice
  - \$40 per hour for the travel time and collection time
  - THC test fee (varies depending on the private lab performing the THC test)

Under the current WSDA program they have three seasonal inspectors (located in Spokane, Yakima and Tacoma). In the most recent harvest year they had approximately 85 unique farms with harvests, for which they conducted 100 inspections (some farms

# EXHIBIT F

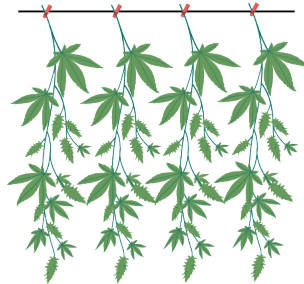


# Current Product Testing Requirements

**1. Cannabis plant grows**  
(indoor/outdoor/greenhouse)



**2. Cannabis is cut down at harvest**



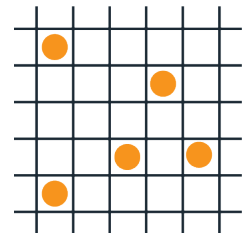
**3. Plant is dried**



**4. Plant is trimmed for bud**  
(parts of plant that will be prepared for retail)

**5. Homogenized product is tested (5 lb lots) by third party labs**  
(80 percent of cannabis only requires testing at this stage because of product type) for the established suite of tests (microbial, mycotoxins, moisture, potency, etc.)

- a. Flower
- b. Mix
- c. Concentrate

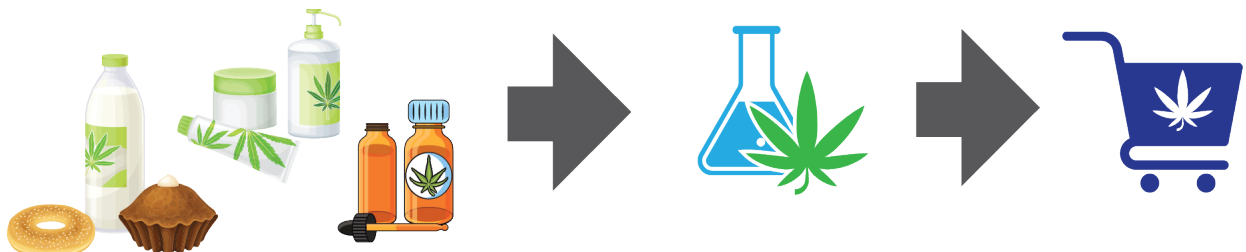


**6. If passed, the product goes to Retail**



**7. If after step 5 (with passing tests results) product is created into new form, it is tested again for potency:**

(concentrate, edible cookie, topical, infused)



**This is the simplest testing path.**

There are conditions and products that would require additional rounds of "intermediate testing" as reflected at step 5

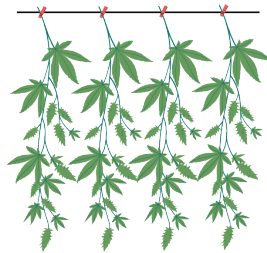


# Proposed: Adding Pesticides and Heavy Metals

1. Cannabis plant grows  
(indoor/outdoor/greenhouse)



2. Cannabis is cut down at harvest



3. Plant is dried

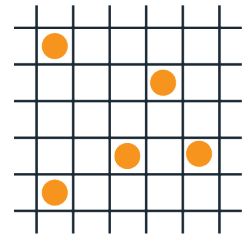


4. Plant is trimmed for bud  
(parts of plant that will be prepared for retail)

5. Homogenized product is tested (10 lb lots) by third party labs  
(80 percent of cannabis only requires testing at this stage because of product type) for the established suite of tests (microbial, mycotoxins, moisture, potency, etc.)

- a. Flower
- b. Mix
- c. Concentrate

- d. Adding Pesticides
- e. Adding Heavy Metals



6. If passed, the product goes to Retail



7. If after step 5 (with passing tests results) product is created into new form (infused solid edible i.e. cookie) , it is tested again for potency only.



This is the simplest testing path.

There are conditions and products that would require additional rounds of "intermediate testing" as reflected at step 5



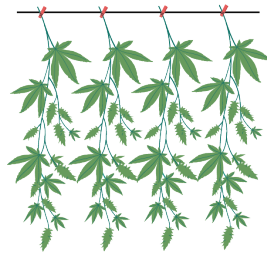


# Public Comment Proposal: End-Product Testing

**1. Cannabis plant grows**  
(indoor/outdoor/greenhouse)



**2. Cannabis is cut down at harvest**



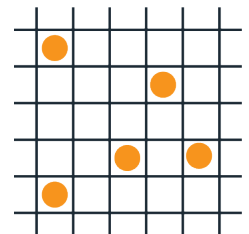
**3. Plant is dried**



**4. Plant is trimmed for bud**  
(parts of plant that will be prepared for retail)

**5. All Homogenized product (flower, mix, concentrate, edible, infused, topical) is tested** for the established suite of tests (microbial, mycotoxins, moisture, potency, etc.)

- a. Adding Pesticides
- b. Adding Heavy Metals



**6. If passed, the product goes to Retail**



**7. If fails the product may not continue to retail. Source batch destroyed. It is possible that non cannabis containments may also cause the product to fail.**





# Public Comment Proposal: Harvest Testing

**1. Cannabis plant grows**  
(indoor/outdoor/greenhouse)

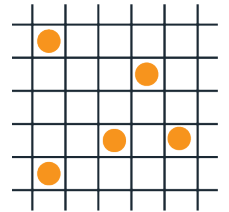


**2. Cannabis is cut down at harvest**



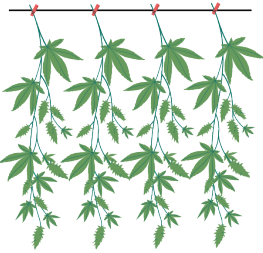
**3 Harvest level product is tested (10 lb. lots) by third party labs for the established suite of tests**  
(microbial, mycotoxins, moisture, potency, etc.)

- a. Adding Pesticides
- b. Adding Heavy Metals



**4. If passed the plant may continue to be processed (If fails destroyed).**

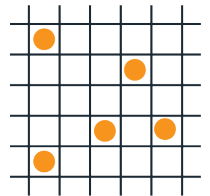
**5. Plant is dried**



**6. Plant is trimmed for bud**  
(parts of plant that will be prepared for retail)



**7. Likely will need another potency test for label accuracy after dried.**



**8. When potency received it goes to retail**





# Costs: Sampling Collection

## Current

1 – 4 gram samples per 5 lbs. =

- 4 X1 grams for (micro/myco/residual solvents/moisture)

### Plants - Harvest - Dry - Trim

<b>1</b>	<b>2</b>
<b>3</b>	<b>4</b>

**= 4 grams**

## Proposed

2 – 8 gram samples = 16 grams **per 10 lbs.**

- 8 X1 grams for (micro/myco/residual solvents/moisture)
- 8 X1 grams for pesticides/heavy metals

### Plants – harvest – dry - trim

<b>Cannabis Lot for Testing (8 squares sampled twice)</b>			
<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>

**= 16 grams**



# Costs: Sampling Collection

## Math of Costs (Example)

### Current

100 lbs. of product = 20 test lots (5 lb. lots)

- 20 x Cost of Testing

### Proposed Example

100 lbs. of product = 10 test lots (10 lb. lots)

- 10 x Cost of Testing

### Small grows

#### Current

5 lbs of product  
= 1 test lot (less than or equal 5 lb lots)

- 1x cost of testing

#### Proposed

5 lbs of product  
= 1 test lots (less than or equal to 10 lb lot)

- 1 x Cost of testing

#### This example shows scale:

- That the smallest grows with small sample sizes (less than 10 lbs.) will not realize a savings for 10 lb. lots but will already have costs savings based on amount produced
- Large grows, 1,000 lbs. = 200 test lots (current at 5 lbs.) or 100 test lots (proposed 10 lb. lots)
- Smaller grows = 100 lbs. = 20 test lots (current at 5 lbs.) or 10 test lots (proposed 10 lb. lots)

#### Cost scales to the size of the productions

- Larger grows pay more to test as a function of more production / lbs. of cannabis
- Smaller grows pay less to test as a function of having less product to test

### Current Model

1 – 4 gram samples per 5 lbs =

- 4 X1 grams for  
(micro/myco/residual solvents/moisture)

Plants - Harvest - Dry - Trim

1	2
3	4

= 4 grams

### Proposed Model

2 – 8 gram samples = 16 grams per 10 lbs.

- 8 X – 1 grams for  
(micro/myco/residual solvents/moisture)
- 8 X – 1 grams for  
(pesticides/heavy metals)

Plants – harvest – dry - trim

Cannabis Lot for Testing (8 squares sampled twice)			
1	2	3	4
5	6	7	8

= 16 grams

# EXHIBIT G

## SOLVENTS

#	Source	Solvent	Type
1	<a href="#">A</a>	Acetone	Safety
2	<a href="#">B</a>	Benzene	Safety
3	<a href="#">C</a>	Butanes	Safety
4	<a href="#">D</a>	Cyclohexane	Safety
5	<a href="#">E</a>	Chloroform	Safety
6	<a href="#">F</a>	Dichloromethane	Safety
7	<a href="#">G</a>	Ethyl acetate	Safety
8	<a href="#">H</a>	Heptanes	Safety
9	<a href="#">I</a>	Hexanes	Safety
10	<a href="#">J</a>	Isopropanol	Safety
11	<a href="#">K</a>	Methanol	Safety
12	<a href="#">L</a>	Pentanes	Safety
13	<a href="#">M</a>	Propane	Safety
14	<a href="#">N</a>	Toluene	Safety
15	<a href="#">O</a>	Xylene	Safety

## MICROBIALS

#	Source	Microbes	Type
1	<a href="#">A</a>	E. Coli	Safety
2	<a href="#">B</a>	E. Coli	Safety
3	<a href="#">C</a>	E. Coli	Testing
4	<a href="#">D</a>	Salmonella	Safety
5	<a href="#">E</a>	Salmonella	Safety
6	<a href="#">F</a>	Salmonella	Safety
7	<a href="#">G</a>	Salmonella	Testing
8	<a href="#">F</a>	BTGN Bacteria	Safety
9	<a href="#">G</a>	BTGN Bacteria	Safety
10	<a href="#">H</a>	BTGN Bacteria	Testing

## MYCOTOXINS

1	<a href="#">A</a>	Aflatoxins	Safety	Acute toxicity
2	<a href="#">B</a>	Aflatoxins	Safety	Chronic toxicity
3	<a href="#">C</a>	Aflatoxins	Safety	Genotoxic
4	<a href="#">D</a>	Aflatoxins	Safety	Carcinogenic
5	<a href="#">E</a>	Aflatoxins	Safety	Embryotoxic
6	<a href="#">F</a>	Ochratoxin A	Safety	Carcinogenic
7	<a href="#">G</a>	Ochratoxin A	Safety	Neurotoxic
8	<a href="#">H</a>	Ochratoxin A	Safety	Toxilogical
9	<a href="#">I</a>	Afla & Ochra	Testing	Wadsworth Method

## METALS

#	Source	Metal	Type	Notes
1	<a href="#">A</a>	Cd, Pb	Remediation	<p>hemp can accumulate significant amounts of heavy metals in its tissues due to its high biomass and deep roots.</p> <p>There are certain characteristics of hemp, which make it very suitable for phytoremediation such as high biomass, long roots and a short life cycle of 180 days. In addition, hemp has a very high capability to absorb and accumulate heavy metals like lead, nickel, cadmium, zinc and chromium</p>
2	<a href="#">B</a>	Cd, Pb	Remediation	<p>WHO has identified lead as 1 of 10 chemicals of major public health concern, needing action by Member States to protect the health of workers, children and women of reproductive age.</p> <p><b>There is no level of exposure to lead that is known to be without harmful effects.</b></p>
3	<a href="#">C</a>	Pb	Safety	<p>Lead was and still is an environmental factor that increases neurologic and psychiatric morbidity. It also causes developmental disorders, especially in deprived areas. Prevention should be the single most important way of dealing with lead poisoning.</p>
4	<a href="#">D</a>	Pb	Safety	<p><b>In summary, hemp increased total CBD content under high heavy metal conditions and was a result of enhancement of CBDAS and OAC gene expression.</b></p>
5	<a href="#">E</a>	Cd, Pb	Cannabinoids	<p><b>In summary, hemp increased total CBD content under high heavy metal conditions and was a result of enhancement of CBDAS and OAC gene expression.</b></p>

6	<a href="#">F</a>	Cd	Safety	Cadmium and its compounds are highly toxic and exposure to this metal is known to cause cancer and targets the body's cardiovascular, renal, gastrointestinal, neurological, reproductive, and respiratory systems.
7	<a href="#">G</a>	Cd	Safety	With increasing evidence of its toxicity, both national and international agencies have sought to regulate cadmium exposure.
8	<a href="#">H</a>	Pb	Safety	Lead Poisoning Due to Adulterated Marijuana in Leipzig
9	<a href="#">I</a>	As, Cd, Hg, Pb	Safety	A number of studies provide convincing evidence that cannabis is an active accumulator of heavy metals such as lead, cadmium, arsenic, mercury, magnesium, copper, chromium, nickel, manganese, and cobalt (13, 14, 15)
10	<a href="#">J</a>	As, Cd, Hg, Pb	Testing	Wadsworth Method



## Cannabis Testing Failure Rate Data

**Executive Summary:** Best practice across agricultural commodities supports that one of the direct ways to maintain a level of consumer protection and confidence is to require product testing and removal/recall of potentially unsafe products (agriculture examples: E.coli/lettuce, cucumbers/salmonella). Reduction of the amount or reliability of testing leads directly to a decrease in consumer health, safety, and confidence.

Testing failure data for required marijuana testing is shown for each individual analyte on the next page. The table shows the prevalence of failures and the potential risks associated with each failure. The appearance of contaminants and the resulting test failures has stayed relatively flat over the last few years.

**Analysis:** The LCB rules for testing have been and may always be controversial because of the cost and possibility for reputational impact on licensees. The Washington State I-502 market has had the same testing regimen for the last three years (last changed August 2017); this data is shown on the following page.

Without testing, harmful products would be available on store shelves for consumers to buy. Stakeholders have theorized that after years of testing, the industry would become more compliant and thus less testing would be necessary. However, this theory has not been borne out, as the data on page two shows. Only a few analytes have had a decrease in the number of failures per month – none of which has had meaningful or sustained improvement in their fail rates.

For example, one of the more dangerous analytes tested for in the current system is Ochratoxin A (mycotoxin). This toxin is produced as a byproduct of certain fungi. Ochratoxin A not only has the ability to cause acute (immediate) poisoning by inflicting severe kidney and liver damage, but also is known to be carcinogenic (cancer causing) and mutagenic (mutates DNA) in humans. The data on page two shows that 99 samples failed for Ochratoxin A. This may not seem like very many samples out of the nearly 330,000 samples tested for mycotoxins within our system, however let us frame the significance of this issue in another way:

Each one of the 99 sample failures was likely taken from a five-pound lot of marijuana. If it is assumed that every customer buys the maximum carrying capacity of one ounce, and there are 16 ounces in a pound, the failure individual sample, stopped 80 individuals from exposure to a dangerous mycotoxin. With those same assumptions, the I-502 testing has conservatively stopped 7,920 individuals from dangerous exposure (80 people x 99 failures.)

The table below shows failures for each field of testing over the first 19 months of LEAF data and the total 35 months of LEAF data available. The “no completion” notation shows that not all test results were marked as complete.

<b>No Completion Total</b>	<b>19 MONTHS</b>	<b>35 MONTHS</b>	<b>Fails per 10,000 Tests</b>	<b>Risks</b>
foreign_matter_seeds	138	161	4.88	
foreign_matter_stems	96	228	6.91	
<b>MICROBIALS</b>	-	-	<b>199.33</b>	-
microbial_total_viable_aerobic	Removed	Aug. 2017		
microbial_total_yeast_and_mold	Removed	Aug. 2017		
microbial_total_coliforms	Removed	Aug. 2017		
microbial_bile_tolerant_cfu_g	3096	6281	190.33	A
microbial_pathogenic_e_coli_cfu_g	35	83	2.52	A
microbial_salmonella_cfu_g	94	214	6.48	A
<b>MOISTURE</b>	-	-	<b>34.45</b>	-
moisture_content_percent	188	437	13.24	
moisture_content_water_activity_rate <sup>1</sup>	308	700	21.21	
<b>MYCOTOXINS</b>	-	-	<b>6.03</b>	-
mycotoxin_aflatoxins_ppb <sup>1</sup>	47	100	3.03	A, C
mycotoxin_ochratoxin_ppb <sup>1</sup>	47	99	3.00	A, C, M
<b>SOLVENTS</b>	-	-	<b>26.94</b>	-
solvent_acetone_ppm	2	7	0.21	A, F
solvent_benzene_ppm	59	104	3.15	A, C, F
solvent_butanes_ppm	204	448	13.58	A, F
solvent_chloroform_ppm	41	168	5.09	A, C, F
solvent_cyclohexane_ppm	0	0	0.00	A, F
solvent_dichloromethane_ppm	0	1	0.03	A, C, F
solvent_ethyl_acetate_ppm	3	4	0.12	A, F
solvent_heptane_ppm	1	10	0.30	A, F
solvent_hexanes_ppm	9	19	0.58	A, F
solvent_isopropanol_ppm	52	100	3.03	A, F
solvent_methanol_ppm	10	14	0.42	A, F
solvent_pentanes_ppm	1	2	0.06	A, F
solvent_propane_ppm	4	8	0.24	A, F
solvent_toluene_ppm	1	3	0.09	A, F
solvent_xylene_ppm	1	1	0.03	A, F

Figure 1: LEAF Sample Failures (A=Acute Poisoning, C=Cancer Forming, F=Flammable, M=DNA Harming)

<sup>1</sup> Added in lieu of fields removed during the August 2017 rules change

# EXHIBIT H



Washington  
State Department of  
Agriculture

# Hemp Production Pre-harvest Sampling Protocol

*This document is based on language from USDA's interim final rule establishing a U.S. Domestic Hemp Production Program, with adjustments to align to Washington State's RCW 34.05.353.*

Email: [hemp@agr.wa.gov](mailto:hemp@agr.wa.gov)

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---

**AGR PUB 501-810 (N/12/19)**

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## Purpose

1. Standard sampling guidelines are specified for field and greenhouse sampling of hemp.
2. Samples are taken to obtain specimens for the measurement of tetrahydrocannabinol (THC) content, which determine whether the specimens are hemp or marijuana. The measurements are intended to be representative of the THC content in a “lot” of hemp crop acreage as identified by the producer. Hemp producers may not harvest hemp prior to the hemp being sampled and tested for THC concentration. Testing procedures are provided in a separate document.

## Scope

1. Samples collected under this procedure are acceptable for submission to a qualified, DEA-registered laboratory for determination of THC in hemp.
2. Since the THC content of hemp generally peaks as the plant ripens, the timing of when sampling occurs is important to accurately measure THC concentration and monitor compliance with the WSDA hemp production program.
3. Samples must be collected by a WSDA inspector. It is the responsibility of the licensed producer to pay any fees associated with sampling.

## Summary of Practice

1. This practice provides procedures for entering a growing area and collecting the minimum number of plant specimens necessary to represent a homogeneous composition of the “lot” that is to be sampled. An authorized representative enters a growing area, strategically examines the growing area, establishes an approach for navigating the growing area, and collects individual specimens of plants in order to obtain a representative sample of hemp in the designated lot.
2. Cuttings from each “lot” of hemp crop acreage, as identified by the producer, shall be organized as composite samples. For the purposes of these procedures, a “lot” is a contiguous area in a field, greenhouse, or indoor growing structure containing the same variety or strain of cannabis throughout. In addition, “lot” refers to the batch of contiguous, homogeneous whole of a product being sold to a single buyer at a single time. “Lot” is to be defined by the producer in terms of farm location or field acreage.

## Equipment and Supplies

1. Garden pruners/shears (Cleaned prior to and following each composite sample. Some examples of appropriate cleaning agents and supplies to use on garden pruners/shears are bleach, rubbing alcohol, steel wool, and/or sandpaper.)

2. Sample bags, paper.
  - 2.1. The size of the bags will depend upon the number of clippings collected per lot.
  - 2.2. The bags should be made from material known to be free from THC.
3. Security tape
4. Permanent markers
5. Sample collection forms
6. GPS Unit
7. Disposable gloves – Nitrile

## Sampling Guidelines

1. The licensee or designated employee shall accompany the inspector throughout the sampling process.
2. Surveillance of the growing area
  - 2.1. The inspector shall verify the GPS coordinates of the growing area as compared with the GPS coordinates submitted by the licensee to WSDA.
  - 2.2. The inspector shall estimate the average height, appearance, approximate density, condition of the plants, and degree of maturity of the flowering material, meaning inflorescences (flowers/ buds).
  - 2.3. The inspector shall visually establish the homogeneity of the stand to establish that the growing area is of like variety.
3. Time of Sampling
  - 3.1. Within 15 days prior to the anticipated harvest of cannabis plants, a WSDA inspector shall collect representative samples from such cannabis plants for THC concentration level testing.
4. Field Sampling
  - 4.1. For purposes of determining the number of individual plants to select for sampling, the size of the growing area shall be considered. For sampling purposes, samples from separate "lots" must be kept separate and not be comingled.
  - 4.2. For lots of less than one acre, including greenhouses, select a minimum of 1 plant, then take a cutting from the plant to form a sample. For lots of 2 to 10 acres, including greenhouses, select a minimum of one plant per acre, then take cuttings of each plant, then combine to form a composite sample.
  - 4.3. For growing areas larger than ten (10) acres, including greenhouses, the number of plants that will be selected to form a composite sample is based upon the Codex Alimentarius Recommended Methods of Sampling for the Determination of Pesticide Residues for Compliance with MRLS CAC/GL 33-1999.
    - 4.3.1. The sample size is estimated in a two-step process. The first step is to estimate the number of primary plants to be sampled. The second step is to adjust the estimate of primary plants by the acreage under cultivation.

4.3.2. The initial number of primary plants is estimated using

$$n_0 = \frac{\ln(1 - p)}{\ln(1 - i)}$$

where p is the confidence level to detect hemp plants having THC content greater than the acceptable hemp THC level and i is the proportion of hemp plants having THC content greater than the acceptable hemp THC level. The values for i are based on past experience in the same or similar growing areas.

4.3.3. The initial primary plants estimate is adjusted by the number of acres to calculate the minimum number of primary plants for composting as follows:

$$n = \frac{n_0}{1 + \frac{(n_0 - 1)}{N}}$$

where n is the minimum number of primary plants to be selected for forming a composite sample,  $n_0$  is the initial number of primary plants, and N is the number of acres under cultivation.

4.3.4. Example 1 : The initial primary plant sample size is 299 with a confidence level of 95% to detect hemp plants having THC content greater than the acceptable hemp THC level and a proportion of hemp plants having THC content of greater than the acceptable hemp THC level equal to 0.01 is considered appropriate. The adjusted primary plant sample sizes for fields from 11 to 173 acres in size are shown in the following table:

Number of acres	Sample Size "n"	Number of acres	Sample Size "n"	Number of acres	Sample Size "n"	Number of acres	Sample Size "n"
11	11	40	36	75-76	61	119-120	86
12	12	41-42	37	77	62	121-122	87
13	13	43	38	78-79	63	123-124	88
14	14	44	39	80-81	64	125-126	89
15	15	45-46	40	82	65	127-128	90
16	16	47	41	83-84	66	129-130	91
17	17	48	42	85-86	67	131-132	92
18-19	18	49-50	43	87	68	133-134	93
20	19	51	44	88-89	69	135-136	94
21	20	52	45	90-91	70	137-138	95
22	21	53-54	46	92	71	139-140	96
23	22	55	47	93-94	72	141-143	97
24	23	56	48	95-96	73	144-145	98
25-26	24	57-58	49	97-98	74	146-147	99
27	25	59	50	99	75	148-149	100
28	26	60-61	51	100-101	76	150-152	101
29	27	62	52	102-103	77	153-154	102
30	28	63-64	53	104-105	78	155-156	103
31-32	29	65	54	106-107	79	157-158	104
33	30	66-67	55	108	80	159-161	105
34	31	68	56	109-110	81	162-163	106
35	32	69-70	57	111-112	82	164-166	107
36	33	71	58	113-114	83	167-168	108
37-38	34	72-73	59	115-116	84	169-170	109
39	35	74	60	117-118	85	171-173	110

Example 2: The adjusted primary plant sample sizes for fields from less than 1 to 10 acres in size are shown in the table to the right:

Number of acres "N"	Sample Size "n"
Less than 1	1
1	1
2	2
3	3
4	4
5	5
6	6
7	7
8	8
9	9
10	10

5. Collecting Samples from each lot

- 5.1. Inspectors shall always walk at right angles to the rows of plants, beginning at one point of the lot and walking towards another point on the opposite side of the lot.
- 5.2. While walking through the growing area, the inspector shall cut at least "n" flowering material, meaning inflorescences (the flower or bud of a plant) at random but convenient distances. Avoid collecting too many specimens from the borders of the field/greenhouse.
- 5.3. The cut shall be made just underneath a flowering material, meaning inflorescence (the flower or bud of a plant), located at the top one-third {1/3} of the plant. (See figure below.) The sample size must be of adequate volume to accommodate laboratory tests.



- 5.4. Utilize a paper sample bag for collecting sample cuttings. Ensure that each bag has the minimum number of cuttings, n, as calculated by 4.3.3, or in the Example Tables 1 and 2.
- 5.5. Seal each bag and record the sample number.

6. Sample identification

- 6.1. The inspector shall seal each bag and record the sample identification number. The sample shall also be identified with the following information:
  - (1) The sample ID shall include: Inspector contact information; name and contact information of the producer; producer hemp license or authorization number; date of sample; and "lot" ID as provided by the USDA Farm Service Agency; any other information that may be required by States, Tribes, Law Enforcement Authorities, mail delivery services, customers or groups of customers.



# EXHIBIT I

**Summary:** About 75% of all marijuana products sold within the Washington State I-502 market required one round of testing<sup>1</sup>. The remaining 25% require sampling and testing more than once - including the additional potency test required for items meeting the definition of “end product.”

**Analysis:**

[WAC 314-55-102](#) outlines the testing requirements. The current test categories include:

- Potency
- Microbiological
- Mycotoxin
- Residual solvents
- Moisture
- Foreign matter

For most products, testing is done (with no additional testing required) at the flower or intermediate stage. End products require a potency test in addition to any previous flower or intermediate stage testing. Potency tests do not “fail”, however the maximum concentration of THC allowed for edible products is 10 milligrams per unit. An important distinction in state rule says:

<sup>2</sup> *“(2)(e): End products consisting of only one intermediate product that has not been changed in any way are not subject to potency analysis.”*

As shown below in *Figure 1: 2019 Sales by Category*, up to 89% of sales within the I-502 marketplace qualify for testing only at the flower and intermediate stage, as section (2)(e) describes.

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<sup>1</sup> These estimates were created using information regarding overall sales by product types and the testing requirements associated.

<sup>2</sup> [WAC 314-55-102 2\(e\)](#)

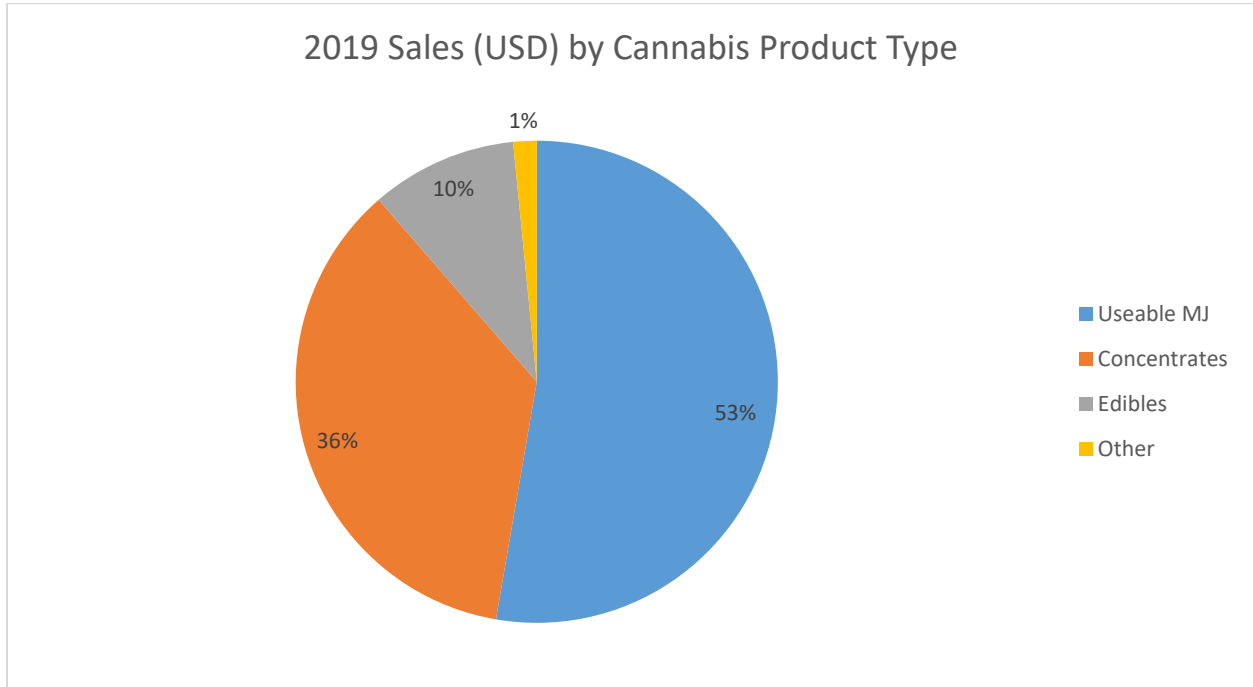


Figure 1: 2019 Sales by Category (Source: Leaf data)

Useable marijuana is defined in [RCW 69.50.101 \(ww\)](#) as: “means dried marijuana flowers. The term “useable marijuana” does not include either marijuana-infused products or marijuana concentrates.”

Given this definition and the information in Table 1: Lab Testing Data by Flower, only 2,927 of 146,887 tests completed at the time of the data set (December 2019) would have had testing beyond intermediate testing, i.e. end product testing. The 2,927 tests are “marijuana mix” samples, as shown in the row 3, from Table 1 below. By removing the “marijuana mix” line item, 52% out of the 53% “useable marijuana” required only flower or intermediate testing (Useable Marijuana in Figure 1: 2019 Sales by Category).

Product Type	Total	One Test Proportion
flower	2662	100%
flower_lots	139650	100%
marijuana_mix	2927	0%
other_material	271	100%
other_material_lots	825	100%
usable_marijuana	552	100%

Table 1: Lab Testing Data by Flower (Source: Leaf data)

The 36% ‘concentrates’ category is harder to quantify because it requires analysis of more than one variable. Therefore a definitive number is not provided in this analysis. Using available information, an estimated range is provided below in Table 2 showing a diverse set of product

End-Intermediate Testing Product Discussion

MJ Examiner

2021/01/21

types and quantities. Each category has unique attributes and characteristics, which is one of the many reasons why giving a concrete number for the overall category is difficult. Given the information available, it's estimated that between 50% to 75% of concentrates are not tested past the required intermediate suite and are sold "as is". These relate to 18-27% of the total amount of sales referenced in Figure 1.

<b>Product Type</b>	<b>Total</b>	<b>One Test Proportion</b>
co2_concentrate	6737	90%
concentrate_for_inhalation	3684	90%
ethanol_concentrate	3564	50%
food_grade_solvent_concentrate	3782	10%
hydrocarbon_concentrate	30107	90%
infused_cooking_medium	186	10%
infused_mix	5718	10%
non-solvent_based_concentrate	2479	90%

*Table 2: Lab Testing Data by Concentrate*

In conclusion, it is estimated 70% – 80% of sales are of products that have only undergone one round of testing. This is based on both the above analyses and because it is fair to assume that the remaining 10% 'edibles' and 1% 'other' categories have been tested at both intermediate and end testing stages.

# EXHIBIT J

WEBVTT

1

00:00:01.169 --> 00:00:12.628

All right, so good afternoon. This is the follow up to the accredited lab delivered a dialog session that was held on February 11th of this year.

2

00:00:12.628 --> 00:00:17.908

We got through a question 5 that you see on your screen right now.

3

00:00:17.908 --> 00:00:21.449

But because these last 3 questions.

4

00:00:21.449 --> 00:00:26.100

Were really important and we wanted to make sure that we answered them.

5

00:00:26.100 --> 00:00:29.309

In a meaningful way.

6

00:00:29.309 --> 00:00:34.859

Were reconvening today for an hour and a half to address these questions.

7

00:00:34.859 --> 00:00:38.250

So, on the call today, we have amber wise.

8

00:00:38.250 --> 00:00:44.280

James burns Jeff gowdy and Kenya. Tanya.

9

00:00:44.280 --> 00:00:53.250

And when we did the delivered of dialogue before, I think I called on people to make sure that everybody got enough air time.

10

00:00:53.250 --> 00:01:05.310

Since this is a little less formal, why I just, I will read the 1st question and then you can just begin discussion amongst yourselves. I don't want to restrain the conversation.

11

00:01:05.310 --> 00:01:08.310

Really hope that, that it can be spontaneous and.

12

00:01:08.310 --> 00:01:19.980

You can each sort of follow off of each other, ask each other questions kind of build out the conversation a little bit and I'll jump in here and there, but.

13  
00:01:19.980 --> 00:01:25.799  
Really this is your conversation so questions before we get started.

14  
00:01:28.709 --> 00:01:33.930  
Okay, sorry you guys are over here on the screen and I know my camera is right here.

15  
00:01:33.930 --> 00:01:41.489  
All right all right so with that, let's go ahead and jump in with well, before we start.

16  
00:01:41.489 --> 00:01:46.890  
Any reflections on the the.

17  
00:01:46.890 --> 00:01:53.549  
All the deliberative dialogue went for your panel on 11, anything you want to share.

18  
00:01:53.549 --> 00:01:57.750  
Before we start this conversation.

19  
00:01:59.340 --> 00:02:12.569  
Not really well, I mean, I thought it went fine, had pretty good attendance, uh, which isn't unexpected, given the, you know, the hot button topics that we're on.

20  
00:02:14.094 --> 00:02:28.344  
But, yeah, I think it's good to have a venue where, as Labs we can talk about this stuff and not be drowned out by licenses where there's just they they outnumber us so to speak.

21  
00:02:29.514 --> 00:02:33.594  
So, it's good to have our own venue where we can voice our concerns.

22  
00:02:34.080 --> 00:02:37.800  
All right thanks, Jeff. Anyone else.

23  
00:02:37.800 --> 00:02:45.569  
All right, well, with that, we'll just go ahead and get started with.

24  
00:02:45.569 --> 00:02:54.689  
Question 6. all right well, not question was what can we do as Labs.

25  
00:02:54.689 --> 00:02:59.219  
To increase public regulator confidence.

26  
00:02:59.219 --> 00:03:05.370

And our results.

27  
00:03:07.469 --> 00:03:20.819

Amber, you're smiling. I I mean, I have some thoughts, I didn't want to just jump in immediately, but, um, I think.

28  
00:03:20.819 --> 00:03:32.909

If there's a number of things, and it's a little hard. There's obviously not 1 easy answer. If it was 1 easy answer, we wouldn't be in this position. We're in right now.

29  
00:03:32.909 --> 00:03:40.800

I think having the ability to confirm our results at an independent 3rd party lab.

30  
00:03:40.800 --> 00:03:45.840

And I know that's what we are independent 3rd party Labs, but potentially a state run lab.

31  
00:03:45.840 --> 00:03:56.009

Confirming some value that we have, the individual labs have also right? And number of different forms that could take, uh.

32  
00:03:56.009 --> 00:03:59.219

Being able to, you know.

33  
00:03:59.219 --> 00:04:08.159

Compare values between Labs and this is partly why we participated in proficiency tests.

34  
00:04:08.159 --> 00:04:20.250

Uh, you know, those are good, you know, relatively good methods for, in that, you know, a sample that comes through our lab will be tested correctly. However, they're not blind.

35  
00:04:20.250 --> 00:04:27.238

Right we know what proficiency tests are wrong and we know that what that sample is. And so we.

36  
00:04:27.238 --> 00:04:37.649

It's not a true blind comparison so I don't, I don't know, I think there's a, there's a handful of ways that some sort of confirmation.

37  
00:04:37.649 --> 00:04:48.329

Could be done, or, you know, having some requirement that a certain amount of tests get run through another lab.

38



00:04:48.329 --> 00:04:55.439

That is partly funded by the state to some degree. I mean, I just saw a study last week.

39

00:04:55.439 --> 00:05:04.619

Last week that it's a 1.3M dollars of cannabis tax money, go to the Department of egg for, for testing cannabis.

40

00:05:04.619 --> 00:05:09.629

So, there's, there's a pot of money there, or that could potentially be.

41

00:05:09.629 --> 00:05:14.399

Utilized for her compromise to our ability.

42

00:05:14.399 --> 00:05:18.088

I'm going to leave it there and see if anybody else has a comment and.

43

00:05:18.088 --> 00:05:23.369

See, if there's anything else I want to add, thank you.

44

00:05:26.728 --> 00:05:30.658

I mean, I'll just jump in and say that, you know.

45

00:05:30.658 --> 00:05:34.228

I mean, I agree with amber that having.

46

00:05:34.228 --> 00:05:37.649

Some sort of a, you know, outside.

47

00:05:37.649 --> 00:05:49.408

Another lab kind of, you know, checking out every result, but just having comparatives at times, I think, I way aside from having, like, a department of AG or somebody do it.

48

00:05:49.408 --> 00:05:53.488

If we were as Labs allowed to collaborate.

49

00:05:54.293 --> 00:06:03.353

On samples, I think would also be helpful. So we could sort of which we've been denied directly than once.

50

00:06:04.314 --> 00:06:11.454

But, you know, I think that ability would help us have more more confidence in our methods and we could kind of.

51

00:06:11.788 --> 00:06:15.538

Have, you know, probably working together, we could improve.

52  
00:06:15.538 --> 00:06:21.718  
You know how we do things, but I'm not sure how much.

53  
00:06:21.718 --> 00:06:35.903  
Help public confidence, though I'm just going to make 1 little comment here that I'll yield the floor to me. The way I see it the way.

54  
00:06:35.934 --> 00:06:41.814  
The way I think the public sees us is that we're just 1 lab and this 1 lab test.

55  
00:06:41.814 --> 00:06:55.613  
Every bit of cannabis in the United States, and so if a lab and California gets closed down for something, it's almost to where I'm guilty and it just gets spread. So that's probably a black box.

56  
00:06:56.064 --> 00:07:05.934  
And I kind of also see that just my informal conversations with friends, but acquaintances, they have no, most of them have no idea about lab testing at all.

57  
00:07:06.053 --> 00:07:14.363  
Right now they'll know what we test why we test it and all they know is right? Because that's the only thing on the label. They don't know about the other stuff.

58  
00:07:15.053 --> 00:07:21.684  
And I think there's a lack of understanding on the public side of what we do and all they see.

59  
00:07:22.439 --> 00:07:37.079  
And there's never any follow up right? It's like, oh, this lab shut down. Well, what happened was really fabulous. Like, nobody ever pays attention. We never may never even know. So, anyway, I think I'll stop there for now.

60  
00:07:38.788 --> 00:07:43.829  
Yeah, and so I think what I'll add is.

61  
00:07:43.829 --> 00:07:45.324  
Some of the steps are being made,

62  
00:07:45.324 --> 00:07:46.194  
I think some,

63  
00:07:46.884 --> 00:07:53.543  
some oversight moving the patient and laboratories out of the LCD department ecology,

64  
00:07:53.694 --> 00:07:54.803  
who has experience,

65  
00:07:54.803 --> 00:07:56.814  
I think is a really good 1st step,

66  
00:07:57.293 --> 00:08:03.293  
and all of the groups are giving best practices and discussing what some of the best.

67  
00:08:03.598 --> 00:08:11.574  
Practices for these methods are, and as Labs, we could probably have better communication amongst ourselves to go back to.

68  
00:08:11.843 --> 00:08:20.093  
What was that was James that said an amber to work with each other and then I,

69  
00:08:20.093 --> 00:08:24.084  
so I know our left voluntarily got accreditation,

70  
00:08:24.084 --> 00:08:25.884  
because that's just another quality standard,

71  
00:08:27.084 --> 00:08:28.103  
especially because,

72  
00:08:28.434 --> 00:08:28.944  
like I said,

73  
00:08:28.944 --> 00:08:43.193  
we know the current lab accreditation is lacking and so to give some credibility to our results and quality we voluntarily went into that program and I know some other labs have as well just

74  
00:08:43.764 --> 00:08:45.833  
to reiterate educate the public.

75  
00:08:46.553 --> 00:08:57.413  
I've worked in other industries in the lab is scary. Science, black box to educate them. And how difficult is because just because the labs have different results, it's not necessarily nefarious.

76  
00:08:57.923 --> 00:09:07.734

It's some complex testing and the product isn't necessarily genius all the time. That's kind of 2 cents on that topic.

77

00:09:10.134 --> 00:09:21.114

So to jump right on that heterogeneity side, and kind of what amber's talking about with confirmation in order to accomplish any kind of confirmation of samples.

78

00:09:22.043 --> 00:09:29.693

In my opinion, we would need some kind of 3rd party sampling in order to ensure that we're getting similar samples.

79

00:09:29.693 --> 00:09:37.073

I mean, that doesn't get rid of the concept of just natural variation, which within the plant, which is there.

80

00:09:38.964 --> 00:09:53.124

So, there's that and I actually have a prepared statement from all this and I'm sorry Kathy I'm not pulling any punches on this 1. so, what can we do is i5 OT to Labs to increase public confidence in our results as Labs?

81

00:09:53.124 --> 00:10:02.244

Compare comparatively, not much follow the regulations don't cut corners. Run your samples. Do your validations be honest?

82

00:10:02.244 --> 00:10:16.734

And don't come to the economic pressures of inflating can app annoyed concentrations, have those difficult conversations with our customers when problems such as failures or adult durations come up. A lot of this only works. If we're all doing it, though it's cliché.

83

00:10:16.734 --> 00:10:26.964

But we're only as strong as our weakest link. 1, other thing that I can think of that could increase confidence would be to publish papers and peer reviewed journals. I'm as guilty as anyone.

84

00:10:26.964 --> 00:10:40.193

If not publishing some pretty good data we've taken, but backing up our statements with cold, hard science, I think is important. It's hard to justify changes to a regulatory environment that impacts small businesses in such a drastic way.

85

00:10:40.193 --> 00:10:52.163

Even potentially putting small farmers out of business, without backing it up with science. I think a cannabis commission could also be helpful in that, though would need pretty broad support from the farmers who had actually paid for it.

86

00:10:52.163 --> 00:11:06.984

That said, I think that much of the lack of confidence comes from frustration with the system itself. I don't mean to pick on the folks who regulate me, but the traceability system is a mess and will continue to be a mess for the foreseeable future.

87

00:11:06.984 --> 00:11:08.153

We still.

88

00:11:08.759 --> 00:11:18.298

Acquiring testing for pesticides, which will continue to alienate many consumers as evidenced by the strong support for homegrown that is going on right now.

89

00:11:18.298 --> 00:11:21.563

Uh, not to mention the outrage coming from the medical community.

90

00:11:22.163 --> 00:11:36.024

We need better science on what is an appropriate level of biological testing or heavy metals testing enforcement at the lab level is lacking and the regulators themselves admit that they don't have the expertise to police the labs.

91

00:11:36.264 --> 00:11:41.634

I would argue that obtaining that expertise is an important step in regaining consumer confidence.

92

00:11:43.288 --> 00:11:47.249

That's that's my prepared little statement there.

93

00:11:47.249 --> 00:11:54.989

Thank you so I'll follow up on that to each other.

94

00:11:55.943 --> 00:12:10.433

Back to each other, you know, I like the idea of having, like, the idea of publishing. I think that's a great.

95

00:12:10.708 --> 00:12:14.879

Idea, um, 1 of the issues.

96

00:12:14.879 --> 00:12:18.359

Though, is that we're talking about.

97

00:12:19.043 --> 00:12:32.423

I think we've all sort of expressed words in my mouth, I think previously we've sort of expressed a lack of confidence in it and being able to verify the Q a samples I'll gentle that way.

98

00:12:33.653 --> 00:12:43.673

And so, if you, if you have sufficient that your data isn't good to start with, it's it's kinda hard to make overall conclusions about anything. So that's 1 problem. Right?

99

00:12:43.673 --> 00:12:54.474

So, we can certainly generate our own data more controlled, but looking at the actual traceability, I find it not very

useful.

100

00:12:54.749 --> 00:13:03.864

Um, to make any broad conclusions, but just kind of spin off a little bit. I think it'd be great.

101

00:13:03.864 --> 00:13:15.083

If the Labs could actually get together in a sort of semi, formal way meetings to kind of just discuss issues together and maybe collaboratively put papers out. Right?

102

00:13:15.083 --> 00:13:29.813

Because it'd be way better if there was more than 1 lab on there, and kind of get together. And I think that would be extremely helpful. And somehow we got to get this potency to stocky and other thing.

103

00:13:30.024 --> 00:13:38.214

Because that's really what every most people are going to become the next thing, especially as soon as a farm loses a 1M dollars in crop.

104

00:13:38.634 --> 00:13:48.053

But I think kind of get this just deemphasizing potency because that's what leads back to a sample for the most part.

105

00:13:52.048 --> 00:14:00.958

Yeah, I guess I'd just like to echo what, Tanya and and everyone has been saying essentially was, is.

106

00:14:00.958 --> 00:14:06.688

Consumer education around a number of these issues. Deemphasizing potency.

107

00:14:06.688 --> 00:14:21.504

Be complicated, and, you know, not straightforward nature of testing itself. Um, and and also the, the task forces work in transitioning the accreditation to department of ecology.

108

00:14:21.504 --> 00:14:22.644

I hope will also.

109

00:14:22.918 --> 00:14:34.259

Help restore some credibility to the process in general, but again there's a couple of fundamental things that are outside our purview there, which is sampling methods and.

110

00:14:34.259 --> 00:14:39.509

Traceability that are kind of crucial to all of these conversations. So.

111

00:14:39.509 --> 00:14:47.369

Those will need to be straightened out, or that will continue to be in this realm for. I think quite well.

112

00:14:47.369 --> 00:14:58.019

Yeah, and I will touch base on that potency again because it is such a big thing and I know everyone says, oh, it's so much stronger than it was.

113

00:14:58.494 --> 00:15:10.823

30 years ago, my background and toxicology, they've done some studies where they show that. Yeah, it is more potent or higher content that people tend to kind of self titrate.

114

00:15:10.823 --> 00:15:19.403

So that the levels of lead for people, it's about the same and I kind of like in that to do you always go out by 3151 or ever clear?

115

00:15:19.403 --> 00:15:31.524

It's not all about the alcohol content and most people are drinking or consuming cannabiz to just get completely smash. Right?

116

00:15:31.764 --> 00:15:42.833

You want to get into a nice, relaxing, happy place and then you just sit back and relax. So, there's so many other factors that come into play for that experience.

117

00:15:42.864 --> 00:15:50.783

So, again, that just goes back to public education and messaging not just from producer processors.

118

00:15:54.234 --> 00:16:05.573

And then the kind of and my commentary on a positive note, I think Jeff brought up a lot of a lot of issues that are current issues, whether it's pesticide testing.

119

00:16:06.563 --> 00:16:15.624

The lack of the regulators don't have the background or experience. That is that's all changing.

120

00:16:15.653 --> 00:16:16.524

It's all in the works,

121

00:16:16.524 --> 00:16:19.073

and a lot of it's legislated so it doesn't happen overnight,

122

00:16:19.073 --> 00:16:19.163

but,

123

00:16:19.163 --> 00:16:19.344

you know,

124

00:16:19.734 --> 00:16:27.894

pesticide and heavy metal testing is coming down the road as mandatory and then going with the ecology and the task force,

125

00:16:27.953 --> 00:16:32.634

I think addresses most issues that Jeff brought up.

126

00:16:32.938 --> 00:16:37.859

Thank you for.

127

00:16:39.384 --> 00:16:45.714

Just to tack on to what Tanya is talking about there you know, I tend to agree for the most part.

128

00:16:45.744 --> 00:16:58.793

Um, but the enforcement side of things is completely out of the scope of the cannabis science task force and I feel like that's such a critical component of what we're doing here.

129

00:16:59.063 --> 00:17:01.913

You know, we can come up with all the regulations in the world.

130

00:17:02.423 --> 00:17:13.074

And if somebody decides not to follow them it, they don't matter, and it's really easy to not follow them if you want to, and to just cover your tracks.

131

00:17:13.824 --> 00:17:28.344

So, having it in the past, when we were having private meetings, the level, where, you know, before you guys hired Nick, my recommendation was to hire a pH.

132

00:17:28.344 --> 00:17:39.804

D, chemist, and I still would reiterate that recommendation because I don't think a bachelor's level chemist has the experience necessary to really do the type of auditing that you need.

133

00:17:40.673 --> 00:17:53.993

Similarly, on the traceability a argument, if you had a working traceability system, and you may have better access to the data that I do and you could potentially do this now.

134

00:17:54.023 --> 00:18:08.513

But you can look at statistical trends and you don't use that to shut it down. But you use that to guide a deeper delves into a Labs data. So you see something statistically weird.

135

00:18:08.513 --> 00:18:21.923



And that generates some red flags in the traceability system. And then you use that to start an audit of some, some background investigation type of a thing where we don't even know you're looking at us in.

136

00:18:22.679 --> 00:18:27.689

Also, you know, uh, like like amber said earlier, um.

137

00:18:27.689 --> 00:18:35.189

Having blind, I think, and I don't know how the heck you do that. Right but ideally, you know, you give.

138

00:18:35.189 --> 00:18:44.729

Um, you give the biggest producer processor in the state, and they bring it to us in the guise of their lab shopping.

139

00:18:44.729 --> 00:18:59.453

Uh, again, I don't know how you get them to not tell their preferred lab that hey, this is your P. T. and how how you make it actually blind for everybody but, you know, when we know that you're you're looking at us for a. we know.

140

00:18:59.453 --> 00:19:10.493

It's a, it's it's you're giving us the test at that point. So it's it's a lot easier to, you know, take your time with that sample. Make sure that. Everything's correct.

141

00:19:11.423 --> 00:19:22.013

Whereas if Northwest cannabis solutions is handing you a sample saying. Hey, I'm just testing out. Where where are you guys at? Potency wise?

142

00:19:22.259 --> 00:19:31.739

It's a little bit there's more pressure then right? Because now I can have 2000 samples in my door, uh, in a month.

143

00:19:31.739 --> 00:19:41.368

If I do well on this sample, right? Like, there's a lot more pressure on that. And so if you're incorporating that pressure in, then with your.

144

00:19:41.368 --> 00:19:44.489

It's, it's a different conversation.

145

00:19:46.229 --> 00:19:55.169

Thank you I did want to follow up on what kind of sparked my interest.

146

00:19:55.169 --> 00:19:59.548

And that was the idea of lapse collaborating, I think.

147

00:19:59.548 --> 00:20:03.388

Jackie said that and Jeff, he sat down, I went office.

148  
00:20:03.388 --> 00:20:08.219  
I think you might have alluded to that amber and Tanya has.

149  
00:20:08.219 --> 00:20:14.999  
Has not ever been a consideration for the accredited Labs in Washington just sort of.

150  
00:20:14.999 --> 00:20:18.239  
Come together in the way that some of the other.

151  
00:20:18.239 --> 00:20:24.929  
You know, like the, I think about all the other sort of associations right? And in other fields.

152  
00:20:24.929 --> 00:20:30.598  
Has that been consideration for? It sounds like there might be interest.

153  
00:20:30.598 --> 00:20:33.719  
I don't know, I just want to follow up on that really quickly.

154  
00:20:38.009 --> 00:20:43.828  
Yeah, I'll that in on that. Oh, go ahead, amber. Oh, why don't you start, Jeff? And I'll.

155  
00:20:43.828 --> 00:20:50.368  
i mean i i think amber and i have actually talked about this offline at one point um .

156  
00:20:50.368 --> 00:21:03.864  
You know, following up with the variation study that I did on, I'd love to see somebody who's accredited and pesticides be able to jump in and do something along those lines, uh, with heavy metals pesticides.

157  
00:21:03.894 --> 00:21:08.784  
Those other analytes that, uh, you know, I'm just not accredited for yet. Um.

158  
00:21:09.088 --> 00:21:17.848  
In terms of, you know, being able to help since I'm not accredited there I'd be a little bit tough. We're working on it and we'll get there here soon.

159  
00:21:17.848 --> 00:21:26.068  
Um, and, you know, if nobody else does, that starts that work, then, you know, I'm, I'm probably going to do it at that point.

160  
00:21:26.068 --> 00:21:31.288

Um, that that was kind of my starting point there for the conversation.

161

00:21:35.699 --> 00:21:43.949

Yeah, and I guess, um, we actually medicine creek analytics. This was gosh, 2 years ago now maybe not quite 2 years ago.

162

00:21:43.949 --> 00:21:53.038

Tony, I don't even remember if you were at confidence at this point, but medicine creek analytics, competence, analytics and Treece analytics.

163

00:21:53.038 --> 00:22:01.499

Um, work together, it was a bit of a secret project. We all signed an NDA, but we did send around pesticide samples to compare.

164

00:22:01.499 --> 00:22:15.239

Um, and I hope I don't get in trouble for saying this I mean, we never really we never like, publishes the right where we never advertised the outcome of that summary and.

165

00:22:15.239 --> 00:22:23.608

I think part of the reason that wasn't it's really hard to get even 3 Labs together to organize this.

166

00:22:23.608 --> 00:22:33.023

It's conference calls, it's sales, it's running the data, it's compiling the data. It's then talking to another conference call to compare the data.

167

00:22:33.834 --> 00:22:40.943

It it sounds simple and it is relatively, but we're all incredibly busy. Um, and so.

168

00:22:41.249 --> 00:22:55.348

You know, having of a facilitator for that, I think would really go a long way. And I, because I think there is interest in that to some be and to summarize our results. We each had.

169

00:22:55.348 --> 00:22:58.888

2 samples we sent around to the other 2 labs of.

170

00:22:58.888 --> 00:23:07.288

Of concentrates that we knew, or flower that we had, that our lab had tested positive for some pesticide and we didn't say what we didn't say what levels.

171

00:23:07.288 --> 00:23:10.439

We just said, you know, we sent these couple samples around.

172

00:23:10.439 --> 00:23:14.969

And all just put our data into a spreadsheet and looked and.

173

00:23:14.969 --> 00:23:19.108

And then, you know, if I'm remembering the results correctly.

174

00:23:19.108 --> 00:23:29.548

We all agreed on things that we're going to fail asked if we're talking about action limits and there is agreement across all 3 Labs and certainly trace analytics is no longer around. But.

175

00:23:29.548 --> 00:23:35.009

You know, there there have been attempts to do this to some degree in the past and.

176

00:23:35.009 --> 00:23:40.318

I, you know, we, we sort of all 3 of us convinced ourselves that we were doing a pretty decent job.

177

00:23:40.318 --> 00:23:52.588

With some sharing of method specifics that was partly why we did nda's and partly why we didn't really talk really openly about this project.

178

00:23:52.588 --> 00:24:06.568

Because of Barbara sensitive about metrics and things, and getting all of that out there. But I think a long story short is, you know, we've, we've attempted a little bit of that in the past. It's time consuming and complicated to get everybody on board.

179

00:24:06.568 --> 00:24:12.358

So, having someone to facilitate that, I think would make it much easier.

180

00:24:12.358 --> 00:24:24.239

Yeah, so collaborating on samples this is 1 thing, which is great. Great. I mean, I think that's just could certainly be a part of it.

181

00:24:24.239 --> 00:24:33.538

But even just being able to get together, just to discuss it right? Just like ideas like, not necessarily.

182

00:24:33.923 --> 00:24:47.034

Sharing samples and data, but like, this is what I'm saying, you know, I got this weird lotion. I have no idea what the heck's in and or whatever or different issues.

183

00:24:47.933 --> 00:24:53.574

And then also, just so we can sort of figure out, because I'm sure we're all seeing different. We're probably seeing a lot of the same issues.

184

00:24:54.088 --> 00:25:00.598

From a different angle, and it would be great to have that opportunity as far as, like, in the past. I mean, I.

185

00:25:00.598 --> 00:25:09.898

I mean, we've, we've been around for I mean, I guess I Pre certification. I've been pretty light for about 3 years and, um.

186

00:25:09.898 --> 00:25:18.088

You know, I mean, when i1st started, I reached out to several other labs to try to get some dialogue on and basically I got crickets.

187

00:25:18.088 --> 00:25:27.173

So, I mean, I would certainly, you know, I'm very interested, I don't see how science course without collaboration. I mean, certainly goes better.

188

00:25:27.983 --> 00:25:40.314

So, I, yeah, so I think having some sort of maybe semi formal informal meeting, that would be facilitated by not another lab, though, somebody needs to start it.

189

00:25:40.588 --> 00:25:49.618

I don't think we also need we need somebody to kind of be the seed. I think.

190

00:25:49.618 --> 00:25:53.278

Um, I think.

191

00:25:53.278 --> 00:25:59.969

And LCD hosts those, like, quarterly, last meetings I think it is. Sometimes I'm invited to those. Sometimes. I'm not.

192

00:25:59.969 --> 00:26:05.338

But, yeah, and that would be, uh.

193

00:26:05.338 --> 00:26:10.888

But it sounds like just with work load right now and I've understood that for some time that.

194

00:26:10.888 --> 00:26:14.459

Laws are just incredibly busy and trying to put something like that.

195

00:26:14.459 --> 00:26:19.618

Together, sort of organically between the labs can be a challenge at best.

196

00:26:19.618 --> 00:26:25.229

Well, thanks, that was.

197

00:26:25.229 --> 00:26:29.578

Great great kick off to this discussion.

198

00:26:29.578 --> 00:26:32.453

Um, I, I got 1 more thing to add to.

199

00:26:33.263 --> 00:26:45.804

Yeah, I think depending on what the steering committee ends up deciding on, um, prescriptive versus, um, performance based criteria for methods.

200

00:26:46.193 --> 00:26:57.624

I could see the opportunity for collaboration to be a lot stronger in the future. You know, if we're all required to use the same method, then it's a lot easier for us to then talk about that method.

201

00:26:58.013 --> 00:27:08.604

Um, whereas while we're all kind of going our own different directions and we're competing based off of our methods. Um, it's a lot harder to have those conversations.

202

00:27:08.634 --> 00:27:18.743

It's not mean you're afraid you're gonna give up your competitive edge so to speak by talking with your competitors. Um, whereas.

203

00:27:19.558 --> 00:27:24.568

And it sounds like we're going that prescriptive method route. So.

204

00:27:24.568 --> 00:27:28.558

I could see that happening.

205

00:27:31.828 --> 00:27:36.538

All right anything else before we move on to question 7.

206

00:27:36.538 --> 00:27:48.209

Last words and thoughts, we can always come back and supplement that if we want to if you guys feel like there's, you have another thought that that comes to, you.

207

00:27:48.209 --> 00:27:55.318

All right, so I know question 7 is is a complicated.

208

00:27:55.318 --> 00:27:59.398

Question and I'm glad we've got we've got an hour.

209

00:27:59.398 --> 00:28:04.528

So, let's go ahead and open it up. And that is.

210

00:28:04.528 --> 00:28:08.368

How in your mind do we find a compromise?

211

00:28:08.368 --> 00:28:11.848

Between rigorous science and affordable science.

212

00:28:11.848 --> 00:28:15.118

How do we require pesticides and heavy metals.

213

00:28:15.118 --> 00:28:18.239

Without killing off small farmers.

214

00:28:23.308 --> 00:28:31.378

So, I can jump in and kind of be the conversation started here. I've again got a prepared statement at all.

215

00:28:31.378 --> 00:28:46.013

Yeah, and, you know, I've talked about this in the past and I'll just read it. This is a non starter answer. I know, but it's the only answer I can think of taxes need to come down.

216

00:28:46.013 --> 00:28:58.013

In some way we built this system without considering pesticide and heavy metal testing and the tax rate is reflective of that. If we're gonna incorporate a new testing regime that is both time consuming and expensive.

217

00:28:58.044 --> 00:29:12.864

Something is going to have to give if saving small farmers who are already struggling under the current regime is important. Something has to change as labs were already very inexpensive. Considering the steps. We need to take to ensure quality data.

218

00:29:13.913 --> 00:29:25.973

That's only going to get more expensive by the way we, as an industry are already cutting corners or losing business to those who are it is right now as cheap and fast as it ever will be.

219

00:29:26.544 --> 00:29:38.334

With the transition of accreditation to ecology samples are going to take longer and cost us more to run. This is not conjecture. If we're going to require a 3rd party sampling costs are going to go up.

220

00:29:38.844 --> 00:29:50.693

We can't make lot sizes larger without risking increasing the variation of the results. So, where do we go either? The small farmers are going to go out of business, or we're gonna have to lower the taxes somehow. In my opinion.

221

00:29:51.683 --> 00:30:05.844

Uh, 1, not 1 alternative to lowering the excise tax would be to create a line item tax at retail. And I've talked about this, uh, in the past that goes to subsidize testing that is related to public health and safety.

222

00:30:07.193 --> 00:30:19.763

So mycotoxins, microbiology, pesticides, heavy metals. Those types of tests anything that would be like, terpenes, you know, that's more marketing related.

223

00:30:19.763 --> 00:30:24.534

So that would still be left to the, the farmer themselves or the processor.

224

00:30:25.949 --> 00:30:30.538

So, the idea here is that this would be outlined on the receipt that an, and, and.

225

00:30:30.538 --> 00:30:40.763

An end user receives with purchase saying something to the effect of, you've paid this much for pesticide and biological testing and heavy metals what was listed out.

226

00:30:41.364 --> 00:30:55.943

I know that this would seriously complicate things for the CB. But how else do we have our cake and eat it to? The lab costs are pretty fixed. We have 2 bystanders, chemicals equipment. We have a specific amount of quality steps.

227

00:30:55.943 --> 00:31:06.534

We have to take per batch of samples and that is only going to increase in the future. We can't exactly charge less than we pay to run each sample. And our prices are gonna go up with increased rager.

228

00:31:08.219 --> 00:31:19.409

So, I, I don't see any other choice, but the taxes, and I know that that's just not gonna happen. So I'm not sure how we fix this without putting farmers out of business.

229

00:31:22.288 --> 00:31:26.848

Thanks Jeff others.

230

00:31:31.288 --> 00:31:35.009

I guess to reiterate a lot of what I've said, and.

231

00:31:35.009 --> 00:31:47.189

You know, there's a rigorous science and affordable science don't usually go together in the same sentence. So it's not necessarily a, a compromise that a lot of good scientists are willing to make. Um.

232

00:31:47.189 --> 00:31:52.739



Jeff reiterate or mentioned that testing is as cheap as it's ever been.

233

00:31:52.739 --> 00:32:01.709

I don't know how we could possibly get any more efficient or cheaper. Good science cost a lot of money. I mean, just.

234

00:32:01.709 --> 00:32:10.469

The, the alone that I run for metals testing is 40000 dollars a year. And then.

235

00:32:10.469 --> 00:32:17.638

That's just 1 tiny cost amongst many and all of the other labs here can attest to all the other random.

236

00:32:17.638 --> 00:32:31.588

Very high cost for that are completely hidden from the, the sticker price of an analytical test. It's our job to bake that into our cost. Right? And and so, um.

237

00:32:31.588 --> 00:32:40.199

You know, looking at pricing for compliance testing in other states, it's often 2 to 3 times as expensive for the same test that we do here.

238

00:32:40.199 --> 00:32:50.933

Same science same instruments, not like things cost that much more in California for the basic analytical regions that we require. It's all from the same suppliers.

239

00:32:52.284 --> 00:33:01.104

So, I do think it's a bit of a drama, and there does have to be some some of that cost has to be transferred on to the end user.

240

00:33:02.034 --> 00:33:07.794

I've had friends from out of state and move here and say their shops is at the stores.

241

00:33:09.203 --> 00:33:21.564

So, I think and if you look at other states, that have more expensive and more rigorous compliance testing there are business models. That are profitable. So, it can occur.

242

00:33:22.703 --> 00:33:32.064

And I don't know enough about the rules of taxes and economic pressures to have a better suggestion there. But.

243

00:33:32.338 --> 00:33:46.199

Um, I guess from the scientist point of view, there's not a lot we can do to make it any cheaper and it's only going to get more expensive as the rigor is increased. And then the number of injections and things we do are increasing. This is gonna have to.

244

00:33:49.439 --> 00:33:52.798

Echo a lot of good.

245

00:33:52.798 --> 00:33:56.818

So, amber and Jeff, that is that already the price.

246

00:33:56.818 --> 00:34:11.728

For testing in Washington, some of the lowest in the country when I first got into space, I was actually pretty surprised at the low prices protesting, knowing some other industries, what it cost to run a lab.

247

00:34:11.728 --> 00:34:22.079

So, definitely some, that needs to be addressed and how do we do that? So it could be just going to end product testing, right? Maybe not every.

248

00:34:22.079 --> 00:34:29.153

Everything for every step needs to be tested, because really, at the end of the day, it's the end product that gets the consumer.

249

00:34:29.454 --> 00:34:38.963

Now if someone wanted to produce a process, I wanted to test any intermediate for whatever it might be just as part of their process.

250

00:34:38.963 --> 00:34:46.134

That's totally fine, but for compliance testing, maybe going back to end product with Apple saved, produce the process. There's money.

251

00:34:52.949 --> 00:35:07.409

I'll just throw in there. Yeah, I agree with what I've I've heard so far. I will kind of yeah, when I first read this question, you know, I basically just had that sort of.

252

00:35:07.409 --> 00:35:12.744

Answers we just heard and I and those answers I'm not sure they're answers,

253

00:35:12.744 --> 00:35:16.974

but statements when you start to create this question,

254

00:35:18.023 --> 00:35:23.514

it's kind of a philosophical cat's work and really I mean,

255

00:35:23.934 --> 00:35:24.594

the statement that,

256

00:35:24.594 --> 00:35:24.923

you know,

257

00:35:25.704 --> 00:35:27.173

more regular cost more,

258

00:35:27.474 --> 00:35:28.733

it's kind of true.

259

00:35:29.244 --> 00:35:35.634

I think the relationship isn't linear correlated I mean,

260

00:35:35.634 --> 00:35:44.903

there are plenty of left out extremely rigorous to string by spending tons of money to regular size thing is,

261

00:35:44.903 --> 00:35:46.554

with a ton of testing we're doing,

262

00:35:47.123 --> 00:35:49.554

especially we're talking about adding pesticides and heavy metals,

263

00:35:49.554 --> 00:35:50.574

that is expensive.

264

00:35:50.574 --> 00:36:04.164

Science right even if you don't do it with rager it's expensive. It's just kind of the point that just kind of make that point on. I think definitely.

265

00:36:04.164 --> 00:36:16.673

I mean, we're just way cheaper. I mean, for sure. I mean, I've looked into it to and what you can find, and I think, really the reality is that cost I mean, taxes are an issue for sure.

266

00:36:16.974 --> 00:36:25.134

But, I mean, there's no reason that costs can't be transferred onto the end user. Say the prices are low very low.

267

00:36:25.764 --> 00:36:33.054

It's like 19, eighties, parking lot price still out there and it's crazy.

268

00:36:33.264 --> 00:36:47.603

And so it's like canada's immune from inflation and and so there's definitely room there. You got to get the wholesaler wholesale price out to cover that cost.

269

00:36:49.974 --> 00:36:59.634

And if it comes down to, I don't think, I can standpoint, like Jeff was saying, like you mentioned, that we can't go to 10, I don't think that's a solution.

270

00:37:00.293 --> 00:37:05.003

So, I really think it's just and again, I think we're just going to have to be higher price.

271

00:37:06.329 --> 00:37:16.528

Okay, so to add on to this, just to be a little bit more specific here.

272

00:37:16.528 --> 00:37:22.889

Currently forking adenoids. It takes me about 10 minutes to run a sample.

273

00:37:22.889 --> 00:37:29.009

Um, that's not including any of the quality assurance, uh, samples that I have to add into each batch.

274

00:37:29.009 --> 00:37:40.733

Um, but for an individual sample, that takes about 10 minutes, uh, if we're gonna be following what the current recommendation from the steering committee is, uh, we're looking at 25 minute, run times.

275

00:37:40.733 --> 00:37:52.074

So, I go from being able to run 6 samples per hour per machine. 2, 2, and a half 2 and a 3rd, uh, samples per hour. Uh, and.

276

00:37:53.454 --> 00:38:05.333

That again, that's not including the 5 samples that I have to run for every 20 actual samples for the quality assurance steps. That's not including the calibration samples that I have to run every day.

277

00:38:05.963 --> 00:38:06.534

Um,

278

00:38:06.684 --> 00:38:07.164

so,

279

00:38:07.164 --> 00:38:07.494

I mean,

280

00:38:07.494 --> 00:38:12.324

just right there with 1 of our 1 of our more inexpensive tests that,

281

00:38:12.353 --> 00:38:13.074

uh,

282

00:38:13.103 --> 00:38:17.304

that we have to run costs are going to go up if we,

283

00:38:17.333 --> 00:38:21.983

if we go to this psychology model that we're pretty gung H\* about right?

284

00:38:23.755 --> 00:38:30.085

Eh, I can't speak as much to the pesticides the side of things they may be angry.

285

00:38:30.085 --> 00:38:42.295

Tonya can, um, but, you know, just for that's a huge increase in costs that we're looking at and, you know, jay's right. In that in the end.

286

00:38:42.295 --> 00:38:46.105

Somehow, we've got to pass this on to the end user.

287

00:38:46.349 --> 00:38:51.360

Because the farms can absorb it. Retailers don't want to absorb it.

288

00:38:51.360 --> 00:39:05.155

Um, but then we also run into the idea that the more expensive at at retail that the product is the more the black market is going to become a part of our world. Right?

289

00:39:05.485 --> 00:39:09.295

Um, the cheaper it is to go out and buy it from your buddy. Rick.

290

00:39:09.389 --> 00:39:22.739

Uh, the less likely you are to go and buy it from the, the retail shop. So I feel like that there's kind of balancing forces at play here. Uh, economically in that, uh.

291

00:39:22.739 --> 00:39:28.530

Demand oh, wow.

292

00:39:28.530 --> 00:39:36.449

Oh, there's a giant spoil on the front yard.

293

00:39:39.534 --> 00:39:53.304

I'm fortunate that the PS guy hasn't showed up and my dog goes crazy while I'm talking, I'll have to share that happened with processor producer, opening multiple boxes. Josh just lost their lives.

294  
00:39:53.610 --> 00:40:00.150  
Oh, well, thankfully this is just someone walking their dog so.

295  
00:40:00.150 --> 00:40:06.869  
Okay, anybody else, because I have kind of a follow up question. That might be a little bit controversial.

296  
00:40:07.889 --> 00:40:11.039  
Yeah, and I think the other thing is.

297  
00:40:11.039 --> 00:40:20.670  
Is there a way? And this is kind of just brainstorming not that that could be more selective about the test. Maybe increased.

298  
00:40:20.670 --> 00:40:28.469  
The lot sizes or some tests, residual solvents or something where the is.

299  
00:40:28.469 --> 00:40:40.739  
The sample is more homogeneous, but then for potency or cannabinoids, keep the lot size small. If we did something like that, that maybe could help still get the representative data.

300  
00:40:40.739 --> 00:40:49.500  
For each, each batch of product bridge lot, but be more selective and increase lopsided for certain tests.

301  
00:40:49.500 --> 00:41:01.889  
Yeah, and that was that was 1 of the 2 questions I wanted to follow up with and that is in rethinking what the quality control rules might look like into the future.

302  
00:41:01.889 --> 00:41:10.980  
And I've asked our examiner's unit, I've asked, you know, other people in the agency. What would this look like if we did some sort of.

303  
00:41:10.980 --> 00:41:14.730  
Adjustment on how much we did of what.

304  
00:41:14.730 --> 00:41:22.050  
Um, is every test that we require right now in 5 5 or 2 suite? Is it absolutely necessary?

305  
00:41:23.190 --> 00:41:28.320  
Um, because I think, you know, I just have to wonder, is there any place that we can.

306  
00:41:28.320 --> 00:41:34.170

Kind of move these around to make some adjustment and cost.

307

00:41:34.170 --> 00:41:40.500

So that processors and producers are aren't getting, um.

308

00:41:40.500 --> 00:41:47.250

Uh, they're not being impacted, nor allows really if we can move things around a little bit. Is that possible?

309

00:41:47.250 --> 00:41:53.969

The last question number 1 question number 2 is 1 that I have now seen in response to.

310

00:41:53.969 --> 00:41:58.769

Both of our proposed rules, but the original and the supplemental.

311

00:41:58.769 --> 00:42:02.130

See, our 1 on 2 that we filed and you had hearings on.

312

00:42:02.130 --> 00:42:05.159

And 1 thing I hear all the time.

313

00:42:05.159 --> 00:42:13.889

And it's in our written documents that are on the website, right? When we give up our comments, right? We share comments that we receive.

314

00:42:13.889 --> 00:42:19.260

Is this notion that any increase in pesticide in heavy metal testing?

315

00:42:19.260 --> 00:42:29.489

Well, only enrich Labs so, um, and that was the more controversial thing that I wanted to bring up here, because I just wanted to kind of.

316

00:42:29.489 --> 00:42:34.199

Bring that up with people who work in labs.

317

00:42:34.199 --> 00:42:38.190

For a little bit of response on that, because I've.

318

00:42:38.190 --> 00:42:41.309

The interesting comment, um.

319

00:42:41.309 --> 00:42:45.000

Just wondering what your thoughts are on.

320

00:42:45.000 --> 00:42:48.570

Why are both of those questions are neither.

321

00:42:48.570 --> 00:42:58.980

I think that I can definitely see that perspective from a growers, um, perspective right? That.

322

00:42:58.980 --> 00:43:13.139

The labs want this, because it's just gonna be a bunch of revenue for them and ultimately, it's not going to protect public health and safety. Um, and I think that's an important point to keep in mind is if we want to keep public health and safety in mind.

323

00:43:13.139 --> 00:43:25.500

What is really required for us to make sure that people are not exposed to things that are dangerous, given that there is no research about.

324

00:43:25.500 --> 00:43:28.500

Smoking pesticide lead in cannabis.

325

00:43:28.500 --> 00:43:39.744

There really is no data. We know that Michael butanoic, for instance, gives off cyanide gas, but to my knowledge, no 1 has ever actually measured that in Canada smoke cannabis paper.

326

00:43:40.074 --> 00:43:52.375

Any of that right is the cyanide levels that are in there going to hurt us. I don't know, I mean, I've done back of the envelope calculations and not to my knowledge even if there was failing level of my computing all in there.

327

00:43:52.679 --> 00:43:56.250

But that's again, we don't have the data.

328

00:43:56.250 --> 00:44:04.469

We have been involved medicine creeping we, in looking at heavy metals in cannabis vaporizer cartridges.

329

00:44:04.469 --> 00:44:09.059

It's pretty clear that if you test the oil.

330

00:44:09.059 --> 00:44:18.989

4 heavy metals, and just the big 4, you're not going to be protecting consumers from inhaling the metals that are in the heating elements themselves. Right?

331

00:44:18.989 --> 00:44:27.989



So so I think that requiring heavy metals and pesticide of every single logic gets sold is probably a bit overkill.

332

00:44:27.989 --> 00:44:31.530

Um, so where is that balance of.

333

00:44:31.530 --> 00:44:35.070

Random sampling shells, for instance, or.

334

00:44:35.070 --> 00:44:38.519

You know, every 10th lot, or like.

335

00:44:38.519 --> 00:44:42.090

I don't know what the right answer is there and so.

336

00:44:43.405 --> 00:44:53.065

We do have data on people ingesting heavy metals that data's worked out to my knowledge edibles as a small percentage of what gets sold in retail stores.

337

00:44:53.724 --> 00:45:01.675

So, maybe we start there because we have actual data about people being exposed to heavy metals, oral routes of consumption.

338

00:45:02.099 --> 00:45:09.179

And also, pesticides, right? We have some evidence based data for that oral routes consumption.

339

00:45:09.179 --> 00:45:14.579

You know, I don't necessarily.

340

00:45:14.579 --> 00:45:22.590

I think we can also look at some of the data that the labs have already generated in regards to pesticide testing. It's not a perfect.

341

00:45:24.775 --> 00:45:33.445

Sampling because the pesticide testing that we get as labs are voluntary. So, maybe the people who are spraying pesticides, obviously sending their samples and for testing.

342

00:45:34.045 --> 00:45:39.985

But I think, you know, there's enough data out there to suggest there is certain amounts of failing product out there.

343

00:45:40.380 --> 00:45:49.050

But again, are those levels set at a reasonable amount? Is that a level that I would be worried about inhaling.

344

00:45:50.065 --> 00:46:03.445

I don't really have a good answer for that and I wish I wish I did so I'm not really answering the question in a great way but I do think it's an important point to that probably requiring these expensive tests of every single op.

345

00:46:03.625 --> 00:46:07.494

I'm actually going to pretend dangerous product from getting out there.

346

00:46:07.800 --> 00:46:12.269

So, there could be creative ways to reduce some of that.

347

00:46:12.269 --> 00:46:17.969

Yeah, I think for sure I appreciate that perspective. Do do others want to.

348

00:46:17.969 --> 00:46:25.079

Yeah, I mean, I think, um, I mean, I agree with amber.

349

00:46:25.079 --> 00:46:35.364

But I think it gets very complicated once you start say, okay, this is a test, every 5 pounds on this. But on this, it's every 20 pounds and whatever.

350

00:46:35.364 --> 00:46:45.565

Like, how do you keep track of all those samples and does it provide an opportunity for somebody? That's trying to hide something to say. Okay, well, these 3, I'm not going to test this 1.

351

00:46:45.565 --> 00:46:59.155

I'll test and open up some more avenues to, to hide things. Things like concentrates. It's supposed to be 1 runs something. Right?

352

00:46:59.275 --> 00:47:02.034

Whatever that is kind of ambiguous definition.

353

00:47:02.340 --> 00:47:10.320

1 lot, you know, so, I mean, what's the difference is like 1 lie, you do the test or you don't, you know.

354

00:47:10.320 --> 00:47:16.409

So, I think I think it, I think it just might be hard to track all those things. I.

355

00:47:16.409 --> 00:47:22.494

I don't have a great answer either and I'm not whatever salary at all or not.

356

00:47:23.724 --> 00:47:33.474

But, you know, 1, 1 thing that I thought of, which I've no idea if it was reasonable, is that maybe you have some sort of just like, we had the 3 tiers of producers, maybe the testing level and somehow.

357

00:47:34.255 --> 00:47:49.014

Set to that, like, what tier you're at, what percentage of your lots get tested or what test? I don't know. Just to try to adjust it because it's definitely the smaller farmers, but at least initially is going to take the biggest head.

358

00:47:49.074 --> 00:48:01.284

Right? If prices don't adjust to cover the sampling cost, it's a little farmer for sure. So, I don't know if there's some way that it can be scaled that way or not. I don't know.

359

00:48:06.204 --> 00:48:11.664

We're all every answer is for the 1st time.

360

00:48:14.489 --> 00:48:22.139

Yeah, oh, there's Jeff Tanya anything to add there.

361

00:48:23.940 --> 00:48:31.530

Well, I think acquired increasing testing is only reaching the lab. I think we've already talked about that.

362

00:48:31.530 --> 00:48:36.510

The prices are still really low, and with all the changes coming down the pipeline.

363

00:48:36.510 --> 00:48:48.414

As ecology takes over, Jeff hit on a couple of them, but before we would read, you know, maybe it's 50 samples and other 50 samples, and we'd run 5 or 6 controls.

364

00:48:49.824 --> 00:49:02.155

But now they're talking about for every 20 samples. We're going to be. We're going to have to run on the 8 to 10 control. So a 3rd of our badges are now going to control. So, either without having middle contest, besides just the new way.

365

00:49:02.875 --> 00:49:09.925

The lab testing, the same structure is going to add a significant cost to the testing.

366

00:49:10.255 --> 00:49:20.065

So, again, I don't have all the answers just throwing some key points out there that yeah, it sounds like, oh, the labs are going to be happy. All this. They're gonna mandate all this testing.

367

00:49:20.934 --> 00:49:30.204

Well, yes, it's going to increase costs just in itself and then restructuring the accreditation is going to add even more to that overhead for the lab.

368

00:49:31.590 --> 00:49:35.820

Okay.

369

00:49:38.695 --> 00:49:50.485

So 1st off, I'll touch on your your question about a needed testing or a more directed testing. Uh, and I'll start off by saying, I am not a public health and safety expert.

370

00:49:50.545 --> 00:49:57.925

Uh, I'm a 1st responder, but this is way above my head in terms of, uh, you know, public policy. Um.

371

00:49:58.619 --> 00:50:11.760

But I don't see any micro talks and failures ever. Um, it seems to me that replacing a total yeast and mold, which seemed like an overly broad.

372

00:50:11.760 --> 00:50:26.335

A category for testing with this Super narrow mycotoxins category might not have been the best. Um, and again, I don't I only say that from the perspective that we just never see failures.

373

00:50:28.914 --> 00:50:42.715

I think that maybe just doing micro talks and testing on ingestible uh, the edibles, uh, might make a little bit more sense because, you know, some of the data suggests that that's the route where it's dangerous. Um.

374

00:51:53.130 --> 00:52:05.695

I mean, I would argue that we're not the ones calling for pesticides and heavy metal testing. The biggest voice in my mind would be the medical community who don't trust the system.

375

00:52:05.695 --> 00:52:14.454

The people who have walked away from my 5 0, 2, and are now in the black markets, because they don't trust the labs. They don't trust the LTB.

376

00:52:14.875 --> 00:52:15.655

Um,

377

00:52:17.034 --> 00:52:17.335

I,

378

00:52:17.335 --> 00:52:18.864

I definitely like amber said,

379

00:52:18.864 --> 00:52:22.405

I can see why somebody would think that me advocating for,

380

00:52:22.585 --> 00:52:22.914

you know,

381

00:52:22.914 --> 00:52:26.905

not raising lot sizes would be me trying to enrich myself,

382

00:52:27.264 --> 00:52:33.835

but I've intentionally avoided any kind of economic arguments specifically for that reason.

383

00:52:34.525 --> 00:52:44.994

You know, these types of rules are gonna potentially put Labs out of business as well. It's not just the farmers that are at risk here. You know, if if.

384

00:52:46.585 --> 00:52:59.094

I mean, heavy metals, for example, a part of the ecology transition, we've decided that we're going to require, or in order to do heavy metals testing.

385

00:52:59.155 --> 00:53:04.434

I mean, correct me if I'm wrong amber, but that's a 400 no, I guess that's 250000 dollar piece of equipment.

386

00:53:07.650 --> 00:53:18.690

Not all labs are going to be required to do that testing, but if, if we want to be competitive in that market, then we're going to have to fork over a whole bunch of months.

387

00:53:18.690 --> 00:53:30.295

I and not every lab is going to be able to do that. Similarly, you know, you you half the number of samples settle apps, gonna be able to run. We're going to have to hire more staff. We're gonna have to buy more equipment.

388

00:53:30.925 --> 00:53:39.235

Um, even just for, in the equipment, a lot less expensive, but that's still capital that we're going to have to generate.

389

00:53:39.510 --> 00:53:45.150

Um, and again, I come back to this point that we're cheap.

390

00:53:45.150 --> 00:53:54.420

We're so dang cheap right now and we do it because we have to to be competitive. You know, the, the farmers expect it and again, I, I.

391

00:53:54.420 --> 00:54:07.889

Keep coming back to, um, the tax structure and it, at least from my perspective and for lack of a better words, this, this taxes is just bleeding these guys dry.

392

00:54:07.889 --> 00:54:17.820

Um, so, yeah, in terms of enriching the Labs, I, I don't think that that argument holds water. Uh, I think we're, we're.

393

00:54:17.820 --> 00:54:23.909

Struggling to survive just as much as any of the farmers that that I have as customers.

394

00:54:24.264 --> 00:54:31.315

I think if any of us wanted to get rich, this is not a business we would be working and he has to get rich.

395

00:54:31.315 --> 00:54:41.065

I felt that this going anyway, but I do want to address the, the enriching ourselves comment as well.

396

00:54:42.594 --> 00:54:57.204

Yeah, I mean, I like everybody's saying where it's very cheap. I mean, we are, we're all businesses, right? We're in it to pay salaries and hopefully get a little extra money to whatever, buy new equipment, some daily or that kind of thing.

397

00:54:58.465 --> 00:55:05.094

But, you know, we, we just, we just got the ball over the line for, for pesticide certification just last week.

398

00:55:06.204 --> 00:55:20.844

And we did it somewhere in the pandemic, and it took us forever, because we couldn't get any help from anybody right? We couldn't nobody could come to our lab and all that kind of stuff. And we're, I mean, we laid out a lot money to get them right?

399

00:55:20.875 --> 00:55:27.744

I mean, it's expensive all the labor, all the hours and all the banking, any revenue yet on that.

400

00:55:27.864 --> 00:55:40.704

And it have not hit a single revenue and it's going to take a lot of time before. We even close to paying off that machine.

401

00:55:41.065 --> 00:55:50.695

Let alone the labor that we put in there and profit mark, quote, unquote, profit margins right? Whatever we make above and beyond with.

402

00:55:50.695 --> 00:56:05.394

The actual cost of that sample is really small, and we have to keep the market just not even just a competition between getting farmers to use us or whatever.

403

00:56:05.635 --> 00:56:18.414

Like you go so high because they can't afford it. We have we have plenty of customers that you just what are they ever going to pay because they're in a situation sometimes where they don't have the money up front to pay for testing.

404

00:56:18.925 --> 00:56:26.545

They have to harvest, get the task to sell it. Then they can pay you right? You got to say well, how much do I trust this guy before?

405

00:56:26.545 --> 00:56:34.405

I say and so we're not charging that much and I don't see anybody consumer.

406

00:56:36.570 --> 00:56:43.650

Thank you, it's not going to say that.

407

00:56:46.224 --> 00:56:58.644

I mean, to tag on to Jay James s\*\*\*. J. J. so I'm inclined. Yeah my, I'm so sorry. That's okay. I've been paying a pH.

408

00:56:58.644 --> 00:57:09.445

D, chemist to work on pesticides for about a year now and we're still working on validating techniques and we're getting close, but we're I'm I'm not there yet.

409

00:57:09.719 --> 00:57:21.480

I, I can't recognize any kind of return on my investment yet until I get that accreditation coming by. And, uh, I'm still not there yet. So.

410

00:57:21.480 --> 00:57:32.664

I mean, that's a pH. D chemist wage and that's not even including, you know, the, the equipment that we've had to put out for. So it's, it's very expensive to do this stuff.

411

00:57:32.724 --> 00:57:37.554

And again, as I keep coming back to, it's only gonna get more expensive with added Ricker.

412

00:57:37.829 --> 00:57:41.250

Right.

413

00:57:42.659 --> 00:57:50.070

Well, thanks very much for that. Follow up Tanya any, anything else that you wanted to offer you.

414

00:57:52.164 --> 00:58:03.625

I mean, I think, I think we've all said it, I mean, I kind of just another example, we brought up heavy metals in our lab during a pandemic. Right? So it's kind of the same thing. We're bringing the expense of the equipment.

415

00:58:04.945 --> 00:58:13.465

We have to be very careful on scheduling any kind of service or support and things of that nature. So, yeah, I think everyone's covered everything pretty well.

416

00:58:15.329 --> 00:58:19.170

Okay, yeah, that's what they started in that we are.

417

00:58:19.170 --> 00:58:32.724

You know, we have set up trying to figure it out the mass back and all that, and we finally schedule them out to work with us and then they got coven tech right before they came. Right? So, that was going over.

418

00:58:32.755 --> 00:58:40.945

They were down for, like, another like, another 2 months before haven rescheduled. So, anyway, I was just a little anecdote pandemic life.

419

00:58:41.250 --> 00:58:52.019

Well, the adjustments we are having to make and continue, I mean, it's been a year now almost right where we've been trying to adjust to this new way of.

420

00:58:52.019 --> 00:58:57.809

Interacting with each other and doing business and yeah it's challenging it at best.

421

00:58:59.039 --> 00:59:02.489

Okay, uh.

422

00:59:02.489 --> 00:59:06.480

We only have 25 minutes left and 1 more question.

423

00:59:06.480 --> 00:59:16.679

And I am interested in hearing about this from your perspectives what is the most common question or concern?

424

00:59:16.679 --> 00:59:23.610

Raised by your clients, and I think you feel more than 1 feel free to share but, uh.

425

00:59:24.630 --> 00:59:32.010

What what what are the concerns that you folks here from? From the people who do do business with.

426

00:59:33.659 --> 00:59:38.460

Where's my.

427

00:59:42.960 --> 00:59:47.130

I think our number 1 concern is.

428

00:59:47.130 --> 00:59:50.130

When they get a failing result for anything.



429

00:59:50.695 --> 01:00:05.635

And they can't figure out where it came from. And then I think, I don't remember what question this came up with but someone brought it up on 1 of the other questions that if it gets pesticide failure or something like that. And they are saying, well, we don't use any pesticides or can it come from?

430

01:00:06.474 --> 01:00:12.894

And they, they're really looking to us a lot. We've actually troubleshot people's facilities with them.

431

01:00:12.894 --> 01:00:21.534

Just perhaps we have a good relationship and things of that nature, but that's probably the number 1 wide in my mind in my sample fail.

432

01:00:22.679 --> 01:00:28.500

I'll jump in.

433

01:00:28.500 --> 01:00:31.679

And, uh, this is my shortest answer by far.

434

01:00:31.679 --> 01:00:35.909

Right.

435

01:00:36.235 --> 01:00:49.614

The most and it's funny, because you guys kind of touched on this already, but the most common question we get is, can you rush this sample? We do get questions about failures failures and how to not fail tests in the future.

436

01:00:50.275 --> 01:01:01.465

And for this reason, we offer free site visits to help our customers figure out root causes for their issues at this point in the industry, though. Most of our customers have things pretty well figured out.

437

01:01:01.465 --> 01:01:12.355

So, site visits are less of a thing than they used to be and really? Even in the beginning, they weren't that big of a thing. But we've definitely done some site visits.

438

01:01:12.355 --> 01:01:24.414

Like, Tanya mentioned, we've gone out to facilities and tried to figure out root causes of why somebody's failing for mole back and back in the day before mycotoxins.

439

01:01:25.164 --> 01:01:32.425

And we've definitely figured out some stuff. I mean, hey, that leak in your roof that has that black stuff growing around and that might be a problem.

440

01:01:33.594 --> 01:01:42.025

We go around and we do swabs and figure out where vectors are coming or where things are coming from.

441

01:01:43.525 --> 01:01:50.335

But I think both Tanya and amber head on exactly what we see the most. Where's my data.

442

01:01:50.639 --> 01:02:02.244

Why am I failing? Yeah, I'd say that the biggest question we probably get is Where's my data? Exactly like, you know, we got a 12 hours ago. Why is it?

443

01:02:02.244 --> 01:02:06.505

I thought kind of thing and then probably the biggest complaint we get is.

444

01:02:06.780 --> 01:02:13.260

Is by far potency and it's, you know, sometimes it's, you know.

445

01:02:13.260 --> 01:02:22.795

Whatever it's, I mean, that that would be the biggest complaint for sure. We definitely have had, you know, complaints about failures in the past. We've had a little bit.

446

01:02:22.795 --> 01:02:29.065

Sometimes people complain about non failing numbers, you know like, why is there whatever.

447

01:02:29.519 --> 01:02:36.269

Some propane in my sample or whatever, even though it's not even close to failing. It's pretty rare.

448

01:02:36.269 --> 01:02:47.280

And then Mike, we had Micro, um, with Micro, we did get some complaints about failures, but I'd say it's kind of has half half people or.

449

01:02:47.280 --> 01:02:51.840

Saying, why did I fail? I said the fail and the other. How far.

450

01:02:51.840 --> 01:02:57.210

Help let me find out why I'm feeling kind of. I'd say it's a pretty, even mix on that.

451

01:02:57.210 --> 01:03:04.260

So, when people ask for help, I mean, typically, what.

452

01:03:04.260 --> 01:03:10.079

Is and do you try to respond to I mean, to me, that kind of seems outside the.

453

01:03:10.079 --> 01:03:13.739

To.

454

01:03:13.739 --> 01:03:20.190

Yeah, it just like Jeff said, we do the same thing. We'll we'll, we'll go to their place and sample.

455

01:03:20.190 --> 01:03:24.960

If it's like a micro type failure we've lost, or we'll give them.

456

01:03:24.960 --> 01:03:28.920

We'll just give them swap. Excuse me? We'll get them spots.

457

01:03:28.920 --> 01:03:32.039

And have them doing what analyze them for it.

458

01:03:32.039 --> 01:03:39.539

To see, and try to help them troubleshoot. We've had some problems with some residuals solvent.

459

01:03:39.835 --> 01:03:53.485

Failures like things like dialing or something showing up that shouldn't be there and we've helped troubleshoot their chemicals just like, hey, send us your what you're using individually trying to find the source contamination. So, yeah, I mean, we.

460

01:03:58.255 --> 01:04:12.025

1, step that we've taken is in particular with something like a solvents failure or really any failure or any kind of hey, we don't believe you type of comments.

461

01:04:12.239 --> 01:04:19.795

Okay, well, here we'll just send it to another lab for you. So we generally end up paying for those as well.

462

01:04:19.795 --> 01:04:33.864

But I know I've sent a ton of samples to amber just for confirmation, and most of the time they come back and they're pretty dang similar to what we, what we gave the, the customer.

463

01:04:34.344 --> 01:04:44.545

And that generally seems to help with any kind of. Hey, you guys don't know what you're talking about type of questions.

464

01:04:46.315 --> 01:05:00.684

But, yes, I mean, in terms of site visits, uh, and helping people with their problem, you want your customers to be successful, right? If if my client goes out of business, then I do too.

465

01:05:01.554 --> 01:05:10.014

And so, you know, anything that we can do to help these guys really is important in my mind because their health is my health.

466

01:05:12.840 --> 01:05:23.250

Yeah, I actually I enjoy helping troubleshoot these problems sometimes, you know, it's something different to do and it's, you know, some good investigated science. So.

467

01:05:23.250 --> 01:05:28.230

I get some pleasure out of it too.

468

01:05:28.230 --> 01:05:36.269

That's good to hear. I would say, what are we also do? Our 2nd network complaint is cost.

469

01:05:36.269 --> 01:05:42.840

Just to go back to that previous 1. yeah, we get a lot of complaints about call, especially from this.

470

01:05:42.840 --> 01:05:57.295

Smaller farms, like, you know, if you're not getting, you know, we're trying to explain to somebody that, you know, they're not even on there. They, they're lots are so small and breaking even on the testing, you know, just the way things are.

471

01:05:58.105 --> 01:06:00.684

So, yeah, we get complaints about cost.

472

01:06:03.000 --> 01:06:06.900

Complaints that you said.

473

01:06:06.900 --> 01:06:12.989

Uh, your understanding is, I guess is a better way to say it, it primarily from smaller farms like.

474

01:06:12.989 --> 01:06:16.019

It seems to be.

475

01:06:16.405 --> 01:06:31.224

So, you're not universally, but I right. Yeah, I would say I've gotten, I don't know what the right term is try to strong arm. Maybe by larger companies more often or cuts. I'm promising to send hundreds of samples.

476

01:06:31.375 --> 01:06:33.474

If you give us X, Y, Z.

477

01:06:33.960 --> 01:06:38.550

Pricing and rarely do I ever ever see those samples.

478

01:06:38.550 --> 01:06:43.019

My, my general response to people in that regard is.

479

01:06:43.019 --> 01:06:48.989

Show us the numbers I'm happy to give you a discount. Once you demonstrate that you're a reliable customer.

480

01:06:48.989 --> 01:06:55.170

And create a special pricing scheme for someone on the promise that you're going to send us samples.

481

01:06:55.170 --> 01:07:04.889

So, you can get a couple cheap tests. So it's kind of like the pricing is definitely a common.

482

01:07:04.889 --> 01:07:10.920

A question we get, I don't know if it's a complaint, you know, can you help us out on the price here or whatever? Um.

483

01:07:10.920 --> 01:07:19.409

But in my experience, it's been a lot of trying to get strong armed a little bit by people promising to send many many samples and.

484

01:07:19.409 --> 01:07:25.139

We don't, we don't really do a lot of special pricing here. End of story. We try to keep it really simple.

485

01:07:25.139 --> 01:07:39.150

Um, because as soon as, you know, it, it gets very complicated for invoicing. So I try to keep it very, very straightforward across the board and that way I don't have to do needing negotiating. This is the price. This is how much it cost us to run the test.

486

01:07:39.150 --> 01:07:46.559

You know, take it or leave it. I want to be I want to try to help people out and we have rarely.

487

01:07:46.559 --> 01:07:50.760

In on rare occasion, given people special pricing schemes for certain.

488

01:07:50.760 --> 01:08:00.175

Projects or volumes or whatever, but volume discounts also don't help the smaller farmers they they just can't bring in the volume that larger processors can.

489

01:08:00.175 --> 01:08:09.985

So it's also another ding against small farmers if you constantly give volume discounts. So that's another reason why I just try to keep our pricing straight across the board. No matter what.

490

01:08:14.155 --> 01:08:21.654

I consider myself very fortunate that I have a partner. My business partner handles the people side of things, and I just get to handle the science.

491

01:08:21.654 --> 01:08:22.074

So,

492

01:08:23.215 --> 01:08:23.515

you know,

493

01:08:23.515 --> 01:08:25.465

we talk about this a lot though,

494

01:08:25.465 --> 01:08:29.935

and he definitely gets a lot of the same arguments that amber I mean,

495

01:08:29.935 --> 01:08:44.484

I can't count the number of times that we're going to expect all these samples from somebody who we just gave a price break to upfront and then they go somewhere else and you never hear from they never pay for the samples

496

01:08:44.755 --> 01:08:51.864

in the 1st place and there's definitely the large farmers putting pressure on you in terms of hey,

497

01:08:51.864 --> 01:08:54.414

we can pay your bills for the month.

498

01:08:54.414 --> 01:09:08.484

If we, if we do 1 drop, but then there's also the sad stories that you hear of farmers that have to sell their lot. And if they don't get good numbers on this on this lot, then they're going to go out of business type of thing.

499

01:09:09.475 --> 01:09:24.085

And in both both of those stories happen constantly and so cost is definitely it's a huge thing. And I hate to say this, but we end up just eating so much.

500

01:09:24.114 --> 01:09:27.414

I mean, we, we end up doing free retest all the time.

501

01:09:28.375 --> 01:09:40.104

We end up doing those site visits for free, just to help keep our customers in business so that maybe if we scratched our back, then in the future, they can scratch ours.

502

01:09:40.859 --> 01:09:49.529

Um, but a lot of times that doesn't really work. There's, there's not a lot of loyalty necessarily. I've seen.

503

01:09:51.060 --> 01:09:55.229

Huh.

504

01:09:55.229 --> 01:09:59.699

Anything else.

505

01:09:59.699 --> 01:10:05.430

1, 1 thing that comes up for us is just the way some samples are categorized, and least.

506

01:10:05.784 --> 01:10:10.404

And so, then it comes to us and it's categorized wrong and because of the wrong tasks are ordered.

507

01:10:11.274 --> 01:10:11.425

So,

508

01:10:11.425 --> 01:10:13.583

that's a big 1 and we try to catch it,

509

01:10:13.583 --> 01:10:26.814

but apparently lead the friendliest of displaying all the tests where they should be when I think 1 of the most common when does ethanol extraction and they'll choose food grade solvent,

510

01:10:26.904 --> 01:10:29.574

which is really more for oils.

511

01:10:29.574 --> 01:10:30.744

And things of that nature.

512

01:10:32.100 --> 01:10:43.109

And so they choose food great solvent and then they get a mycotoxins test or microbial test when if ethanol doesn't kill.

513

01:10:43.109 --> 01:10:54.119

Microbes we've all been doing something wrong the last year with our hand sanitizer. So, and so those things are the categories in in lease.

514

01:10:54.119 --> 01:11:00.720

Are unclear. Okay, thank you. I've heard I think I've heard that before.

515

01:11:00.720 --> 01:11:04.050

But, thanks for raising that here that.

516

01:11:04.050 --> 01:11:10.560

Yeah, some of the things that you share it here are things we've heard from.

517

01:11:10.560 --> 01:11:19.319

From others as well, but it's good to hear coming straight from the labs. I mean, I think sometimes I get that information.

518

01:11:19.319 --> 01:11:24.029

2nd hand, so it's good to hear it from you directly. So thanks for that.

519

01:11:24.029 --> 01:11:37.409

We also talked about that particular instance in question 3, with how we guide our customers as lab, uh, to to meet the, the whack in terms of the testing requirements. Yeah.

520

01:11:37.409 --> 01:11:42.029

Yeah, so that's good. And, um.

521

01:11:42.029 --> 01:11:48.300

And I do remember the discussion around, you know, providing the offsite this visit. It's at no cost.

522

01:11:48.300 --> 01:11:51.539

Yeah, okay.

523

01:11:53.005 --> 01:12:07.404

You know, just to quickly add on that goes to reinforce this concept that we're not here to make ourselves rich. If we were, we'd be charging for every little thing and there'd be no negotiation. No volume discounts.

524

01:12:07.435 --> 01:12:22.225

None of that stuff. I mean, they've really got this backwards where we're were bending over backwards to try to help people with this stuff. And it's not about getting rich. If I wanted to get rich. I know the.

525

01:12:22.500 --> 01:12:28.829

There's a pretty clear pathway for that. If I didn't have morals, then I'd be a millionaire right now. Very easily.

526

01:12:30.210 --> 01:12:43.680

Wait on that note too. I just wanted to say that we, you know, but I think a couple of people have brought up a lot of times when our clients don't believe us we end up retesting it and we eat that cost.

527

01:12:43.680 --> 01:12:48.390



So, I mean, right there, but then 2 tests for the price of 1 really.

528

01:12:48.390 --> 01:12:54.090

Don't forget the have our phone call you had to hear their story how they, how we were wrong.

529

01:12:54.090 --> 01:13:06.149

Exactly, I mean, I don't it's a bit of adjust that. I say that, but in reality we all experienced this right? It's not just the 2nd test for free. It's.

530

01:13:06.149 --> 01:13:13.649

The call the email, the follow up the explanation on top of that. 2nd pretest that.

531

01:13:13.649 --> 01:13:22.350

You know, I think it's, it's, you know, when every with Jeff, when you say it, cause it takes you 10 minutes to run a sample.

532

01:13:22.350 --> 01:13:32.159

That is just the injection, right? There's prep there's talking to your tech to make sure they pull that sample again. It's prepping it again. It's running it again. It's.

533

01:13:32.159 --> 01:13:46.199

Comparing the 2nd, number you got to the 1st, number you got and then talking to the client about it. Um, you know, there's a lot of individual steps along the way that are not part of your standard workflow that involved that are involved in just re, testing something.

534

01:13:46.975 --> 01:14:01.074

You're absolutely right that 10 minutes. I'm talking just machine time that that's it. And, you know, to even add on, there's opportunity losses here. Where, if I'm doing a retest, then that retest is tying up the machine for what?

535

01:14:01.074 --> 01:14:14.635

Where I could be running an actual sample in that time slot and that that is exacerbated. Then if we go to a 25 minute run time, instead of a 10 minute run time now, all of a sudden those retests become a lot more expensive for me.

536

01:14:17.069 --> 01:14:18.925

Yeah, that's true. Yeah.

537

01:14:18.925 --> 01:14:24.295

And all the other things you talked about in the just the retesting often,

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01:14:24.295 --> 01:14:28.194

there's a conversation just like,

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01:14:28.404 --> 01:14:34.015

with me and the analyst and whatever like why what happened it's just real,

540

01:14:34.045 --> 01:14:34.465

you know,

541

01:14:34.465 --> 01:14:35.784

all that kind of stuff too.

542

01:14:35.784 --> 01:14:37.734

And there's that time as well.

543

01:14:37.979 --> 01:14:41.215

So, yeah, that's a great point.

544

01:14:41.215 --> 01:14:56.064

Every time, uh, you know, a complaint comes in, we're not only logging that and keeping track of it, but we're starting investigations based off of those complaints, you know, you have to introspect, every single time anybody. Oh, man. This is my data.

545

01:14:56.095 --> 01:15:08.935

Good. Now, you have to go back and and verify that everything was good for that sample and nothing got messed up you know, we're checking it anyways but hey, did we miss something here? And yeah, you're absolutely right. It's time.

546

01:15:09.390 --> 01:15:20.520

Time time time, so coming back to the lab to ask for that, follow up or challenge the results is, it sounds like it's.

547

01:15:20.520 --> 01:15:24.420

It can be pretty complicated and time consuming.

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01:15:24.420 --> 01:15:28.380

And not not just as simple as saying, hey.

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01:15:28.380 --> 01:15:31.859

We test this again. It's a lot more to it than that.

550

01:15:31.859 --> 01:15:36.090

Yep.

551

01:15:36.090 --> 01:15:41.100

Go ahead, somebody going to say something. I feel like I have just interrupted someone.

552

01:15:42.239 --> 01:15:52.079

Okay, sorry about that. All right we have 9 minutes left and I'm hoping we can we can conclude on time.

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01:15:52.079 --> 01:15:56.100

But just wanted to open it up for any final thoughts.

554

01:15:56.100 --> 01:16:01.079

Um, anything beyond these questions that.

555

01:16:01.079 --> 01:16:08.340

You'd like to share with as a supplement to the 1st, deliberative dialogue or.

556

01:16:08.340 --> 01:16:13.710

Just in general, um, wanted to get a few minutes for that before we close.

557

01:16:13.710 --> 01:16:19.140

Oh, anything else that has.

558

01:16:27.895 --> 01:16:32.694

I mean, yes, but not off the top of my head. No.

559

01:16:33.114 --> 01:16:43.375

You know, I, I think we've, we've covered a lot of ground here and of course, there's more, um, we've only brushed the surface with all this stuff.

560

01:16:43.465 --> 01:16:55.854

Um, and I think, you know, I don't know about the rest of the panelists here, but, you know, continuing this conversation, uh, you know, maybe a brainstorming coming up with additional questions.

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01:16:55.854 --> 01:17:06.385

And then having additional sessions, I'd be perfectly interested in that. Um, I don't know about others. I know it takes a lot of time uh.

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01:17:06.779 --> 01:17:13.409

But again, I don't think we've really covered and there's so much more that we could talk about.

563

01:17:13.409 --> 01:17:16.800

Absolutely.

564

01:17:20.185 --> 01:17:34.494

Yeah, I mean that we could talk about and I would certainly be happy to to do it again in the future. But yeah, I mean, I

think we did cover a lot of good ground and I know we were giving you guys a lot to think about.

565

01:17:35.604 --> 01:17:37.555

And I certainly appreciate the opportunity.

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01:17:38.880 --> 01:17:46.020

You know, for this new way of trying to talk about these issues. So it was a great idea.

567

01:17:46.020 --> 01:17:56.159

Oh, go ahead. And I'm glad that you found value in it. I know I certainly did and and really appreciate it. Yeah. Appreciate it all the panels very much.

568

01:17:56.159 --> 01:18:02.850

Because I think, you know, this was designed to sort of begin to uncertain, I guess.

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01:18:02.850 --> 01:18:07.199

And flush out some of.

570

01:18:07.199 --> 01:18:18.090

Someone said the things that we think about that, we don't necessarily bring to listen and learn sessions because they're so concentrated on.

571

01:18:18.090 --> 01:18:23.430

Here's a set of Jeff conceptual rules and really? This is what we're thinking about here.

572

01:18:23.430 --> 01:18:27.869

And I think with the quality control rules and how to follow up listen and learn.

573

01:18:27.869 --> 01:18:35.520

That was more about if we, if we go forward with this, what would mitigation look like? So that was around cost reduction.

574

01:18:35.520 --> 01:18:38.520

That's when we came up with that phase and plan.

575

01:18:38.520 --> 01:18:43.649

Um, initially to try to just bring pesticides and having metals in an incremental way.

576

01:18:43.649 --> 01:18:52.529

And I think those were good conversations. I think people were starting to kind of have these ideas about what we could do. And I think.

577

01:18:52.529 --> 01:19:01.260

We're just starting a busy for everyone, and we didn't have a follow up to that. Um, listen and learn session. But I think.

578

01:19:01.260 --> 01:19:05.909

Just some of what I've heard in these deliberate dialogue sessions.

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01:19:05.909 --> 01:19:17.189

Really can inform what we do in terms of role and policy development and the future for sure. Um, but I also think it's really important to bring.

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01:19:17.189 --> 01:19:25.979

The consumers processors and producers and labs together to talk through these things because I don't know that we've ever done this before. In this way.

581

01:19:25.979 --> 01:19:36.029

So, I think it's just, it's opened the door to, um, a lot more discussion in the future. And I think it's also proven that, you know, we can do that.

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01:19:36.029 --> 01:19:40.140

And we can be.

583

01:19:40.140 --> 01:19:44.399

Be good to each other to.

584

01:19:44.399 --> 01:19:50.250

So, yes, we want to continue to have these and then there's a few other.

585

01:19:50.250 --> 01:19:59.369

Um, engagement models that I want to bring to rules work and policy development in the future that will engage even more people.

586

01:19:59.369 --> 01:20:05.850

And really not be based so much around a specific topic. And I think this was largely around.

587

01:20:05.850 --> 01:20:10.560

Quality control, but I think there are general topics that we can bring to the.

588

01:20:10.560 --> 01:20:16.229

The form and really get some good thinking from the entire community.

589

01:20:16.229 --> 01:20:21.539

Um, you know, really with the regulators there, just as a facilitator. So I think there's.

590

01:20:21.539 --> 01:20:35.515

A lot of room for us to do. Good work there too. Okay. So, once again, I I know the last time we closed. Uh, I was in a dark house and not able to.

591

01:20:38.100 --> 01:20:43.050

So, I like to think mother nature for not being sold me in this time around.

592

01:20:43.050 --> 01:20:56.010

Um, but thank you for your the gift of your time today and, and, uh, the last panel, um, I, I know you are busy people with lots of things going on, but your thoughts and perspectives.

593

01:20:56.010 --> 01:21:00.420

Are really meaningful to the agency and certainly to me personally, so.

594

01:21:00.420 --> 01:21:05.069

I appreciate all the timing you've shared with us to, to make this successful.

595

01:21:05.069 --> 01:21:14.909

So next steps for me, at this point is to get this recording up on our outward facing website. So, I don't know if you've noticed I don't think I.

596

01:21:14.909 --> 01:21:21.569

I wanted to wait until we had all the dialogues uploaded on our outward facing website, but.

597

01:21:21.569 --> 01:21:24.600

They are there and now this 1 will join the.

598

01:21:24.600 --> 01:21:29.039

Find a collection of deliberative dialogues we've had to this point.

599

01:21:29.039 --> 01:21:34.500

And then the agency is going to start re, drafting.

600

01:21:34.500 --> 01:21:40.890

The quality control roles based on what we learned in these delivered dialog sessions.

601

01:21:40.890 --> 01:21:45.659

And also, kinda some forward thinking about what leaf might look like.

602

01:21:45.659 --> 01:21:51.600

Or in the alternative, what life might look like without leap in the future.

603

01:21:51.600 --> 01:21:57.449

Um, so we wanted to do some sort of, out of the box thinking.

604

01:21:57.449 --> 01:22:05.850

On that, and in terms of following through with the quality control rules.

605

01:22:05.850 --> 01:22:11.939

There's this window of time that we need to file a supplemental 1 on 2.

606

01:22:11.939 --> 01:22:17.189

And everybody knows what that is, right before I just assume that, you know what that is.

607

01:22:17.189 --> 01:22:28.020

So, it's the rule proposal, right? There's a window of time that we need to file that. Otherwise the original supplemental 1 or 2 expires. However.

608

01:22:28.020 --> 01:22:32.100

We still have the Sierra 1 on 1 in place that keeps the rulemaking open.

609

01:22:32.100 --> 01:22:39.359

So, there's some additional work that we need to do in terms of developing the 2nd, a new proposal, right?

610

01:22:39.359 --> 01:22:45.180

And then doing the kind of economic analysis that we're required to do regulatory fairness back.

611

01:22:45.180 --> 01:22:53.130

Um, at this point, that supplemental Sierra 1 or 2 is scheduled to expire, mid April.

612

01:22:53.130 --> 01:23:07.229

Um, and I think it's being a little, overly optimistic that we'll have all that work done by mid April. I mean, in all honesty doing another small business economic impact statement is.

613

01:23:07.229 --> 01:23:10.409

Uh, quite a bit of work and we need to.

614

01:23:10.409 --> 01:23:14.670

Contract with an economy us to do that work since we don't have 1 on staff.

615

01:23:14.670 --> 01:23:20.159

Um, so I would assume at early.

616

01:23:20.159 --> 01:23:24.779

I want to say June, July for.

617

01:23:24.779 --> 01:23:29.760

A new 1 out too, since we wouldn't be supplementing anything at this point.

618

01:23:29.760 --> 01:23:36.090

So, stay tuned for that work and I will reach out to all of you as we.

619

01:23:36.090 --> 01:23:41.100

As we move towards developing that a new proposal.

620

01:23:41.100 --> 01:23:46.529

For your feedback, and then I think, well, you know, of course, we're going to do listening sessions around.

621

01:23:46.529 --> 01:23:53.609

Of any new proposal, or even in concept, just like we did with with this original rule set.

622

01:23:54.840 --> 01:23:59.789

Moving forward, so any questions on process on that.

623

01:24:02.369 --> 01:24:09.539

You know, navigating the administrative procedures act is is not everybody's cup of tea and I appreciate.

624

01:24:09.539 --> 01:24:23.729

Been doing it on time so I've got to remember that everybody's got a crash course lately where they think actually, we're.

625

01:24:23.729 --> 01:24:37.079

Preparing to do, like a video series that you know about how that all works that we're why I put up on our outward facing 1 page as well. So there'll be there is a resource for folks moving into the future. So.

626

01:24:37.079 --> 01:24:43.590

I kind of like to call it rule making revealed, but we'll see we'll see if I went on that. Maybe not.

627

01:24:46.199 --> 01:24:49.739

All right, well, anything else before we close for today.

628



01:24:51.510 --> 01:24:58.890

All right, well, thanks again to all of you for your great contributions to this process and your.

629

01:24:58.890 --> 01:25:04.229

You're really meaningful feedback and thoughts about moving these things forward. It's.

630

01:25:04.229 --> 01:25:09.060

Greatly appreciate it and I very much look forward to working with you all in the future.

631

01:25:09.060 --> 01:25:13.289

Thanks for asking us. Yeah, thank you. Thank you.

632

01:25:13.289 --> 01:25:25.560

Kathy, I like I've said in the past, uh, personally, I don't envy you at all.

633

01:25:25.560 --> 01:25:31.529

Just turn the recording off. I don't.

634

01:25:31.529 --> 01:25:36.210

Okay, just that is a common sentiment of folks and I guess that's why.

635

01:25:36.210 --> 01:25:50.909

But so I'm not necessarily doing the rules for cannabis anymore. I'm managing the rules program for right. But I still am very involved in cannabis just rules in general just because.

636

01:25:50.909 --> 01:25:55.199

You know, it's hard to bring a rules coordinator into this work that.

637

01:25:55.199 --> 01:26:07.020

Has not done cannabis roles before and by virtue of the, just the, it being so new, in terms of statutory and regulatory construction. Um, yeah, it's.

638

01:26:07.020 --> 01:26:10.649

Multi dimensional and.

639

01:26:10.649 --> 01:26:16.109

If you like, you guys have noticed, CP is not a scientific agency.

640

01:26:16.109 --> 01:26:23.189

And there's this whole, you know, part of cannabis regulation that is very scientific.

641

01:26:24.390 --> 01:26:28.140

Oh, I'm not sure that the folks who, uh.

642

01:26:28.140 --> 01:26:36.090

Put together i500 to we're necessarily thinking a.