

Memo



To: WSLCB
Cassidy West - Rules Coordinator

From: Producers Northwest
Ezra Eickmeyer – Political Director

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360-301-1842

RE: Petition for Rule Change

Date: 12/14/2023

Producers NW respectfully requests that you consider and accept our attached Petition for Rule Change.

The licensed cannabis industry is providing a significant amount of the state's annual operating budget, but behind the scenes many producers and processors are operating on tighter and tighter margins and many are treading water month to month with cashflow. While much of this is market driven and just the way this industry is evolving, some of the burden comes from outdated regulations that should be changed urgently to ensure that we are not being asked to incur expenses for certain provisions in the WAC that provide no benefit to public safety, public relations or the stability of the industry.

New licensees coming into the industry under the social equity program will find many of the outdated rules financially burdensome barriers to entry as they are raising capital and attempting to launch operations. Speaking to the producer & processor side of this, some camera and storage systems cost well over \$100,000 to install during the start-up phase.

WSLCB is under-staffed in enforcement and continues to utilize precious resources enforcing non-productive rules, time and resources that are desperately needed to go after serious issues like inversion.

Our organization, representing licensed producers & processors, has identified a few key areas where simple shifts in rule could bring much-needed cost and infrastructure reduction benefits for the environment, social equity applicants, WSLCB and existing licensees alike by simplifying site and operating requirements without reducing protections for public safety or relations.

The changes we are promoting in this petition are as follows:

1) Eliminate 20ft buffer between licensed grows if they are owned by the same licensee and allow them to share common walls and fences while creating a replacement requirement that licensees use visual aids to differentiate between licenses –

This rule costs operators valuable real estate, resources and maintenance expenses to maintain such barriers between licenses. However, we understand that it is important for WSLCB enforcement to be able to distinguish between licenses' separate grow areas, therefore we suggest adding replacement language requiring visual aids that clearly define the boundaries of each separate grow.

2) Eliminate requirements for visual barriers for certain fence lines in instances when outdoor grows share a border and the visual barriers would only face another licensed grow, not other non-cannabis properties or the public -

When the rules were created to mandate visual barriers for outdoor grows, the intention was to minimize conflicts with local communities that we knew were going to initially react to the existence of cannabis farms. **This goal is still important.** However, many licensees have outdoor grows that share borders exclusively with other licensed grows where there is no public policy need to maintain these visual barriers.

There is also a real environmental cost. Many visual barriers are made of plastic that needs replacing every few years. When winds tear them up, microplastics are released into the environment and they become non-recyclable trash.

Additionally, it is very costly to replace this plastic. One example (see photo below) represents a current situation where WSLCB enforcement is moving to require the licensees to replace the plastic on these fences that are only facing each other. The estimated industry cost for this single project spanning thousands of linear feet is approximately **\$51,660**. We do not know how much staff time and travel expense has been incurred by WSLCB enforcing the visual barrier rule on this property.



3) Allow licensees with multiple licenses on shared properties to share alarm, camera and surveillance storage systems –

When licensees have more than one producer license on a shared property, it saves unnecessary costs to be able to utilize shared systems and streamline operations. This can also make enforcement simpler for WSLCB by consolidating systems without reducing any requirements on the industry.

4) Allow licensees of all types to utilize either on-site servers OR cloud storage for surveillance system footage, per their preference -

Many companies are operating on aging servers and computer systems that are required for the on-site storage of surveillance video. Replacing these systems when they fail can cost well over \$10,000 and the cost of maintaining space for the systems also causes ongoing expenses. New social equity licensees should not have to create these systems in the first place if they prefer a different option whether retailer, producer or processor.

On-site storage of this magnitude is becoming generally less and less common as the world moves to cloud storage for virtually everything.

Additionally, the environmental cost for manufacturing and installing new equipment while disposing of old equipment is astounding. These in-house systems also cause heating issues and often require cooling systems for the rooms they are in, further driving up the energy used by our industry.

Providing the industry with the cloud storage option is better for the environment and licensees alike while still maintaining video surveillance access for WSLCB enforcement.

We appreciate your consideration and look forward to further discussing these proposed changes with the Board.