



Department of the State Treasurer

Alcoholic Beverages Control Commission

2014 Transition Report

Overview

In 1933, the Legislature created the Alcoholic Beverages Control Commission (the “ABCC”) to oversee the sale, purchase, transportation, manufacture, consumption and possession of alcoholic beverages pursuant to M.G.L. Ch. 138. By its authority, the ABCC promulgates regulations for the sale and consumption of alcoholic beverages, issues licenses and permits to serve and sell alcoholic beverages, conducts investigations to ensure that licensees are in conformance with laws and regulations, conducts adjudicatory hearings to determine whether laws and regulations have been upheld, and takes enforcement action against unlawful conduct.

The ABCC is a self-governing agency administered by a Chairman. There are two associate part-time commissioners. All members of the Commission are appointed by the Treasurer. The ABCC is comprised of twenty-five employees within four major divisions: the Commission Division, the Licensing Division, the Administrative Division and the Investigative & Enforcement Division. For fiscal and procedural efficiency, other functions, including financial reconciliation and human resource administration have been consolidated within the Treasurer’s Office.

In fiscal year 2014, the ABCC generated approximately \$4.3 million in revenue for the Commonwealth. The ABCC also assisted the Department of Unemployment Assistance, the Department of Industrial Accidents, the Massachusetts Lottery, and the Department of Revenue in collecting \$13.9 million dollars in back tax payments and penalties. These results were achieved with an annual budget of \$2,230,721, twenty-five employees, and the fifth lowest ratio of enforcement agents to licensees in the country. Further, each year the ABCC, on average, holds 400 hearings, processes 26,000 license transactions, conducts varied enforcement operations throughout the Commonwealth, and investigates between 450-550 complaints.

The ABCC’s mission is to promote and protect public safety through effective licensing, enforcement and supervision of the alcoholic beverages industry in the Commonwealth. The major activities include:

- protecting the public safety by deterring, detecting and punishing violations of the Liquor Control Act;
- ensuring consistent, fair, and timely enforcement of the law;
- promoting and fostering voluntary compliance with the law;
- maintaining a consistent, fair, and timely license process;
- communicating the requirements of the law clearly and consistently to licensees and local licensing authorities;
- conducting fair hearings on alleged violations and appeals of local licensing authority rulings;
- training local licensing authorities, municipalities, and law enforcement personnel;
- reporting on the conduct and condition of traffic in alcoholic beverages during each year;
- reviewing, suggesting, and providing comments to legislation as necessary for the better regulation and control of such traffic and for the promotion of temperance in the use of such beverages.

Background

Since 2009, the ABCC has been stabilizing and rebuilding the organization. The agency has focused on resolving legacy challenges caused by years of operational neglect. Working with limited resources, antiquated technology, and archaic processes, the ABCC has spent the better part of five years moving towards its goal of being a state-of-the-art agency with a focus on public access, customer service, and public safety. Although the agency has made significant progress since 2009, there is still much to do in our efforts to be a national model.

Over the past several years, the ABCC has concentrated on achieving six goals, including:

- streamlining the licensing process for both internal and external users;
- enhancing transparency for all stakeholders;
- increasing communication and collaboration with all the municipalities;
- building strong relationships with other agencies;
- overhauling operations to create internal and external efficiencies; and
- utilizing technology to assist with limited resources.

From 2009 through 2011, the ABCC implemented a four-part plan to accomplish these goals. The Chairman formed a leadership team to analyze and modernize the agency's operations. The ABCC began building the foundation necessary for the agency to achieve long-term success. Given the essential need for uninterrupted service to the public and the licensees, the goal was to implement the plan without affecting the daily operations of the agency. The challenge was to achieve the desired results without any additional funding or resources. These efforts were accomplished by a core group of staff members, at no additional cost to the agency, without any interruption of service.

Some of the major accomplishments within this time frame include overhauling and successfully launching a new website, updating seventy-three applications which had not been updated since the mid-1990's, providing applicants and licensees with the ability to complete applications online, modernizing antiquated accounting procedures, offering online banking, and streamlining all the industry license renewals. These efforts resulted in significantly enhanced accessibility for licensees, applicants, local licensing authorities, and the public. Modernizing the agency's antiquated accounting procedures reallocated resources formerly being spent on this and resulted in the immediate collection and reporting of Commonwealth revenue. This also resulted in a dramatic reduction in the length of time required to renew and process state licenses, creating internal and external efficiencies for both the ABCC and its applicants.

Prior to 2011, a bona fide renewal process for industry licenses was non-existent. Every year, a state licensee (regardless how long it had held a license) was required to complete a new license application, which in many instances was 10 pages long, in order to renew their license. The leadership team crafted a four-step process that took the better part of a year to implement. The agency tailored the renewal application to each licensee. This allowed the licensee to review its pre-filled renewal applications, and simply sign and return them if there were no changes. The agency also transmitted the renewal applications via email, for the first time in its history.

In order to ensure the success of each of these initiatives, the agency met with representatives from several segments and tiers of the industry. The ABCC provided them with the draft renewal

applications and solicited their feedback as well as their assistance with communicating our latest strategy to their respective licensees.

The industry response was overwhelmingly positive. The licensees were grateful for a simplified process and the project created a wholesale change in the industry renewal process and reduced time and costs for both the agency and the licensees.

Largely, the Commission ensured the success of these initiatives by first engaging in significant outreach efforts. It held regional seminars regarding the new processes and forms. Investigators were assigned to conduct on-location training for all the local licensing authorities in order assist them in acclimating to the updated procedures. The resulting feedback has been overwhelmingly positive from both applicants and municipalities.

The ABCC also implemented a comprehensive case management system for its administrative hearings, investigations, and license applications. An investigators database was created to monitor ongoing investigations and violations. This database links directly to the licensing database, which enables the investigators to access licensee information maintained by the ABCC more efficiently. Additionally, the administrative database tracks all ABCC hearings, decisions and correspondence and allows for a historical view of each licensee's violation record.

Most significant is the license tracking system, which provides all ABCC personnel instantaneous access to the status of any given license application, enabling ABCC staff to quickly respond to license status questions. Prior to the implementation of this system, in order to determine the stage of a particular licensing application, personnel had to review the investigator's log book and ascertain which investigator had been assigned the application. Then, the investigator had to be contacted to determine what stage in the process the application was in. Now, when individuals call regarding a license status, the information is readily available to staff in the agency. The development of the tracking system and new processing steps gave the agency a method to view the status of a license through the application life cycle. This has increased our customer response time significantly and has given us a way to provide uniform and transparent updates.

The ABCC also implemented an enhanced system of criminal background checks to ensure that the agency does not license individuals in violation of applicable statutes and to ensure that applicants are of good character pursuant to M.G.L. c. 138, §26. Previously, criminal background checks were not conducted on all applicants. This created the possibility that non-qualified applicants or applicants with significant criminal records would be licensed, contrary to the law.

The agency determined that this was a public safety issue, and worked diligently with the Criminal History Systems Board to find a way to implement this initiative. In the end, the agency successfully created a system to ensure that criminal background checks were conducted on proposed managers and individuals with a financial interest in a license. Although it was an increase to the agency's workload, the new process was implemented with minimal impact on the applicants.

Additionally, the ABCC added a weekly hearing day to its calendar dedicated solely to licensees who owe back taxes to the Department of Unemployment Assistance ("DUA"). To date, this has resulted in the DUA collecting \$9,000,000. It has also resulted in nearly 100% of alcoholic beverages licensees being in compliance with their DUA tax reporting and payment obligations.

2012-2014

With the foundation rebuilding stage nearly completed, in December of 2011, the agency created strategic objectives for the upcoming year. At that time, it was estimated that even with the success of our many initiatives, the agency was still two to three years away from achieving its potential to be a state-of-the-art agency with a focus on public access, customer service, and public safety. In 2012, the ABCC began building the structure necessary to effectively and efficiently support and regulate one of the largest industries in the Commonwealth.

The ABCC's primary objectives continued to be simplifying and shortening the licensing process, striving towards greater transparency and public access, enhancing enforcement operations, and expanding its educational programs to increase public awareness and safety. The agency also wanted to focus on strengthening and fostering its relationships with the Local Licensing Authorities and police departments. However, at that time, the ABCC understood that it had accomplished most of what could be realized within the limited budget.

The foundation of any effective regulatory program is accurate, comprehensive, and accessible management of information. Accurate data on activities and outcomes is essential for effective management and critical to agency accountability. One of the biggest obstacles facing the agency is its outdated technology. Although the agency has overhauled its website, updated the forms, and modernized its internal processes, it does not have a licensing system. The ABCC has been forced to use Accolade Migration software procured in the 1990s, which was obsolete when purchased.

The current system is based on Microsoft Access databases and uses between 7-20 databases to collect all of the stored data. There are various data repositories throughout ABCC. These repositories consist of MySQL databases, Microsoft Access databases, Microsoft Excel Spreadsheets, and paper files. This system does not meet, and has never met, the agency's needs. Although various work processes have been added to the system in an attempt to fulfill the needs of the agency, this has only made system maintenance tedious and error-prone. A true licensing solution is required to accomplish the agency's goals and meet its obligations.

As a result, in 2011, the agency applied for and received capital funds to procure and implement an eLicensing program. The Massachusetts eLicensing Project is sponsored by the Massachusetts Capital Project Management Office. This sponsorship is based upon an understanding that this software can meet the needs of any licensing agency or municipality. The Information Technology Division ("ITD") chose the ABCC in a joint procurement with the Division of Professional Licensure ("DPL") to be one of two pilot agencies to spearhead this bold initiative.

In 2012, the ABCC and DPL procured the Accela software. This software is a comprehensive and robust solution for agencies with license granting authority. The Accela eLicensing system will provide a single platform for businesses and individuals to apply for and manage their business, professional, alcoholic beverages, and occupational licenses. Using Accela will increase efficiency and productivity by reducing license management and enforcement cycle times, streamlining business processes, and eliminating outdated legacy systems. The system will assist the agency in meeting its goals for improved customer service, transparency of information for citizens, and streamlined administrative processes.

The electronic licensing system will allow the ABCC to continue in its mission to provide better service to the local cities/towns, to our licensees and applicants, and to the general public. Applicants will be able to apply for, renew and update licenses/permits, see “real-time” status reports of where the application is in the process, access “real time” quota information about any city or town, request public records, garner updates on hearing and decision information, and file complaints –24 hours a day, 7 days a week – instantly, through the online portal.

ABCC personnel will have immediate access to its 22,000 licenses, either at their desk or on their mobile devices. Investigators will be able to conduct thorough investigations of licensed establishments, including discovering ownership information, researching potential liens against the license or processing a transaction for that licensee without ever having to open a paper file. Utilizing GIS technology, the software can map out the most efficient route for an investigator performing onsite inspections, cutting down on gas and vehicle wear and tear. Accela is capable of generating routine and customizable reports on licensing, compliance and enforcement, fiscal processes, and operational processes, freeing up division managers to focus on broader regulatory issues and constituent satisfaction. Finally, the eLicensing system will reduce license turnaround times and increase the ease in which licensees, the Local Licensing Authorities, and the ABCC communicate.

Much progress has been made since the project’s inception in 2012. The ABCC has worked closely with Accenture, the system implementation vendor, on conversion planning, business re-engineering, existing data verification, development and implementation planning. The project is nearing its first of three “releases,” and is eagerly awaiting the results. It is expected to reach completion some time in 2016.

In addition to the Accela solution, there are two parallel projects underway to bridge any gaps in the agency’s paper based data. All of the agency’s files are paper, and some date back to the 1940’s. A recent estimate showed that the ABCC houses over five million paper documents within its license files. Thus, one of the Commission’s main undertakings in the 2012 strategic report was applying for capital funds to scan all paper documents and hold them in an easily searchable, comprehensive electronic document management (EDM) system. ITD approved this request in 2013.

The EDM system project will convert all of the agency’s paper files to electronic files and index them for searching and retrieving. A requirement of the EDM system was that it would seamlessly integrate with the new eLicensing system, improving the efficiency of both systems. Once implemented, the EDM system will allow all historic and current licensee files to be searched and sorted in any number of ways. Researching a request for records will no longer be done through an arduous and tedious search of the file room, but rather at an employee’s desk utilizing key words and phrases. In the field, investigators will have the ability to research the history of any licensee, the current owners and managers, and see any and all documentation associated with that license, on their mobile devices. Finally, through the full integration with Accela, all forms, supporting documentation and licensee information will be in one place, easily accessible and searchable, thus increasing efficiency and transparency for the agency.

This year, the agency initiated two separate procurement processes: one in conjunction with ITD for an enterprise-wide, cloud-hosted EDM system and another for the scanning and conversion of all the agency’s paper documents to an electronic format. Both processes are currently in their final stages and contracts are expected to be awarded within the next few months.

A subset of the eLicensing project, the Data Entry Project, has hired “expeditors” to input historical data that is not captured in the current databases. Both the EDM Project and the Data Entry Project will be incorporated into the eLicensing Project to maximize the eLicensing functionality.

Another objective of the ABCC is to foster and strengthen relationships with the Local Licensing Authorities. This open process of communication is critical to a vital multi-level administrative process. Outreach seminars and trainings will ensure that the Local Licensing Authorities receive licensing and legal updates, which will ultimately provide for a more effective and efficient licensing process for businesses in the Commonwealth. This will augment the licensing process and reduce duplication and errors.

Over the past several years, the ABCC has conducted many outreach seminars and trainings for the Local Licensing Authorities in Berkshire, Franklin, Hampshire, Hampden, Worcester, Plymouth, Bristol, Barnstable, Duke and Nantucket, Norfolk, Suffolk, Middlesex and Essex Counties, resulting in licensing training sessions for approximately 300 people in approximately 200 municipalities. The sessions consisted of training around the ABCC’s website, special one-day licenses and permits, the application process, the annual renewal process, and, finally, an introduction to the eLicensing platform, garnering important “buy-in” from the participants.

In 2013, the ABCC worked closely with the Department of Revenue (“DOR”) to implement a new tax clearance process that required only a Certificate of Good Standing from the DOR as opposed to an express release from the DOR upon each transaction. This reduced application turnaround time and created a more efficient process for entities seeking licensure.

The agency also procured the services of the Ripple’s Group, an outside consulting firm specializing in strategic planning, to aid in the development of a strategic plan for the agency. Following an eight-month process, a comprehensive document was produced that validated the ABCC’s original goals and achievements and devised additional objectives that aligned with the agency’s previous goals. (See Attached Strategic Plan)

The Ripples Group noted in their report, that the ABCC had made much progress in recent years stating, “The ABCC easily pays for itself while playing an increasingly effective role in public safety and providing valuable services to its stakeholders.” The ABCC generates revenues many times its budget. In fact, revenues have increased 15% since 2010, and tax collections have more than tripled.

In 2013, the tax collection agencies collected nearly \$14 million collected in back tax payments with the assistance of the ABCC. The report noted that overall the agency’s resources were over-utilized, with a continuous increase in workload at all levels. There were almost 50% more hearings conducted in 2012 (448 compared to 317 in 2009). Moreover, the enforcement caseload has increased on average from 2008-2012:

- Compliance Checks: 10.5%
- Complaints: 9.2%
- License Investigations: -0.9%

However, because the agency has successfully implemented a series of multi-year initiatives, even though the caseload has increased, the license turnaround times have decreased. For example,

applications, without exception, are turned around in 3-5 weeks on average, compared to 6-8 weeks in 2009.

The report pointed out that given the high cost of alcohol related accidents and injuries in the Commonwealth, the investment in the ABCC is likely to have very high returns. The report went on to state that more can be accomplished in public safety and service levels to stakeholders. To accomplish its strategic priorities, however, ABCC needs a step-change increase in resources specifically more staff, and better technology.

The ABCC's current 3-Year Priorities include (inception 2014):

- Licensing
 - eLicensing implementation
 - Expanded (national) CORI checks
 - Faster turnaround through capacity and process/technology improvements
 - Electronic document management
- Enforcement
 - Create Enforcement Division rank structure
 - Increase ratio of Investigators to licensees
 - Collaboration with the Gaming Commission for its role in casinos
 - Effective media strategy to amplify deterrence for illegalities
- Training & Technical Assistance
 - New training program for Licensees
 - Increased training for local law enforcement
 - Increased training for local boards
 - Additional Staff Training
- Dispute Resolution
 - Faster decisions
- Legal Services
 - More support for prosecution of violations
 - Additional training for investigators Local Boards
- Internal
 - Staff (capability and capacity) expansion
 - New space
 - Public relations function as deterrent
 - Improved internal communications

Investigation and Enforcement

Special Investigators are appointed by the ABCC pursuant to Massachusetts General Laws Chapter 10 §72 and are directed to make necessary and appropriate investigations to enforce the Liquor Control Act. For the past several years, the Investigative & Enforcement Division has worked towards fulfilling the six primary ABCC goals. It has established effective enforcement programs and regularly partners with local and state police departments to address specific alcohol related problems in communities throughout the Commonwealth.

The Investigative & Enforcement Division has implemented several targeted programs that focus on the prevention of underage drinking, selling to intoxicated individuals, illegal gambling, tax evasion, and the tampering or dilution of alcoholic beverages. These programs are implemented through a three-tier approach of Baseline Enforcement, Data-Driven–Targeted Enforcement, and Enhanced Enforcement strategies and have received the following national recognition for their innovation and effectiveness: National Liquor Law Enforcement Association *Meritorious Service Award for enforcement efforts in Lawrence Massachusetts*; National Liquor Law Enforcement Association *Enforcement Agency of the Year Award*; National Conference of State Liquor Administrators “Innovations in Health and Safety” Award; President’s Award from the National Chapter of Mothers Against Drunk Driving; Recognized as a National Success Story by the United States Justice Department; National Liquor Law Enforcement Association *Agent of the Year*.

In May of 2012, the National Transportation Safety Board (NTSB) heard testimony from the ABCC’s Chief Investigator Frederick Mahony on the role that alcohol law enforcement officers can play in preventing impaired driving. Chief Mahony provided data from Massachusetts which indicated that using PLD data to guide enforcement actions led to a reduction in driving under the influence arrests associated with establishments that were targeted for intervention. As a result of this testimony, the NTSB stated in its Safety Recommendation to the National Highway Traffic Safety Administration (NHTSA), “An essential part of any arrest or accident investigation involving an alcohol-impaired driver should include an assertive effort by law enforcement officers to determine the location where the impaired driver had been served alcohol. This information is useful to state alcohol law enforcement authorities conducting enforcement actions to deter future violations.”

The Investigative & Enforcement Division has put in place several successful initiatives targeting underage drinking: Operation Safe Campus, Operation Safe Prom and Graduation, Operation Safe Summer and Operation Safe Holidays. Since 2005, these programs have resulted in the following cumulative results: 4,983 minors in possession or transporting alcoholic beverages; 2,381 adults procuring alcohol for minors; 569 individuals in possession of false identification; and 2,751 cases of beer and 1963 bottles of alcohol were confiscated by investigators, preventing delivery to approximately 35,286 underage individuals.

Compliance checks of licensed establishments are another tool investigators use to help reduce underage drinking. Since 2008, when the Investigation & Enforcement Division enhanced the compliance check program, it has conducted compliance checks at 11,503 licensed establishments, of which 671 failed (6%). This program has resulted in a 50% decrease in the failure rate since the program began and an average success rate of 95% over five years. In 2013, the agency conducted compliance checks in 251 municipalities across the Commonwealth. There were 2,686 licensed establishments checked, of which 72 failed (3%). This represents an outstanding success rate of 97% and puts Massachusetts well ahead of the national average success rate of 88%.

These are just a few examples of the many things the Investigation & Enforcement Division does. Overall, it has done a lot with very few resources. For more information, please refer to the attached annual report.

Additionally, under M.G.L. Chapter 23K, the ABCC is obligated to provide alcohol enforcement coverage for casino facilities that are expected to be operational within the next few years. Investigators will rotate through the Gaming Liquor Enforcement Unit. These investigators, while assigned to this unit, shall work with the investigations and enforcement bureau employees, under the direction of the Gaming Deputy Director, to enforce, regulate and control the distribution of alcoholic beverages in gaming establishments. While the investigators are assigned to the unit, they will bring any alleged violations that occur in the gaming facility to the Gaming Commission. The leadership team has met several times with the Gaming Commission to review and analyze proposed regulations and staffing models.

The Gaming Commission will reimburse the ABCC for the hours that these investigators work in the gaming unit. Historically, the training process for an investigator typically takes one year before the new employees are fully functional. As a result, if the gaming facilities become operational quickly, our current staffing levels are not adequate to meet this obligation and the agency's current license application investigations and enforcement operations will be severely impacted.

Anticipated Legislation

Uncapping the Quota

M.G.L. c. 138, §17 establishes a limit or "quota" on the number of licenses a community is authorized to issue based on a formula that is tied to its population. By express language in M.G.L. c. 138, §17, "[t]he population of any city or town for the purposes of this section shall be that enumerated in the most recent federal census." The quota exists for on-premises and off-premises establishments.

If a municipality has issued liquor licenses up to or above their quota limit, there is the option to pursue an increase to their quota through special legislation passed through home rule petition. Municipalities have been utilizing this process much more in the past few years to increase the number of retail alcoholic beverages licenses allowed in their city/town.

There have been several bills filed to uncapping the quota. The proponents in favor of this legislation argue that the municipalities are in the best position to determine the appropriate number of licenses within their borders. They also believe that alcoholic beverages licenses are a key economic driver for business growth and increased revenue for local and state government. Opponents are concerned about how an increase in liquor licenses could increase crime, affect overall public safety, and affect surrounding communities of municipalities that have a large number of alcoholic beverages licenses.

25E Exemption

M.G.L. Ch. 138, §25E, regulates the relationship between suppliers of alcoholic beverages and wholesalers. §25E is designed to redress the perceived economic imbalance between suppliers and wholesalers by preventing suppliers from arbitrarily terminating sales to wholesalers. §25E was

apparently adopted to counteract a tendency toward vertical integration in the liquor distribution industry.

There have been bills filed which propose to exempt any “small brewer relationship” from the statutory provisions of §25E. Proponents of the bills argue that these relationships once formed are very difficult to terminate, onerous and bad for economic development. Opponents of the bills argue that the law exists to balance the equities in these relationships. The opponents argue that wholesalers undertake all the inherent risks, costs and marketing associated with bringing a new brand to market. As a result, this law is necessary to protect their assets. There is also an argument that the bills as drafted may violate the commerce clause.

Looking Forward

From January 1, 2011 through December 31, 2013, the ABCC has processed over 77,500 license transactions, conducted over 900 hearings, and issued over 800 violations. The agency was able to accomplish this with one less investigator and one less licensing employee. The improvements made over the past four years created internal efficiencies that assisted in keeping the licensing process on track. The investigators also increased their workload and production efforts in order to keep up with the licensing process. But these stop-gap measures do not sustain long-term accomplishments, and place a burden on all team members.

The agency’s challenges have always involved lack of technology, funding, and resources. The agency is tasked with overseeing every alcoholic beverage license transaction in the Commonwealth, conducting enforcement operations throughout the Commonwealth, and holding hearings regarding appeals, direct violations of the liquor laws, and tax hearings. Every division within the agency is involved at some level with each task. As a result, there is a constant balancing act regarding allocation of the agency’s currently limited resources.

The ABCC will continue striving for efficiency, transparency and ease of use for licensees through streamlined processes and enhanced technology. In the coming four years, the successful implementation of the new eLicensing software and EDM project will be the agency’s primary focus towards attaining those goals. ITD has also recently notified the agency that it has been selected as a pilot program for the implementation of a business wizard.

The ABCC will endeavor to develop a training and outreach program for retail licensees and their employees. This program will be designed to assist licensees in the application process and prevent violations of the Liquor Control Act. The leadership team will begin compiling the information necessary to develop these programs. Thereafter, the team will put together create a guide for licensees and training materials.

Further, the ABCC will continue its efforts toward getting legislation passed for additional criminal offender clearance. In 2010, the agency implemented several changes to enhance criminal background checks including the submission of criminal records for all individuals with a beneficial interest in a license, through electronic processing which provides almost immediate reports. However, the continued inability to access national criminal record information is a major risk for the agency. There is a risk that this agency will license individuals with criminal histories outside of Massachusetts, and

possibly in violation of the applicable statutes. Accordingly, legislation has been filed, but not passed by the legislature as of this date, which would provide the required statutory change.

Finally, the ABCC will endeavor to conduct a complete review of the Liquor Control Act as well as Commission Regulations and provide recommendations that it deems necessary for more current, effective, and efficient regulation of the liquor industry in the Commonwealth.

However, some or all of these goals may be in jeopardy due to a lack of staffing and resources. The current staffing level requires a constant balance of license application investigation assignments, special investigations and enforcement assignments. Some of the staffing constraints include the need for at least two Investigators per team for enforcement operations (for obvious safety concerns), with more than two for high crime areas, as well as the need for a well-balanced distribution of license application investigations to maintain an acceptable completion time. This balance is impacted by special investigations, which the ABCC is statutorily mandated, that may require time intensive investigation into complex issues, where it is necessary to decrease the caseload of the assigned Investigators and increase the caseload of others.

The ABCC is committed to building staff levels, which should ensure a faster licensing process and an increase in enforcement operations. The agency's basic needs include a budgetary appropriation commensurate with the proposed staffing level. This allocation must include monetary increases that account for the collective bargaining agreements. Historically the agency's appropriation has been either decreased or level-funded. As the ABCC is a union employer, all employees other than management receive annual step increases. As a result, level funding of the agency does not insure an appropriation that matches the annual payroll requirements of the staff. The Commission must always be cognizant of this reality.

The ABCC believes that proper training and development are critical to future growth. The training process typically takes one year before the new employees are fully functional. However, as we hire additional resources, we expect to see the licensing timeframe decrease and enforcement operations increase gradually throughout the year. As an example, in 2011 the ABCC hired two Investigators, which resulted in an almost immediate 20% reduction in license application caseload as well as a similar decrease in the turnaround time for a future business to complete the licensing process.

Projected Staffing and Resource Challenges

Recent "Casino" legislation will require staffing for as many as three casinos and one slot location. Research into casino alcohol enforcement operations and staffing in other states indicates that this may require 3-5 Investigators per location, and that these Investigators will be assigned solely to casino operations with no assignment to commission license application investigation assignments, special investigations or enforcement assignments.

The Ripples Resource plan clearly states that additional resources are required for more effective state coverage. The plan recommends adding up to 20 investigators to put the agency on par with the national median. The report indicates that this will result in improved public safety, a faster turnaround on license applications. It notes that an increase in resources lowers risks and liabilities by allowing the agency to create a rank structure, deploy larger teams in high risk situations, and provide the ability to

rotate geographies. The report also recommends hiring an additional 1-3 licensing staff. The staff currently processes about 5,600 transactions annually per FTE (including supervisor). In addition, other resources that may be needed are 3-4 IT people, 1 communications person, 1 additional attorney, 2-3 administrative assistants, and 1 training individual.

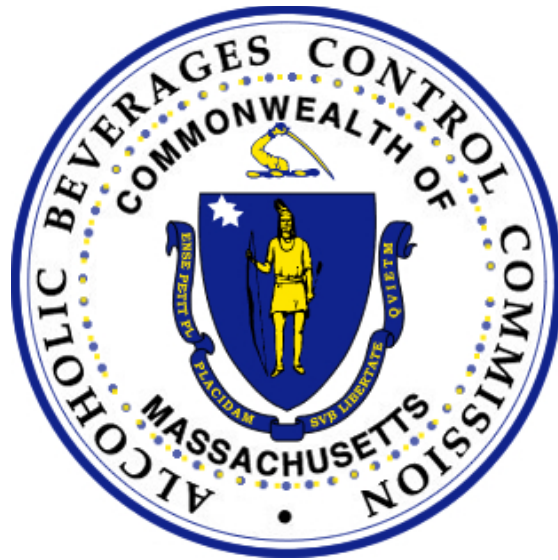
These investigator staffing increases would allow the agency to assign 10 Investigators to full time duty dedicated to license application investigations, which, while maintaining the same number of Investigators assigned to this duty, will increase the dedicated time per week by approximately 40% with an estimated identical decrease in turnaround time. It is further expected that this specialization will improve the quality, consistency and thoroughness of the investigation process.

It would also allow the agency to assign 20 Investigators to full time duty dedicated to investigation and enforcement operations as well as special investigations as described above, which will increase enforcement coverage by approximately 50% allowing for faster response to complaints and requests for assistance from police departments. This increase will also provide staffing for specialized investigations that currently require resources to be pulled from basic license applications investigations as well as enforcement.

Conclusion

The ABCC has been upholding M.G.L. Chapter 138 through licensing and enforcement for over 80 years. Through the collaborative efforts of the agency and the Commonwealth, the ABCC looks forward to building upon its strong foundation and becoming a national model for efficiency and productivity in the years to come.

Attachment:
Annual Report



Investigation and Enforcement Division

2013 Annual Report

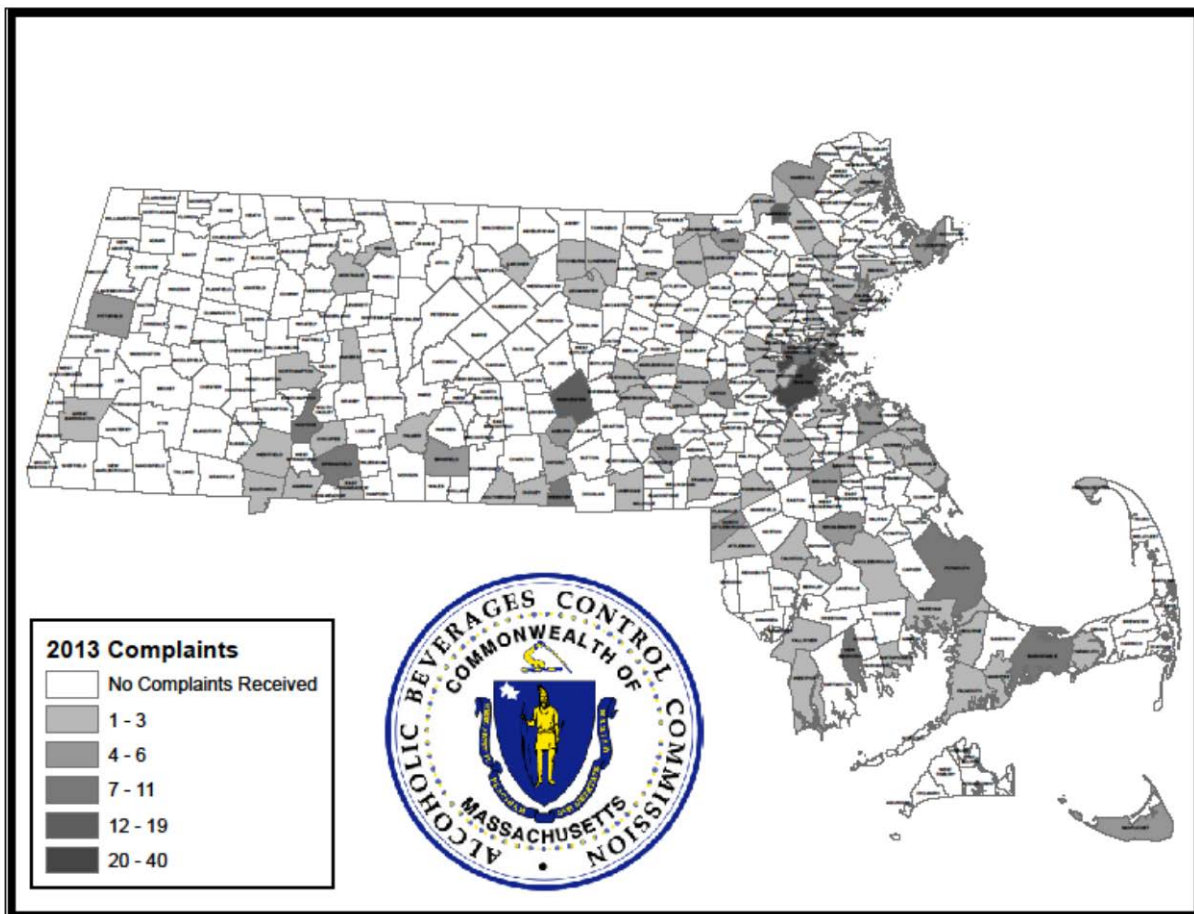
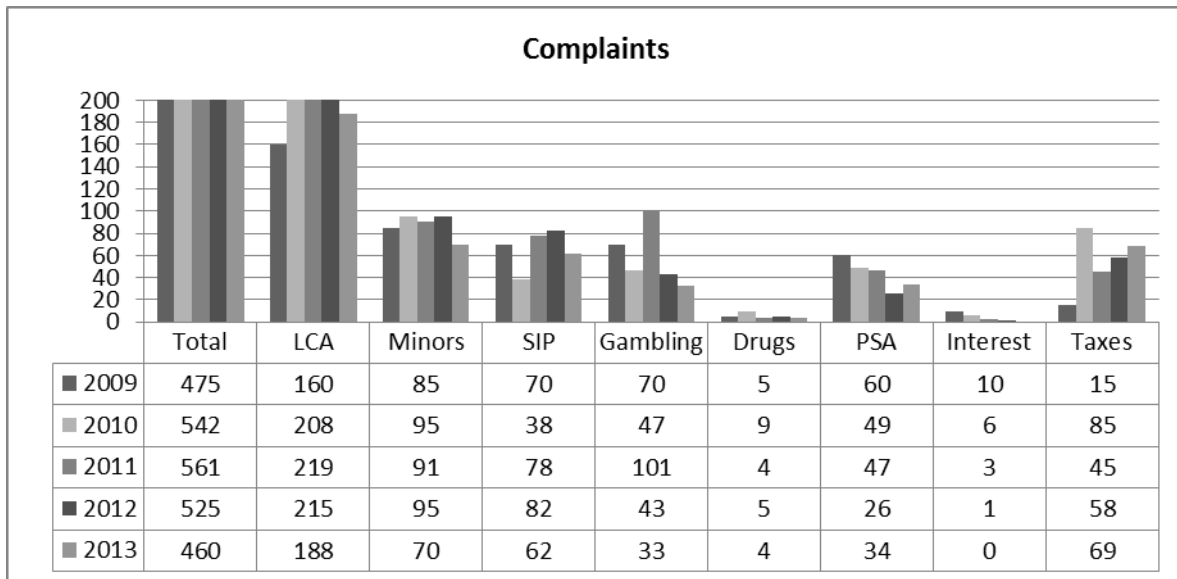
Special Investigators of the Investigation and Enforcement Division are appointed by the Commission pursuant to Massachusetts General Laws Chapter 10 §72. As such, these Investigators are authorized and directed, pursuant to Massachusetts General Laws Chapter 138 §56, to make all needful and appropriate investigations to enforce the Liquor Control Act.

Pursuant to this statutory mandate the Investigation and Enforcement Division established the following objectives: 1) To prevent the sale or delivery of alcoholic beverages to underage individuals; 2) To prevent the sale or delivery of alcoholic beverages to intoxicated individuals and potential impaired drivers; 3) To prevent the sale of alcoholic beverages that are illegally imported or purchased from an illegal source, allowing for tax evasion by the licensee, and to prevent the tampering or dilution of alcoholic beverages; 4) To prevent illegal gambling, particularly electronic gambling devices; 5) To prevent the sale, delivery or use of illegal narcotics on licensed premises; 6) To prevent undisclosed ownership of licensed establishments by individuals or criminal organizations; and 7) To provide suppliers, wholesalers and retailers of the alcoholic beverage industry with a fair and even playing field to conduct their licensed business.

A study of arrest data has established that seventy five to eighty percent of violent crimes such as assaults and domestic violence are alcohol related. It is the overall objective of this Division to impact public safety and the quality of life in our communities through effective liquor enforcement strategies aimed at reducing the number of alcohol related crimes and traffic crashes. This Division has established effective enforcement programs and regularly partner with local and state police departments to address specific alcohol related problems in communities throughout the commonwealth. These programs have received the following national recognition for their innovation and effectiveness: 2011-National Liquor Law Enforcement Association *Meritorious Service Award for enforcement efforts in Lawrence Massachusetts*; 2008-National Liquor Law Enforcement Association *Enforcement Agency of the Year Award*; 2007-National Conference of State Liquor Administrators "Innovations in Health and Safety" Award; 2005-President's Award from the National Chapter of Mothers Against Drunk Driving; 2004-Recognized as a National Success Story by the United States Justice Department; 2004-National Liquor Law Enforcement Association *Agent of the Year*.

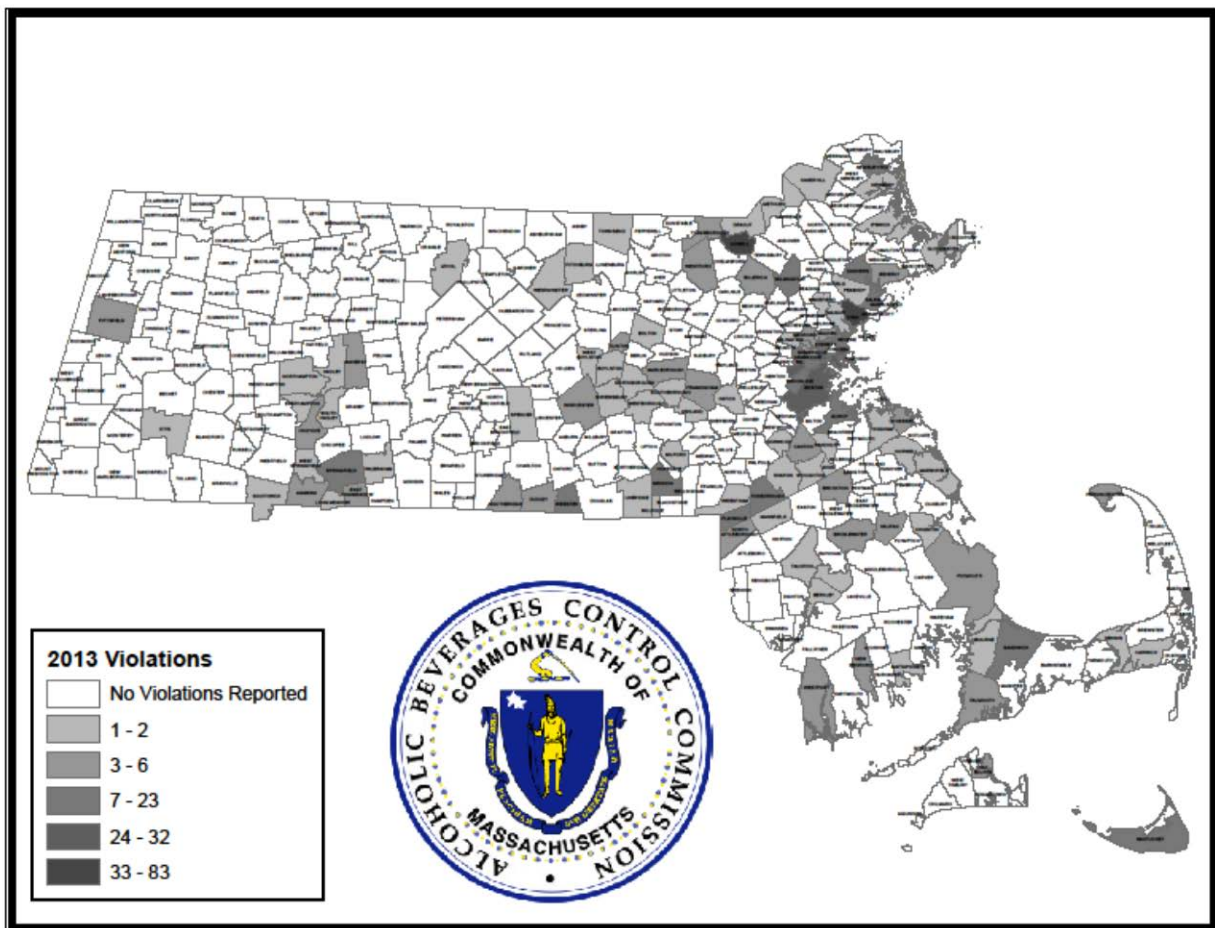
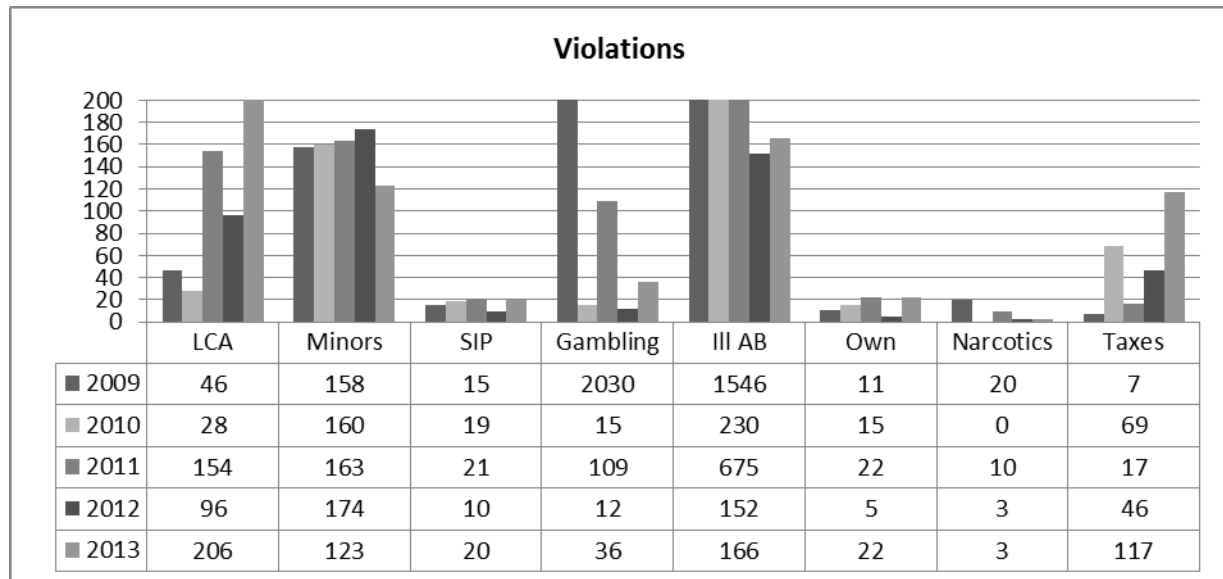
Complaints

In 2013 464 complaints filed with the Commission were investigated and closed. The Enforcement Division receives complaints from the general public, municipal and state police, as well as various public interest groups. These complaints range from underage drinking, sale of alcohol to intoxicated individuals, illegal gambling activity, illegal alcoholic beverages and illegal narcotics activity.



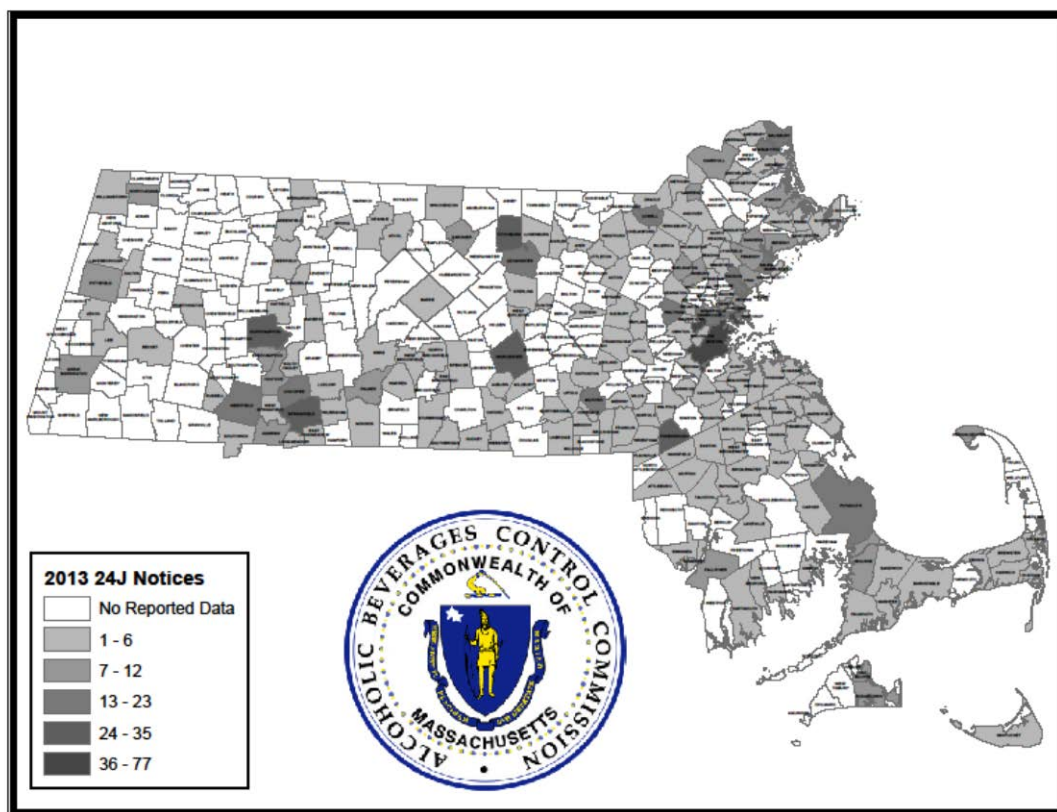
Liquor Control Act Violations

In 2013 the Enforcement Division conducted enforcement operations in over 200 municipalities throughout the commonwealth. Investigators observed approximately 689 violations of the Liquor Control Act for which over 267 reports were submitted to the Commission for prosecution. These violations ranged from sale of alcohol to underage individuals, sale of alcohol to intoxicated individuals, illegal gambling, illegal alcoholic beverages, illegal narcotics activity and criminal ownership interests at licensed premises.



Data Driven Impaired Driving Prevention

Each year OUI reports are filed with the Commission pursuant to Massachusetts General Laws Chapter 90 §24J, which requires that “In every case of a conviction of or a plea of guilty to a violation of operating a motor vehicle under the influence of intoxicating liquor, *the court shall inquire of the defendant, before sentencing, regarding whether he was served alcohol prior to his violation of said section at an establishment licensed to serve alcohol on the premises and the name and location of said establishment. Any information so acquired by the court shall be transmitted to the alcohol beverage control commission*”. In 2013 there were approximately 2000 OUI reports filed with the Commission.



In order to optimize resources, the ABCC Enforcement Division utilizes this data to identify the bars that are repeat offenders or have the highest number of 24J reports and thus pose the highest risk to public safety. In addition to this data, Investigators respond to requests for assistance from municipal police departments and also focus on bars they know to be problematic relative to the over serving of patrons. The Enforcement Division then conducts enforcement operations at these bars. If the bar serves alcohol to an obviously intoxicated individual, the Investigators charge the bar with violation of MGL Chapter 138 §69 and arrange for safe transportation or protective custody for the intoxicated individual. Enforcement Division data indicates that this enforcement technique results in a dramatic reduction (as high as 95%) in the number of OUI's originating from the bars that are subject to this intensive enforcement and charged with violating Massachusetts General Laws Chapter 138 §69. In 2012 – 2013, approximately 35 charges were brought against these “worst offender” bars. The Enforcement Division continues to conduct follow up enforcement at these establishments.

The National Transportation Safety Board (NTSB) held hearings in May of 2012, where Chief Frederick Mahony presented information on the role that alcohol law enforcement officers can play in preventing impaired driving. Chief Mahony provided data from Massachusetts that indicated that using PLD data to guide enforcement actions led to a reduction in driving under the influence arrests associated with establishments that were targeted for intervention. As a result of this testimony, the NTSB stated in their Safety Recommendation to the National Highway Traffic Safety Administration (NHTSA), “An essential part of any arrest or accident investigation involving an alcohol-impaired driver should include an assertive effort by law enforcement officers to determine the location where the impaired driver had been served alcohol. This information is useful to state alcohol law enforcement authorities conducting enforcement actions to deter future violations.”

Enhanced Liquor Enforcement Programs

Massachusetts has one of the lowest ratios of enforcement agents to licensees in the country. Enhanced Liquor Enforcement Programs have been crucial to the public safety of the commonwealth, in preventing the illegal purchase of alcoholic beverages by or for underage individuals.

Operations Safe Campus: The objective of this operation is to prevent the procurement of alcoholic beverages by and for underage individuals in and around college communities throughout the commonwealth. The Enforcement Division conducts enhanced enforcement operations at bars and liquor stores in college communities over a 6-week period at the beginning of each school year.

Operation Safe Prom and Graduation: The objective of this operation is to prevent the procurement of alcoholic beverages by and for underage individuals during the high school and college prom and graduation seasons. The Enforcement Division conducts enhanced enforcement at liquor stores in communities across the commonwealth over an 8-week period during May and June.

Operation Safe Summer: The objective of this operation is to prevent the procurement of alcoholic beverages by and for underage individuals as well as the sale of alcohol to obviously intoxicated individuals in summer communities throughout the commonwealth. The Enforcement Division conducts enhanced enforcement operations at bars and liquor stores in summer communities over a 6-week period during July and August.

Operations Safe Holidays: This program consists of two separate operations. The “Last Call” operation targets specific bars that have been identified, pursuant to MGL Chapter 90 § 24J, as having been the last establishment to serve alcoholic beverages to a convicted impaired driver. This operation focuses on preventing intoxicated individuals from getting on the road as well as deterring bar owners from serving the potential impaired drivers. The “Cops in Shops” operation is to prevent the procurement of alcoholic beverages by and for underage individuals during the holiday season. The Enforcement Division conducts this enforcement at bars and liquor stores in communities across the commonwealth from Thanksgiving through December 31st each year.

Parent Notification Program: The Enforcement Division implemented its “parent notification” program in 2005 and has found it to be a tremendous success. Investigators call parents from liquor store parking lots or bars and inform them of the situation in which their child is involved. Investigators have found that this type of intervention is a powerful tool toward family involvement in addressing the problem of underage drinking.

In 2013 the Enforcement Division conducted these programs with the following results: 733 minors in possession or transporting alcoholic beverages; 262 adults procuring alcohol for minors; 78 individuals in possession of false identification; and 403 cases of beer and 399 bottles of alcohol were confiscated by Investigators. Based on the standard for determining “binge drinking”, this prevented delivery to approximately 5,602 underage individuals.

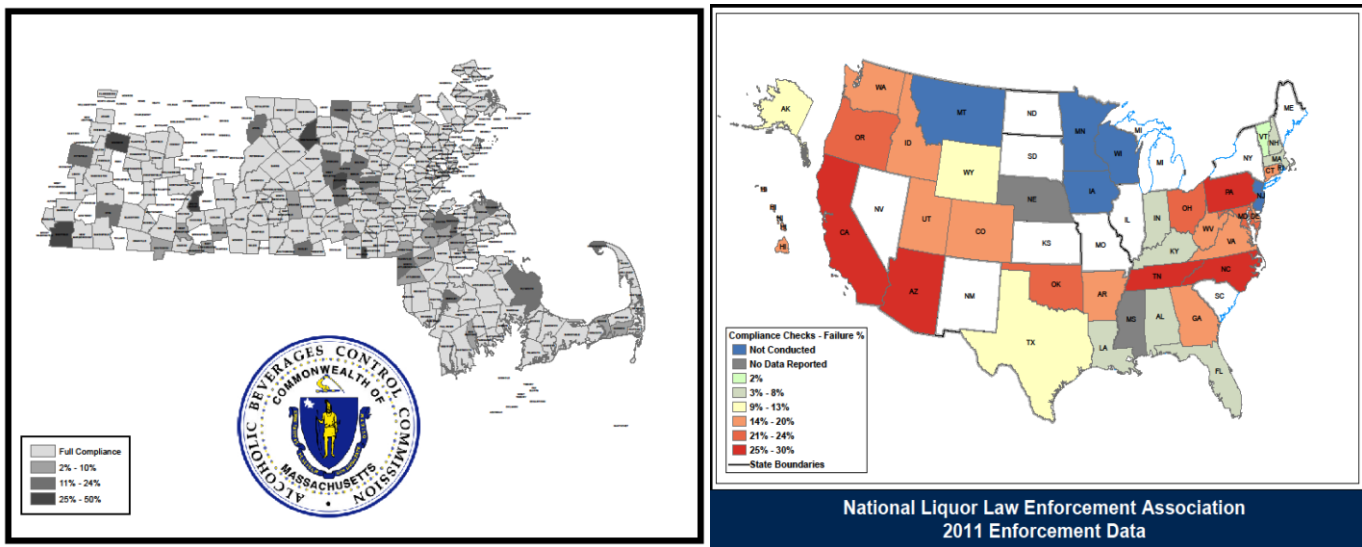
Since 2005 these programs have resulted in the following cumulative results: 4983 minors in possession or transporting alcoholic beverages; 2381 adults procuring alcohol for minors; 569 individuals in possession of false identification; and 2751 cases of beer and 1963 bottles of alcohol were confiscated by Investigators, preventing delivery to approximately 35,286 underage individuals.

Compliance Checks and Underage Drinking Prevention Enforcement

The objective of this operation is to prevent the sale of alcoholic beverages to underage individuals by licensed establishments throughout the Commonwealth. The primary focus is to educate licensees and to increase their vigilance in the checking of identification.

Since 2008, when the Enforcement Division enhanced the compliance check program, it has conducted compliance checks at 11503 licensed establishments, of which 671 failed (6%). This program has resulted in a 50% decrease in the failure rate since the program began and an average success rate of 95% over five years.

In 2013, the agency conducted Compliance Checks in 251 municipalities across the commonwealth. There were 2686 licensed establishments checked, of which 72 failed (3%). Of these licensees, there were 1098 off-premise licensees checked of which 45 failed (4%); and 1598 on-premise licensees checked of which 37 failed (2%). This represents an outstanding success rate of 97% and puts Massachusetts in front of the national average success rate of 88%.



Illegal Gambling Enforcement

The Enforcement Division has conducted numerous enforcement operations against illegal gambling at bars throughout the commonwealth. The primary focus of these investigations is the illegal use of video poker devices for the purpose of gambling.

These devices can be set to pay out winnings at a rate as low as 65% of the monies deposited and this agency receives numerous complaints from individuals whose family members have lost large sums of money.

In addition, the ABCC looks to maintain a level playing field among all bar owners. For example, if a bar were profiting \$5000.00 per week from illegal poker machines, a neighboring bar would have to produce approximately \$50,000.00 per week in sales to be competitive.

The ABCC estimates that each bar that illegally operates these machines, and the vending companies that supply them, garner between \$3,000 and \$10,000 per week. At one bar Investigators uncovered information detailing gambling income of \$1,400,000 with a net profit of \$400,000 annually over a ten year period.

In 2013 the Enforcement Division brought 40 illegal gambling charges against 23 bars and liquor stores. Since 2004 the Enforcement Division has filed approximately 2300 counts of illegal gambling against bars and liquor stores throughout the commonwealth.

Cooperative Enforcement Operations with Municipal and State Law Enforcement

The Enforcement Division works in cooperation with municipal and state law enforcement agencies in order to obtain optimal enforcement coverage. Most often these efforts are generated from requests for assistance from municipal police chiefs who have problematic licensees in their communities. Further, when a complaint is received at the ABCC, Investigators reach out to police departments to conduct cooperative enforcement operations when feasible.

In 2013 the Enforcement Division worked in cooperation with the State Fire Marshall to ensure compliance with the Massachusetts Fire Code, particularly at large venues where overcrowding and improper fire prevention measures have been problematic. This joint effort will be continuous, as both agencies are making every effort to conduct this enforcement as often as possible with staffing and budget constraints.

In 2013 the Division conducted enforcement operations at the Comcast Center in Mansfield. At the beginning of the concert season, communication was established relative to upcoming events where Mansfield Police would request ABCC enforcement support. Concert dates were selected based on historical problems at the venue when a particular act is featured. ABCC enforcement includes area liquor stores prior to the parking lot opening, parking lot enforcement up until the beginning of the concert and then enforcement within the licensed premises. This enforcement operation resulted in: 129 minors in possession of alcohol; 29 furnishing alcohol to minors; 15 intoxicated or incapacitated assists as well as the seizure of 32 bottles of alcohol and 110 cases of beer, resulting in the prevention of delivery to approximately 1270 underage individuals.

In 2013 the Division, in cooperation with Foxboro Police, conducted alcohol enforcement operations at the Country Music Festival at Gillette Stadium. The results of this enforcement operation included: 50 minors in possession of alcohol; numerous arrests; 5 medical assists; 5 intoxicated or incapacitated assists as well as the seizure of 6 bottles of alcohol and 12 cases of beer, resulting in the prevention of delivery to approximately 108 underage individuals. The enhanced enforcement of all agencies resulted in a marked improvement over the 2012 event.

Training of Municipal and State Law Enforcement

The Enforcement Division works in a concerted effort with Massachusetts Police Academies and Municipal Police Departments to train municipal and state law enforcement officers in the enforcement of the Massachusetts Liquor Control Act as well as False Identification and Fraudulent Document detection. This training enhances the prevention of underage drinking and impaired driving by developing municipal police department knowledge of and involvement in liquor law enforcement.

The Enforcement Division conducted Training Sessions for 1081 Officers in 2009; 729 Officers in 2010; 601 Officers in 2011; 409 Officers in 2012 and 1460 Officers in 2013

Illegal Ownership / Control Enforcement

In 2013 the Enforcement Division conducted several investigations into unlawful ownership or control over bars and liquor stores throughout the commonwealth. Investigators endeavor to ensure that licensees have disclosed all persons who have a direct or indirect financial or beneficial interest in a license, and to prevent individuals or organizations from controlling a licensed business for unlawful purposes.

License Application Investigations

In 2013 the Enforcement Division completed 2988 investigations of license applicants, with an average completion time of 17 days.

2013 Investigator Training

Training of Investigators is a priority in the development of the Enforcement Division to meet its overall objective to impact public safety and the quality of life in our communities through effective liquor enforcement strategies aimed at reducing the number of alcohol related crimes, traffic crashes and tragedies. Each year, Investigators are assigned to attend classes and seminars that will enhance their ability to reach this objective. In 2013, the following training was conducted:

- Massachusetts Police Training Committee In-Service training at the Plymouth Police Academy that included training and certification in the following areas: CPR / First Responder; Criminal Procedure; Motor Vehicle Law; Domestic Violence; and Defensive Tactics. Defensive Tactics training included; Use of Force, Baton, OC and handcuffing techniques.
- Massachusetts Alcoholic Beverages Control Commission In-Service training that included training in the following areas: MGL Chapter 138 and associated case law; Commonwealth of Massachusetts Regulations; Policy and Procedure; Field Contacts; Use of Force policy; §69 Investigations; Fraudulent Identification; Licensed premises Investigations; Evidence Procedures; and Electronic Gambling Devices.
- Defensive Tactics conducted monthly by the Massachusetts State Police Academy in New Braintree.
- Firearms Training and Qualification conducted by the Massachusetts Police Training Committee.
- Field Training Officer certification at the Massachusetts State Police Academy in New Braintree.
- MPTC Instructor Training at the Massachusetts Police Training Committee Academy at Plymouth.
- Narcotics Investigations at the Massachusetts Police Training Committee Academy in Plymouth
- Standardized Field Sobriety at the Massachusetts Police Training Committee Academy in Plymouth.
- Money Laundering Investigations conducted by the New England State Police Intelligence Network.
- Municipal Police Training Committee Executive Seminar Series conducted at the Plymouth Academy.
- Leadership Training conducted by the New Hampshire Liquor Control Board.
- Microsoft Office conducted by the Office of the State Treasurer.
- Chief Mahony attended the Alcohol Police-16 conference in Washington D.C., which focuses on strengthening the understanding of sound, evidence-based public policy in preventing and reducing alcohol-related problems and advancing rational alcohol policies, with an emphasis on offsetting the public costs of alcohol use, by illuminating and influencing policy-making processes at local, state, regional and national levels.

Attachment:
Strategic Plan



The Commonwealth of Massachusetts Alcoholic Beverages Control Commission

ABCC

Present & Future: Strategic Plan 2013

August 26, 2013

The Ripples Group

Executive Summary

- Much progress in recent years. ABCC easily pays for itself while playing an increasingly effective role in public safety and providing valuable services to its stakeholders*.
- More can be accomplished in public safety and service levels to stakeholders.
- To accomplish its strategic priorities, however, ABCC needs **a step-change increase in resources**:
 - More staff, especially investigators
 - Better technology, especially e-filing
- Given the high cost of alcohol related accidents and injuries in MA, the investment in ABCC is likely to have very high returns.

*Key stakeholders: Licensees (manufacturers, wholesalers, retailers), Local Licensing Boards, and Local Law Enforcement

Contents

- ABCC's Mission, Role & Success Measures
- The Current Reality
- 3-Year Strategic Priorities
- Resource Plan

ABCC's Mission

Promote and protect public safety through effective licensing, enforcement, and supervision of the alcoholic beverages industry in the Commonwealth.

ABCC's Role

Licensing

- Alcohol related businesses follow applicable laws
- Applicants meet statutory requirements
- Insure licensees comply with tax laws

Enforcement

- Violations of the law are acted upon
- Further violations are deterred
- Public safety is enhanced

Training & Technical Assistance

- Training/TA provided to:
 - Local boards
 - Licensees
 - Law enforcement

Dispute Resolution

- Disputes are resolved fairly and expediently
- Facilitation of tax collection
- Ensure licensees throughout the Commonwealth are treated consistently

Regulatory Authority

- New rules and regulations are developed as needed

Legal Services

- Expertise provided to Legislators and AG on alcohol related matters
- Expertise provided to LLAs
- Expertise provided to Licensees
- Expertise provided to License Applicants

Overall Success Measures

Promote and protect public safety through effective licensing, enforcement, and supervision of the alcoholic beverages industry in the Commonwealth.

- **Public Safety**
 - **Outcomes:** reduction in number and severity of alcohol related incidents in licensed establishments, licensee compliance with the law.
 - **Process measures:** improved success rate in compliance checks, fewer violations
- **Stakeholder Satisfaction**
 - Timely service to licensees and local licensing boards
 - Fair and accurate decisions
 - Professional & friendly service
 - Effective collaborations with local law enforcement
- **Employee safety, morale and satisfaction**

How do we measure operational progress?

Licensing

- Accuracy of applications
 - % of returns to investigators
 - % of returns to licensees
 - % of returns to LLAs
- Speed of transactions
 - avg. turnaround time
 - pending over 30 days
- Quality of customer service/ease of working with ABCC

Enforcement

- Enforcement scope:
 - Geographical liquor law enforcement coverage
 - Enforcement operations results
 - Maintenance/improvement in the compliance check success rate
- Enforcement speed:
 - Response rate to public safety geared complaints & 24Js
 - Response to requests for support from municipal police departments
- Quality and quantity of prosecutions
- Training and safety of personnel

Training & Technical Assistance

- Quantity and quality of trainings for:
 - Attorneys
 - Local enforcement
 - LLAs
 - Licensees
- Number of people trained

Dispute Resolution

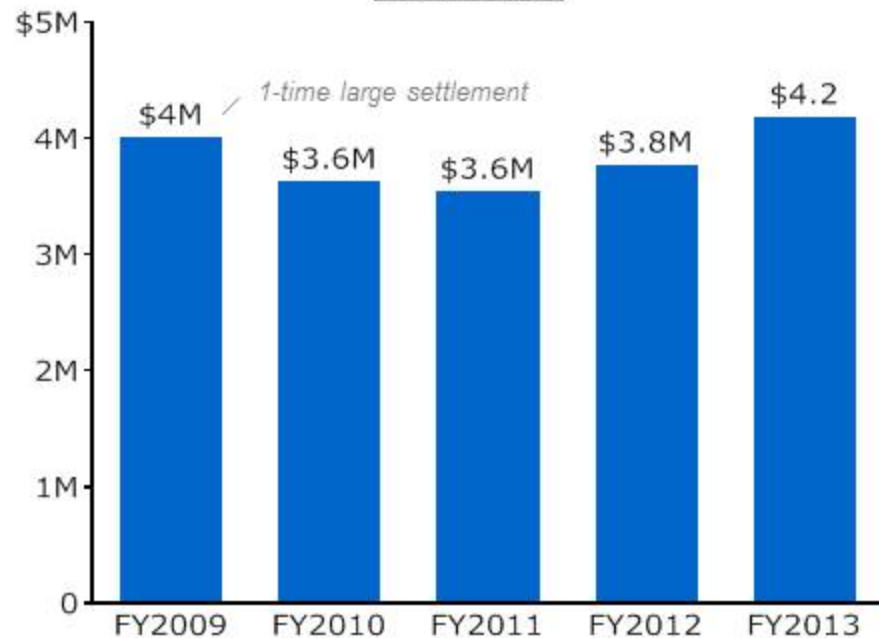
- Quality of decisions
- Time to hearing
- Time to decision
- Ease of working with ABCC

Contents

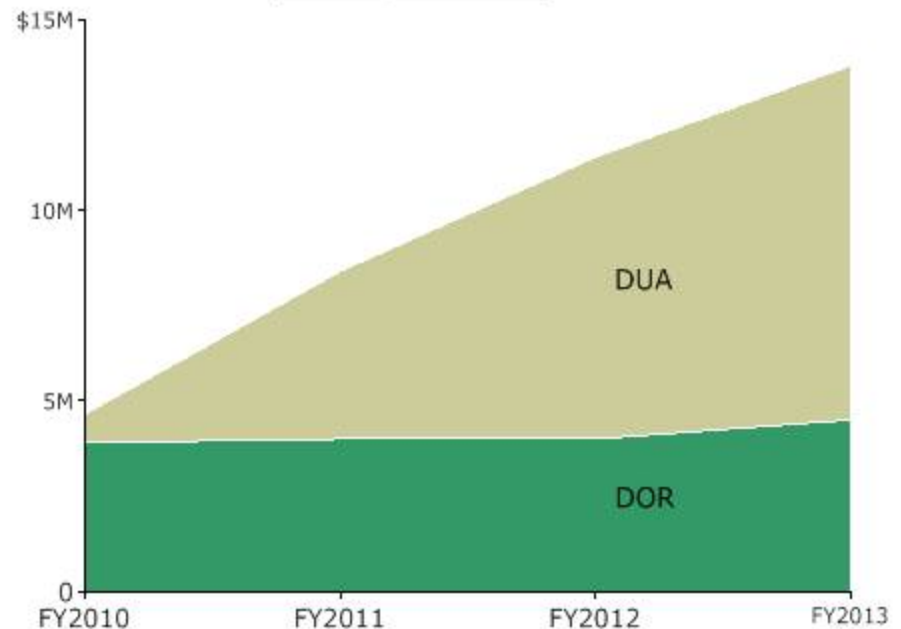
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Revenues increased 15% since 2010, tax collections have more than tripled

Revenues



Taxes Collected

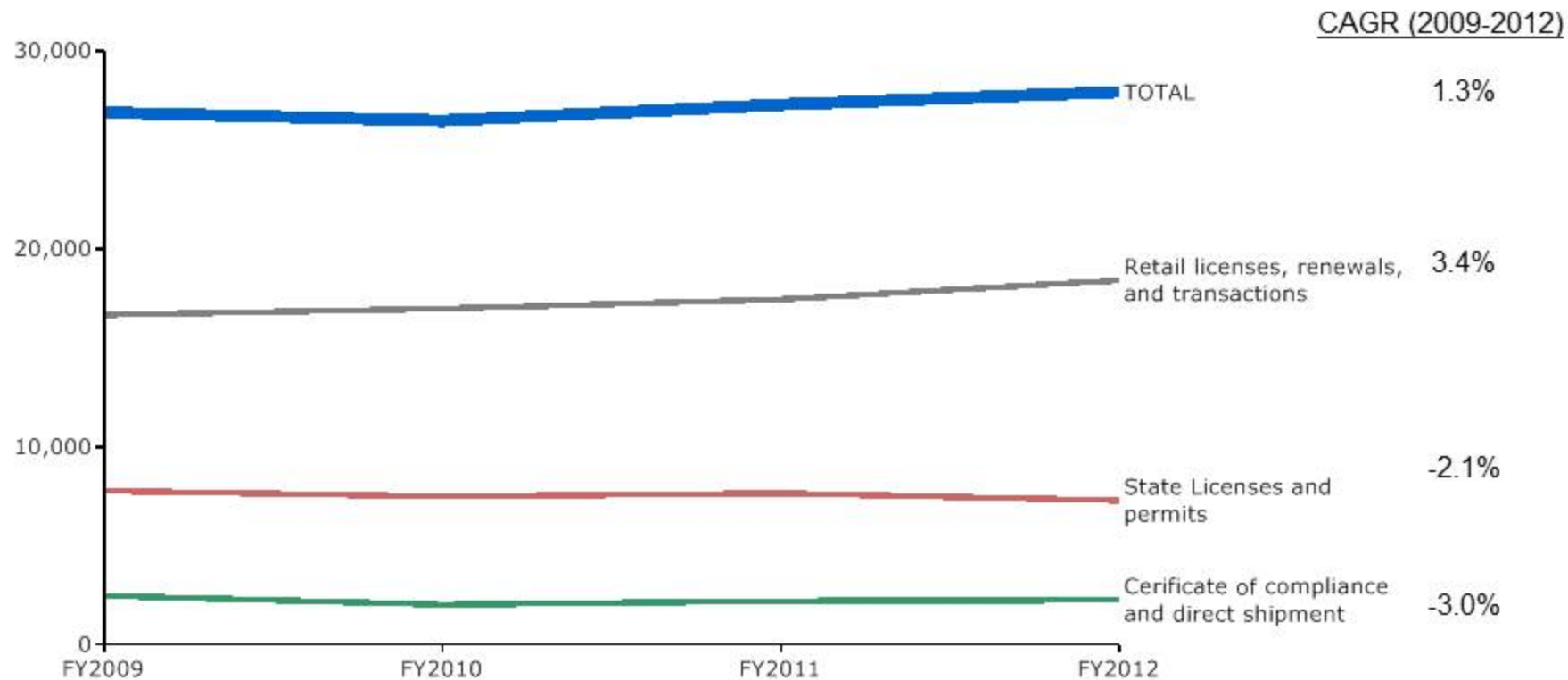


ABCC generating revenues many times its budget!

Source: ABCC Annual Reports 2006-2012

License transactions have been slightly increasing...

License Transactions



Source: ABCC Annual Reports 2009-2012

... License turnaround has accelerated but constantly looking for ways to improve

- Web-based standard forms
- Improved process
- 2 extra investigators assigned
- License tracking system



Applications (without exceptions) turned around in 3-5 weeks on average (compared to 6-8 weeks in 2009)



Further improvement potential

- E-licensing system
- Electronic document management
- Staff expansion/increased flexibility
- DOR reviews in advance
- Further reduction in application turnaround time, some as promptly as one day

Enforcement caseload has also increased...

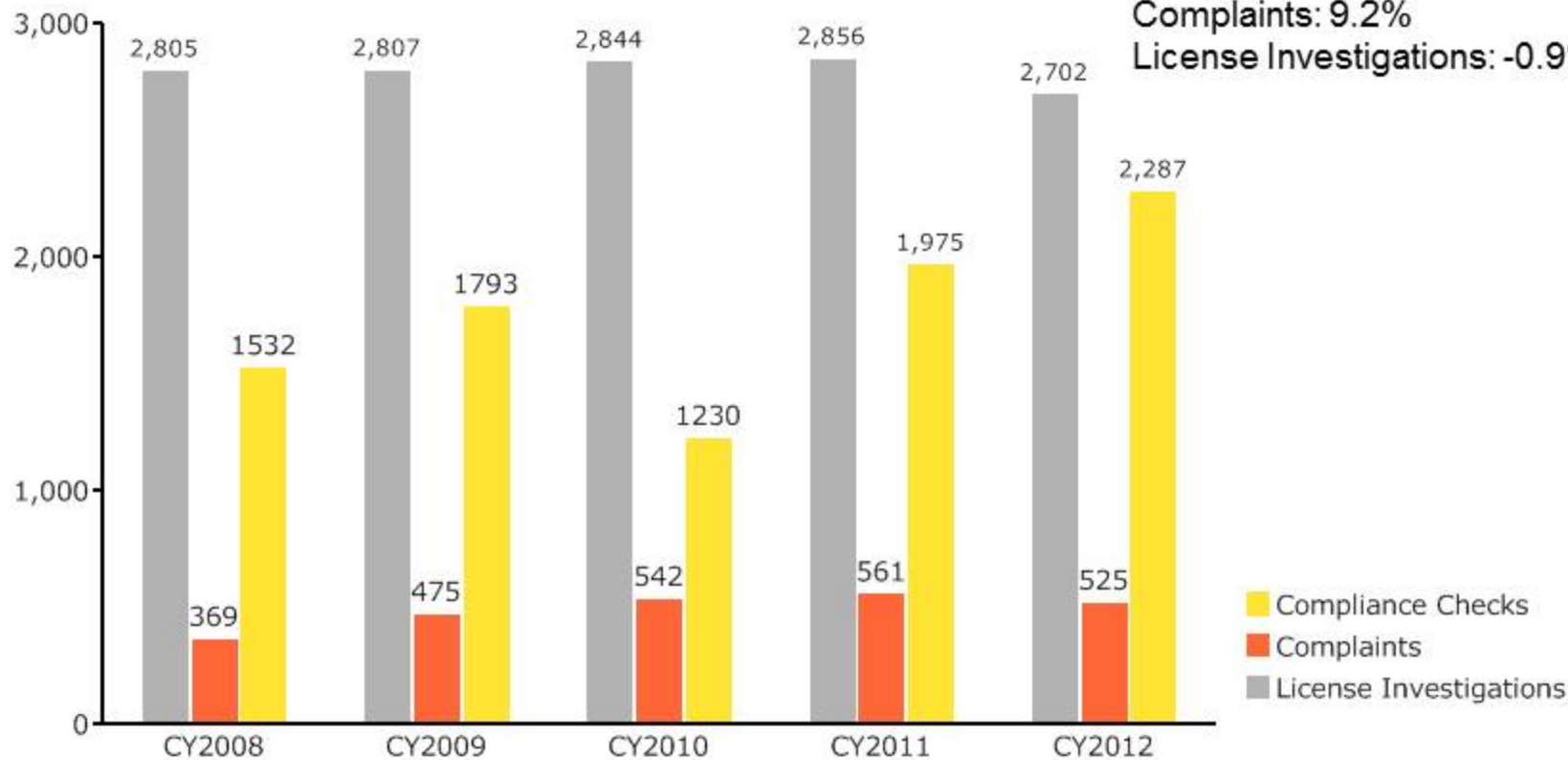
Enforcement Activities

CAGR 2008-2012

Compliance Checks*: 10.5%

Complaints: 9.2%

License Investigations: -0.9%

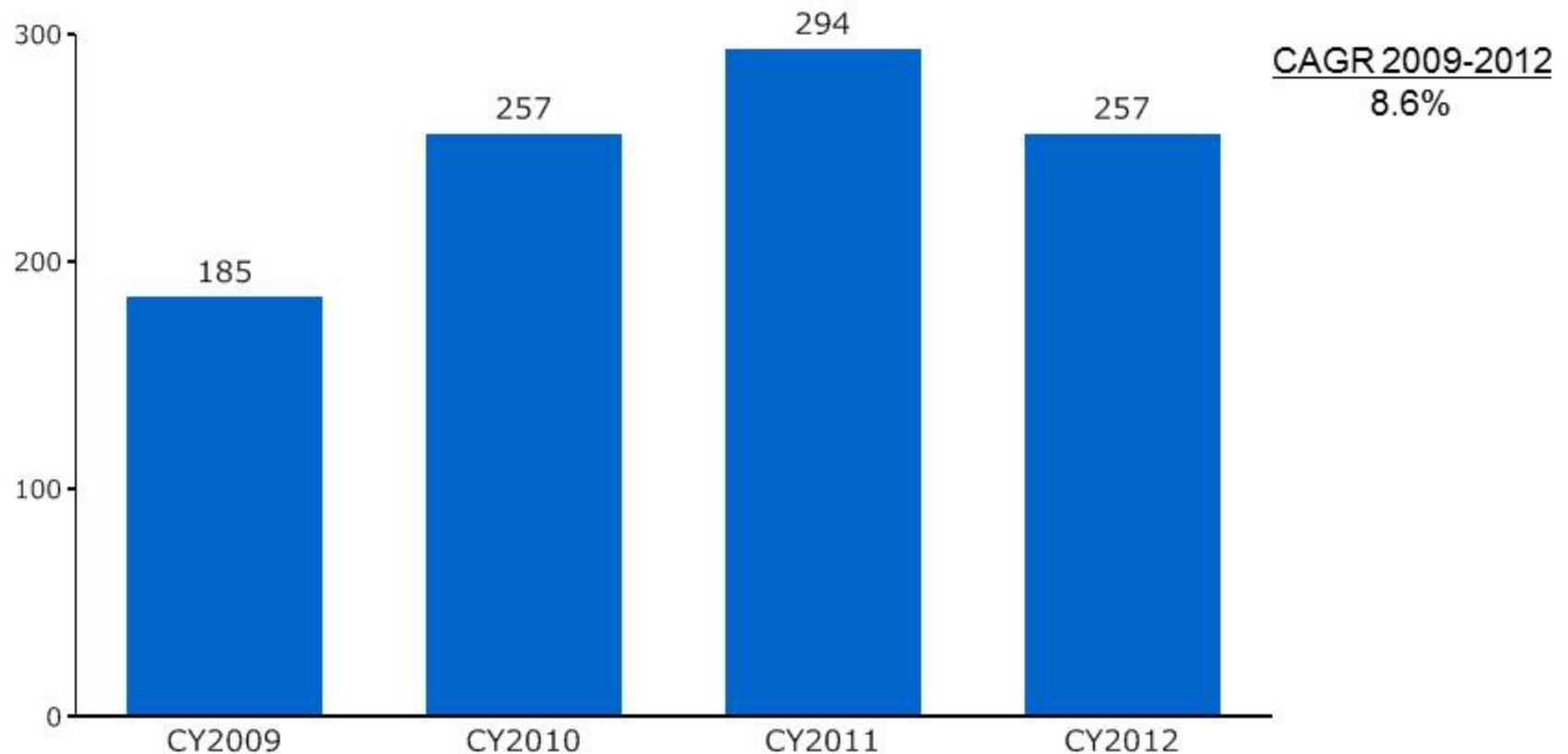


Source: ABCC Annual Reports 2008-2012

*Compliance checks are paid for by federal funding

... which has led to increased violations...

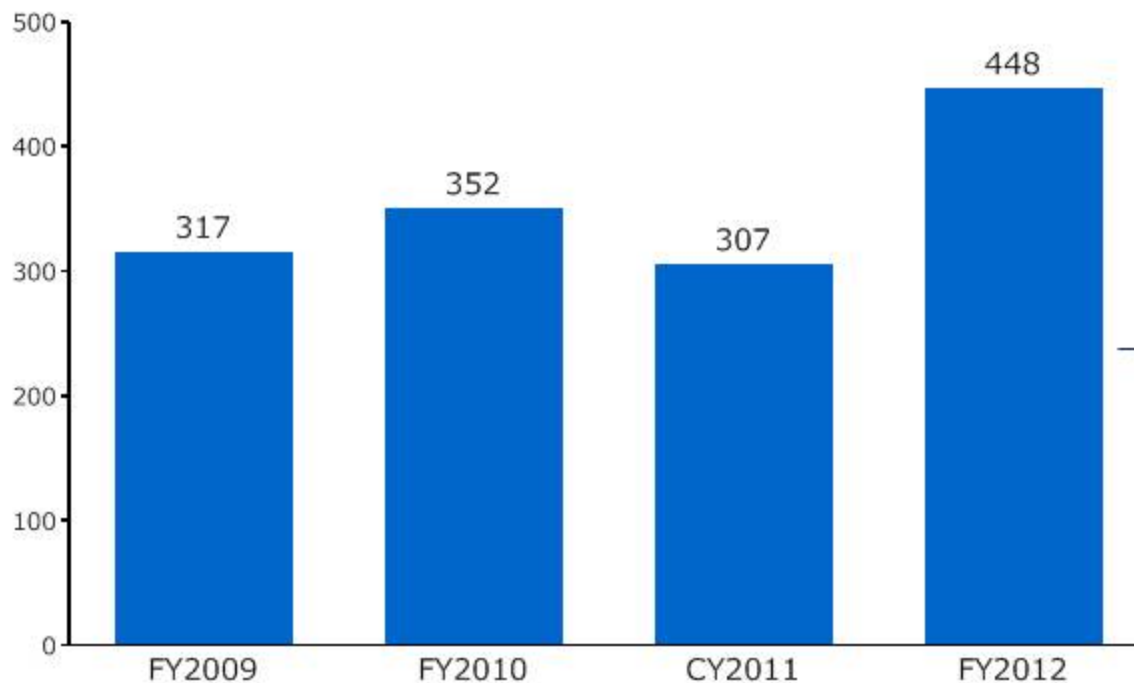
Violation Reports



Source: ABCC Annual Reports 2009-2012

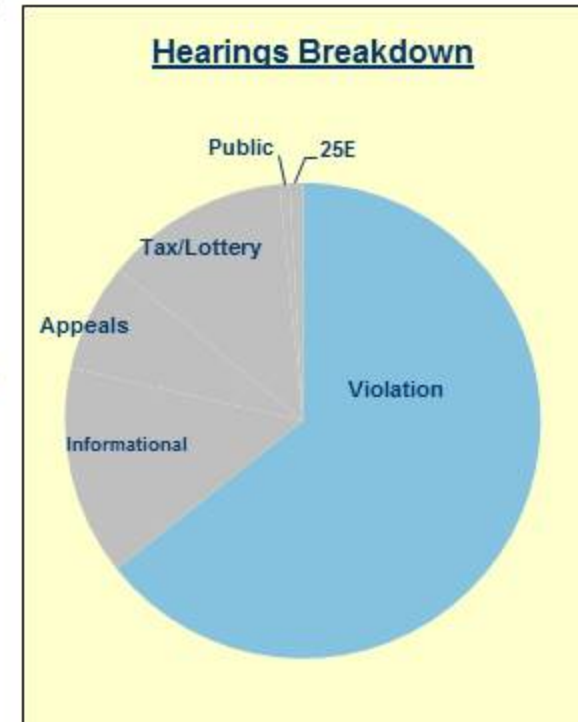
Almost 50% more hearings in the last year...

Hearings Conducted



CAGR 2009-2012

12.2%

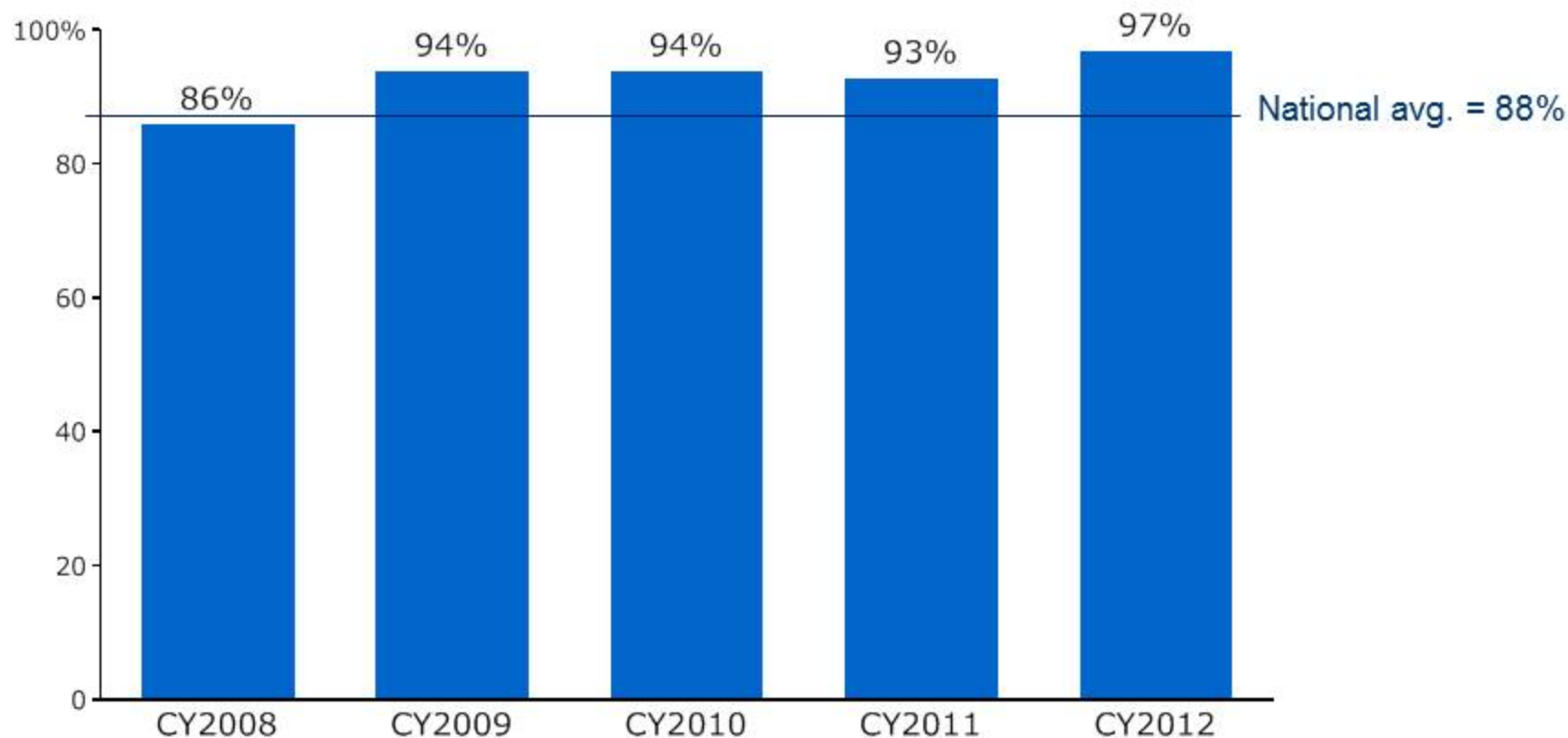


Source: ABCC Annual Reports 2009-2012; ABCC analysis

*2011 data is based on CY

Significant improvement in success rates in compliance checks*

Success Rate

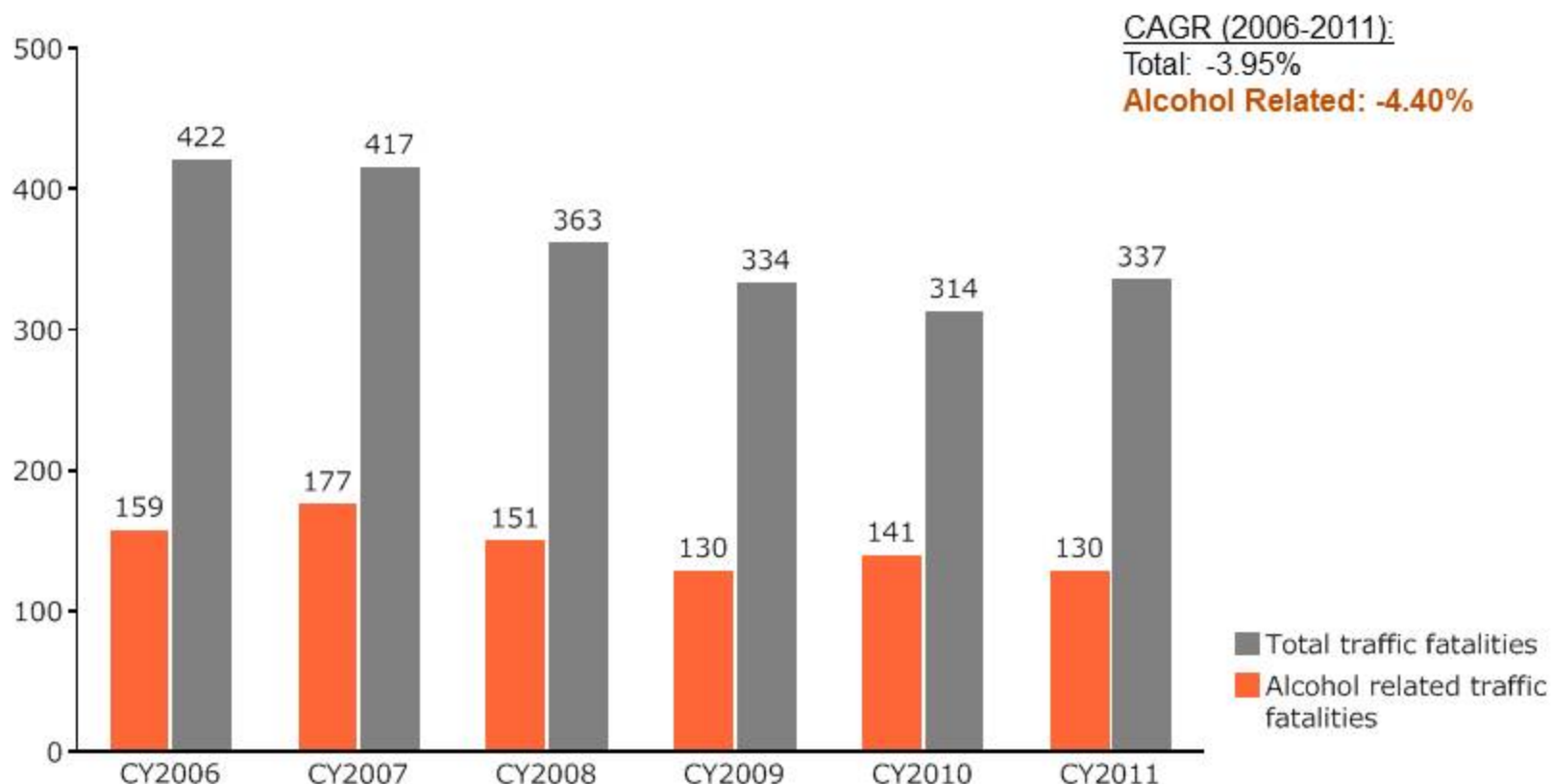


Source: ABCC Annual Reports 2008-2012

*Compliance checks are supported by federal funding

Alcohol related accidents declining but still over 100 fatalities per year

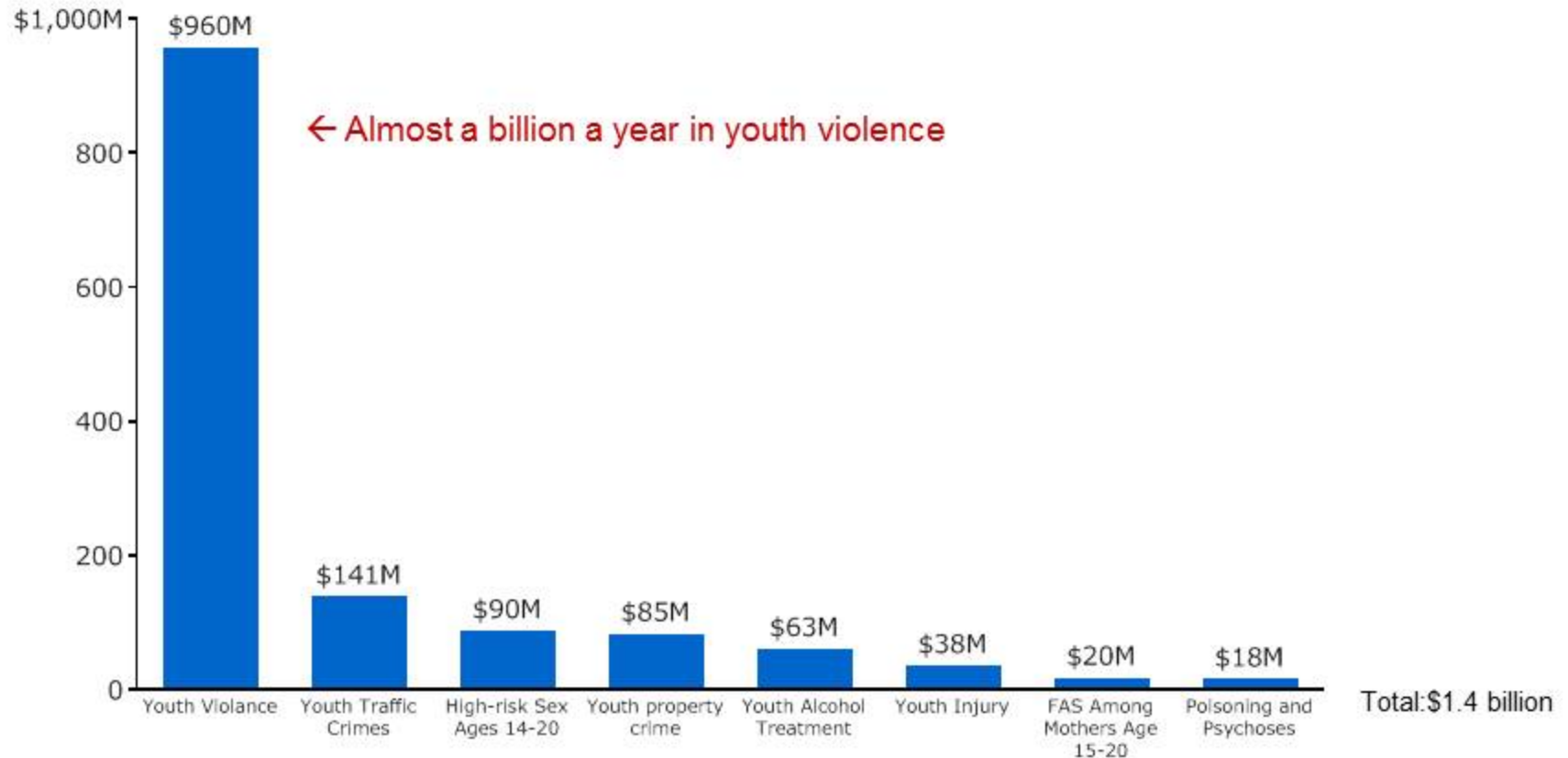
Traffic fatalities



Source: National Highway Traffic Safety Administration (NHTSA) 2012

Underage drinking alone cost \$1.4B in MA in 2010

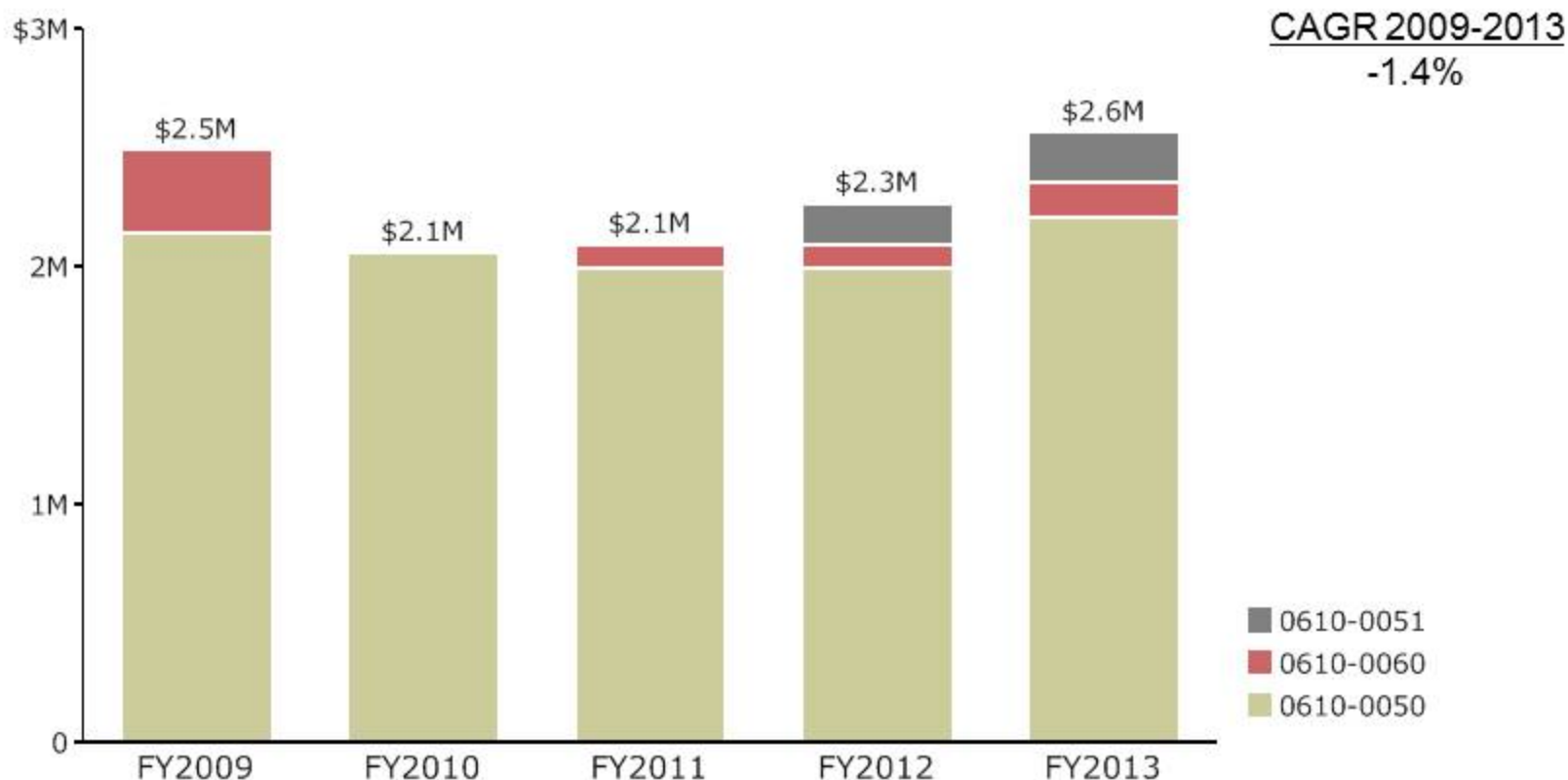
Cost of Underage Drinking in MA (2010)



Source: *Underage drinking in Massachusetts: The facts.* by the Pacific Institute for Research and Evaluation (PIRE) with funding from the Office of Juvenile Justice and Delinquency Prevention (OJJDP), September 2011

Flat ABCC budget despite increasing workloads

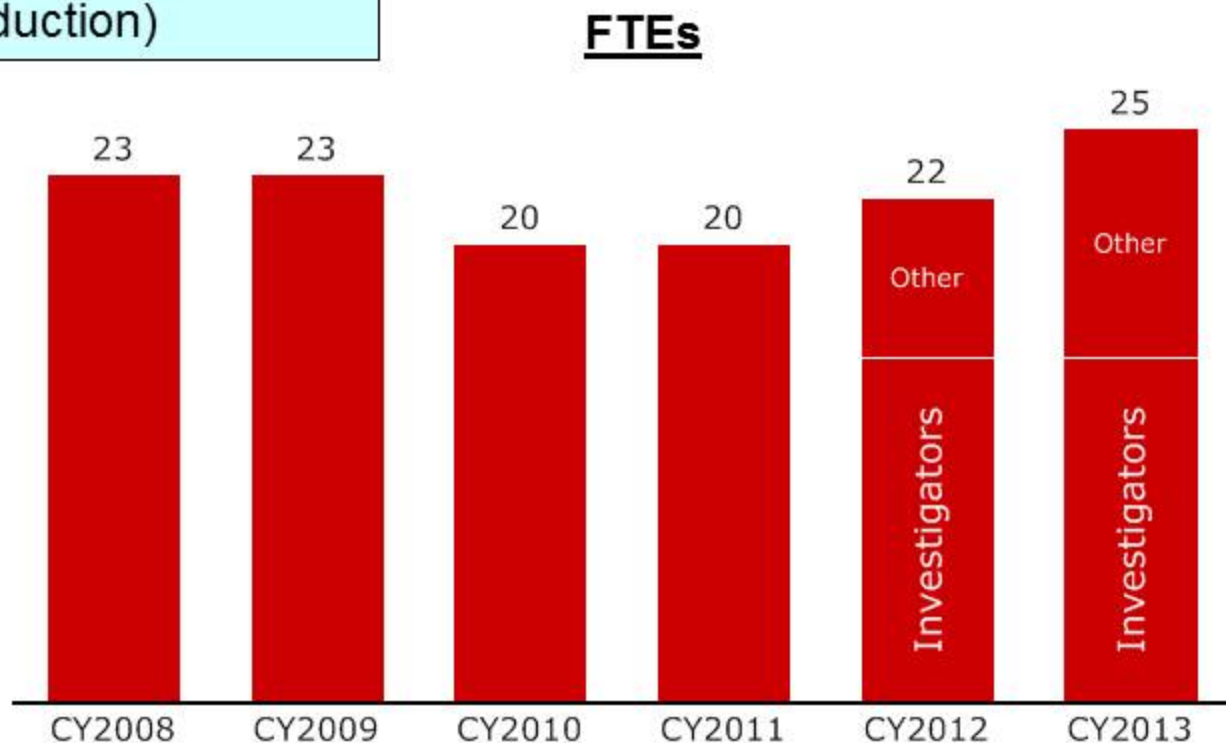
Budget Allocation



Source: ABCC Financials

Staffing levels are insufficient

~40 investigators in the 1980's →
15 Investigators in 2013
(60% reduction)

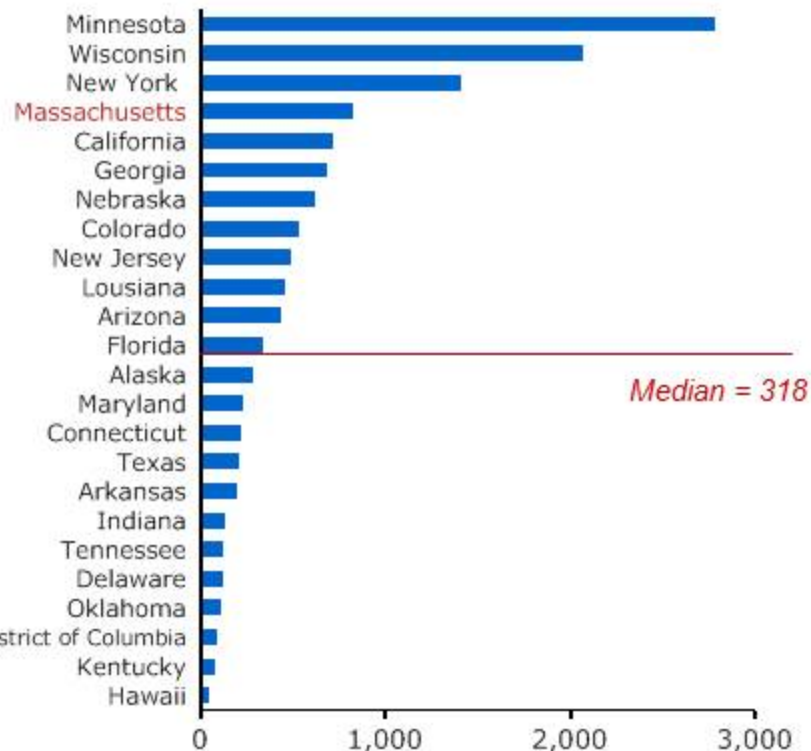


Note: excludes Commissioners

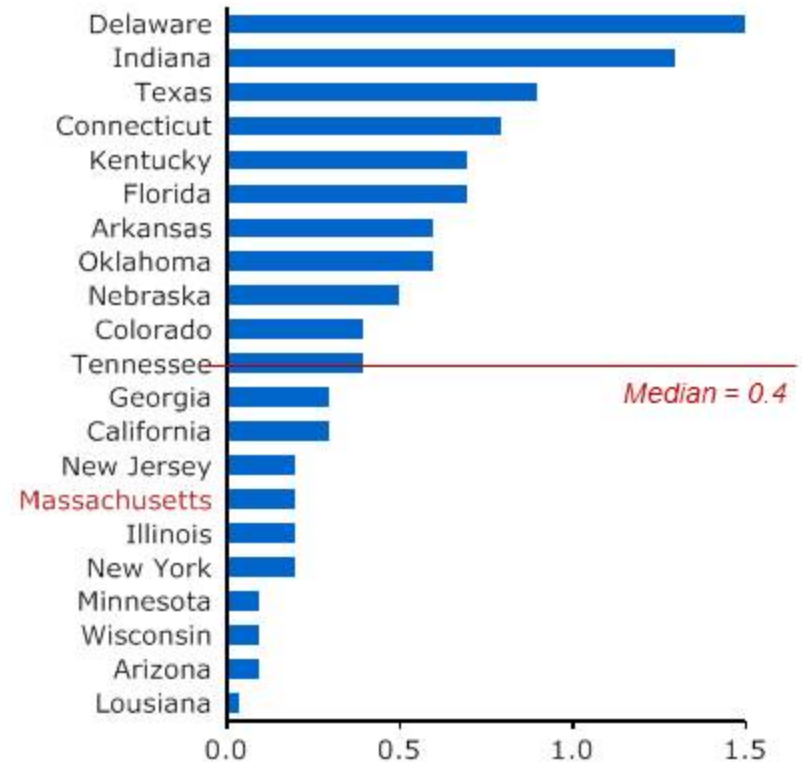
Source: ABCC Annual Reports 2008-2012

Resource levels are low per other state benchmarks

Licenses per Investigator



Investigator for 100K population



Reaching median levels implies 2-3 times more enforcement resources

Source: NABCA, Liquor Handbook 2010

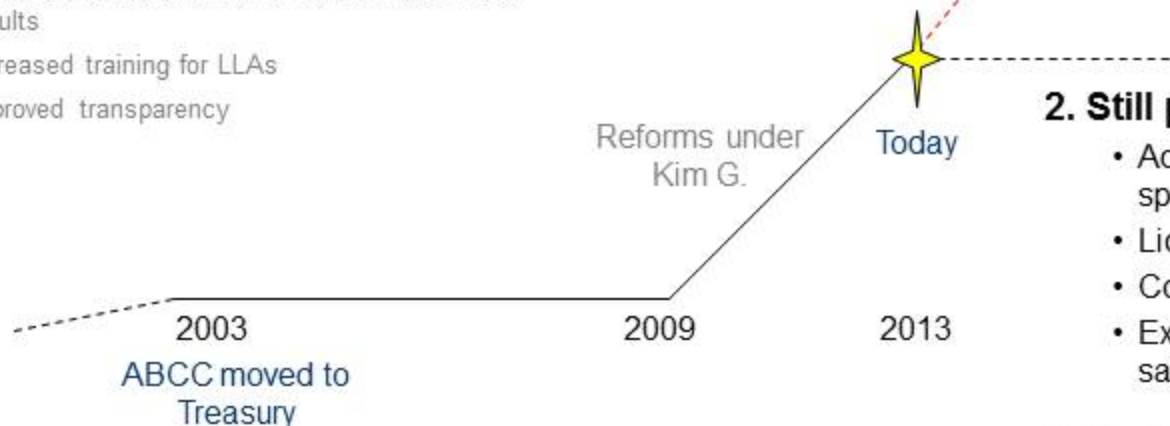
In Summary

1. Much accomplished since 2009

- Overhauled web-site
- Updated forms (on-line), increased accessibility
- Streamlined licensing process; improved turnaround
- Created license tracking system
- Created Investigator and Administration Division Databases
- Streamlined cash collection process with a lockbox
- Streamlined revenue reporting process with automatic file upload
- Increased enforcement load and achieved better results
- Increased training for LLAs
- Improved transparency

- Streamlined State Renewal Process
- Improved processes with other state agencies
- Overhauled DOR process
- Improved relationship with LLA's and State Agencies
- Instituted DUA/Lottery Hearings/ 25E hearings
- Improved communications time with LLAs

How does ABCC move to the next level of performance?



2. Still potential to improve

- Additional Technology/processes → speed/service improvements
- Licensee training
- Collaboration with gaming commission
- Expanded enforcement → enhanced public safety

3. It will require additional resources

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ABCC 3-Year Priorities

(in addition to business as usual)

Licensing

- e-Licensing implementation
- Expanded (national, at least neighbor states) CORI checks
- Faster turnaround through capacity and process/technology improvements
- Electronic document management

Enforcement

- Enforcement Division reorganization
- Expanded coverage of the state
- Collaboration with the Gaming Commission for role in casinos
- Effective media strategy to amplify deterrence for illegalities

Training & Technical Assistance

- New training program for Licensees
- Increased training for local law enforcement (certifications)
- Increased training for local boards
- Additional Staff Training

Dispute Resolution

- Faster decisions

Legal Services

- More support for prosecution of violations
- Additional training for investigators Local Boards

Internal

- Staff (capability and capacity) expansion
- New space
- Operational dashboard implementation
- Public relations function as deterrent
- Improved internal communications
- Polls

Milestones & Dependencies

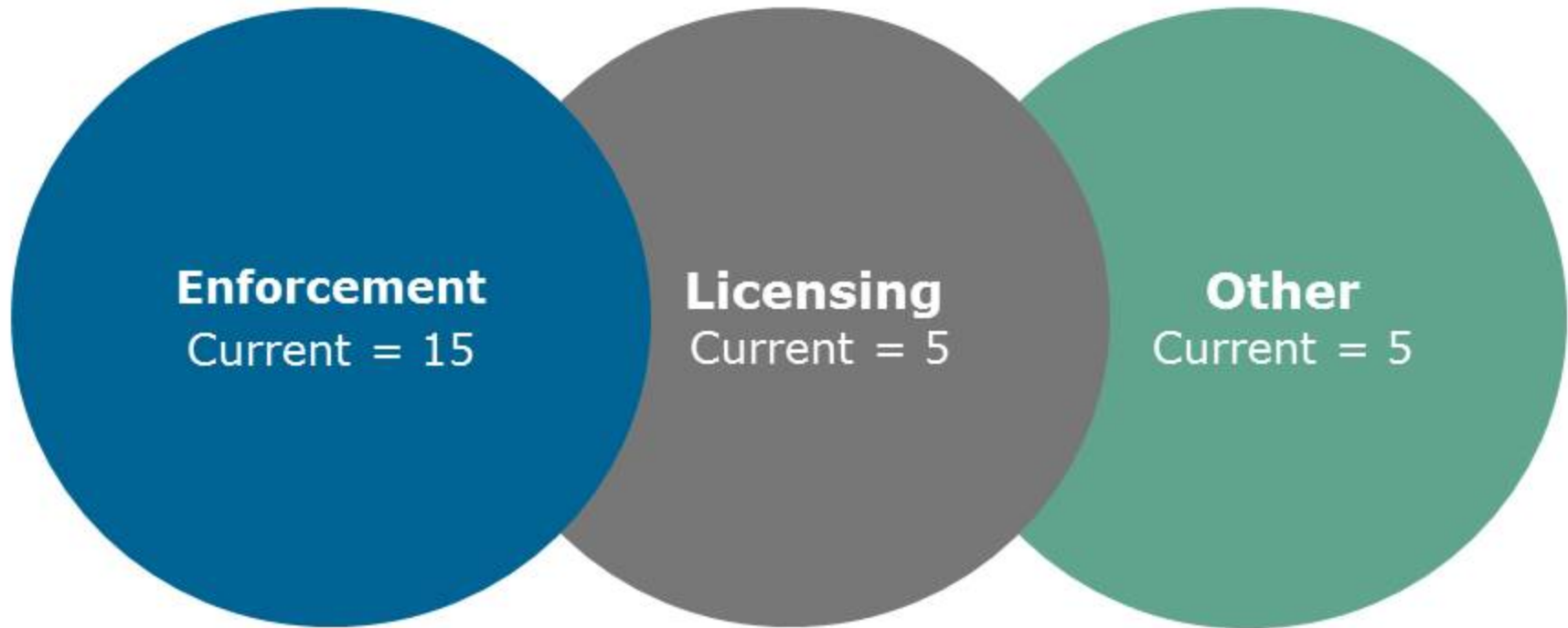
Many priorities are dependent on extra resources

Area	Priority	FY2014 Milestones	FY2015-16 Milestones	Dependencies
Licensing	E-licensing	System Integration vendor selected	Fully implemented	Capital \$
	DOR/DUA linkage	Streamlined app's w/pre DOR approval	Extend to DUA	DOR, DUA
	Expanded CORI	Legislative filed	Full implementation	Legislative
	Electronic Documents Management	Launch project	Full implementation	Capital \$
Enforcement	Expanded coverage/ dedicated License and enforcement teams		New staff/dedicated teams	Budget \$
	Supervisory rank structure		2 deputies	Budget \$
	Staffing for Gaming Commission Assignment		New staff for assignment to Gaming Commission	Budget \$, Gaming Commission
	Media strategy	Media relations protocol	Full implementation of new protocol	
Training	Training unit		Formation of unit	Budget \$
	Licensee training program	Initial design	Full implementation	Budget \$
	Expanded local law enforcement training		Full implementation	Budget \$
	Expanded Local Boards training		Full implementation	Budget \$
Dispute Resolution	Faster decisions	All decisions within 30 days		
Legal	Improved prosecution legal support	Replace retiring attorney	New additional attorney	Budget \$
Internal	Hiring, on-boarding, training staff	New EA	100% on plan	Budget \$
	Expansion of space		New space	Budget \$
	Dashboard implementation	Dashboard implemented		
	Public relations function	Training	New staff	Budget \$
	User polls	On-line licensee poll	On-line LLA poll	
	Internal communications	Increased communications		

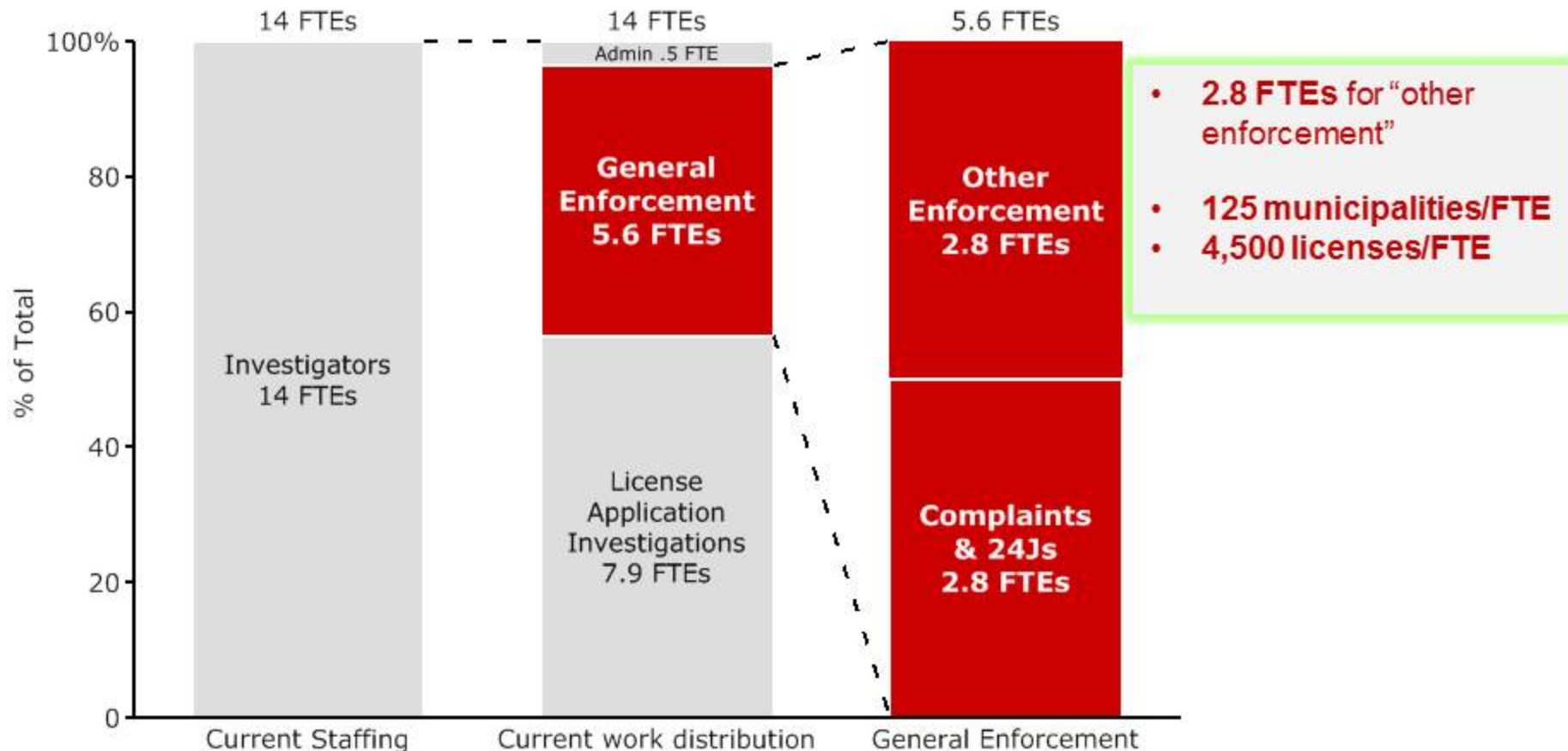
Contents

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Let's consider one bucket at a time

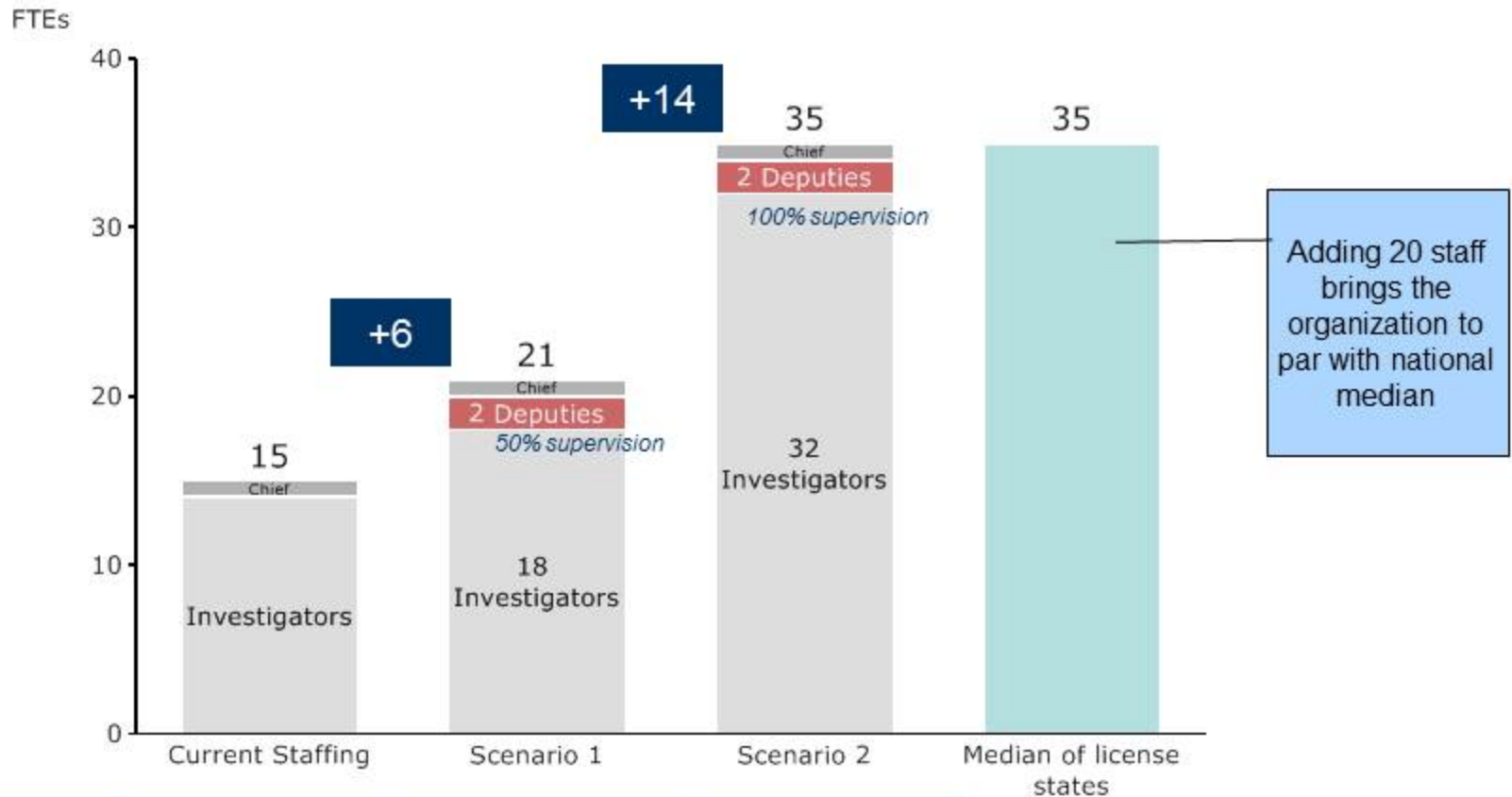


Additional resources required for more effective state coverage



Source: Staff analysis, Ted Mahoney; Ripples analysis

Enforcement Scenarios: adding 6-20 staff



Available*	2.8 FTEs	7.2 FTEs	18.7 FTEs
Municipalities/FTE	125	49	19
Licensees/FTE	4,464	1,736	668

*Available FTEs for "other enforcement" Excludes changes due to Gambling

Why expand enforcement?

What do we achieve with the extra resources in Enforcement?

Improved public safety

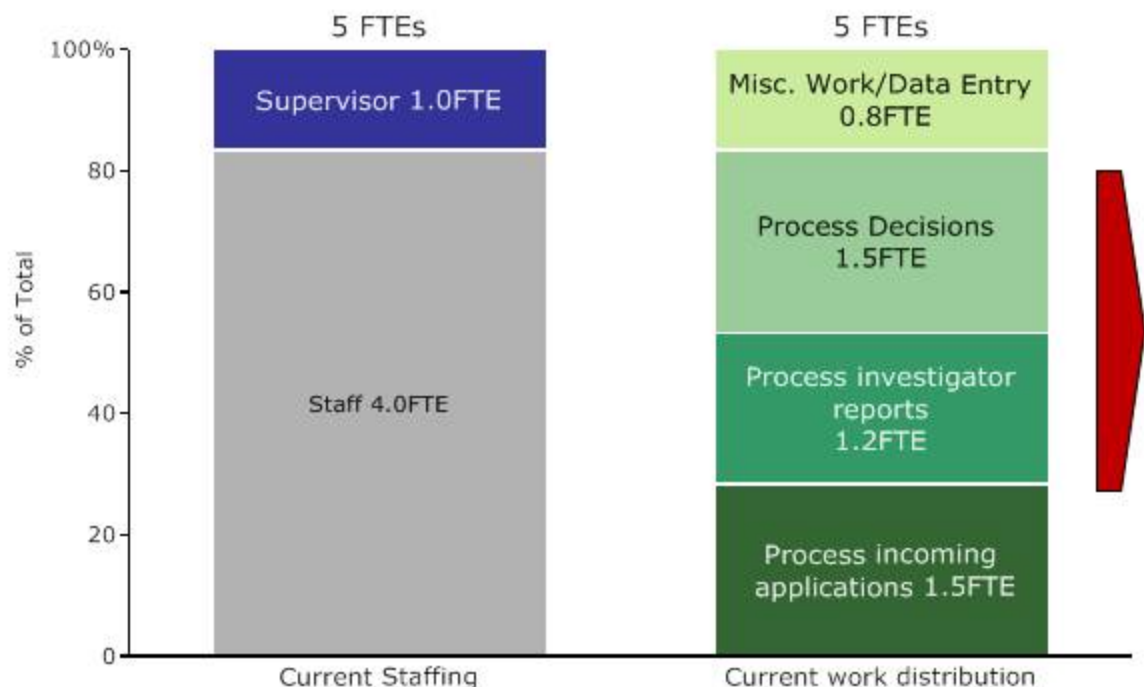
Faster turnaround on license applications

Lower risks and liabilities

Through:

- More visible presence → deterrence
- Faster response to complaints
- Better support for local law enforcement
- Dedicated license application investigation team
- Continuous processing of applications
- Rank structure
- Larger teams in high-risk situations
- Ability to rotate geographies

Licensing also stretched



- About 5,600 transactions per FTE (including supervisor)
 - ~100 per week
 - Most have several touch points
 - Increasing
- Very little automation (while technology can be a huge help)
- 4-6 week average turnaround time (for no-issue applications)
- Potential for errors
- No capacity to purge files

	Current	Scenario 1	Scenario 2
FTEs	5	6	8
Transactions/FTE	~5,600	~4,700	~3,500
Impact		Faster cycle time	+ Purging of files

Source: Staff analysis, Pat Kruger; Ripples analysis

Other Resources... In Total

	Current Staffing	Scenario 1	Scenario 2	Rationale
Executive Director	1	1	1	
Projects/IT	1	3	4	Complex IT projects, scanning, filing
Communications	0	0	1	Amplifying impact
Legal	1	2	2	To support enforcement; better customer service
Admin. Assistant	1	2	3	Free up managers & Commissioners
Training	0	1	1	Expanded training/TA role
HR	0	0	0	Too small; use Treasury
Receptionist	1	1	1	
Subtotal	5	10	13	
Enforcement	15	21	35	
Licensing	5	6	8	
Total	25	37	56	

+12

+31

Financial Implications over 3 Years

Step-Change in Resources →

Scenario 1

Scenario 2

Year 1

- 50% staffing/6 months
- **\$250K** additional budget

- 25% staffing/6 months
- **\$400K** additional budget

Year 2

- 75% staffing
- **\$750K** additional budget

- 75% staffing
- **\$2.2M** additional budget

Year 3

- 100% staffing, full year
- **\$1M** additional budget

- 100% staffing, full year
- **\$3M** additional budget