

# **LIQUOR CONTROL COMMISSION, OREGON**

## **Annual Performance Progress Report (APPR) for Fiscal Year (2014-2015)**

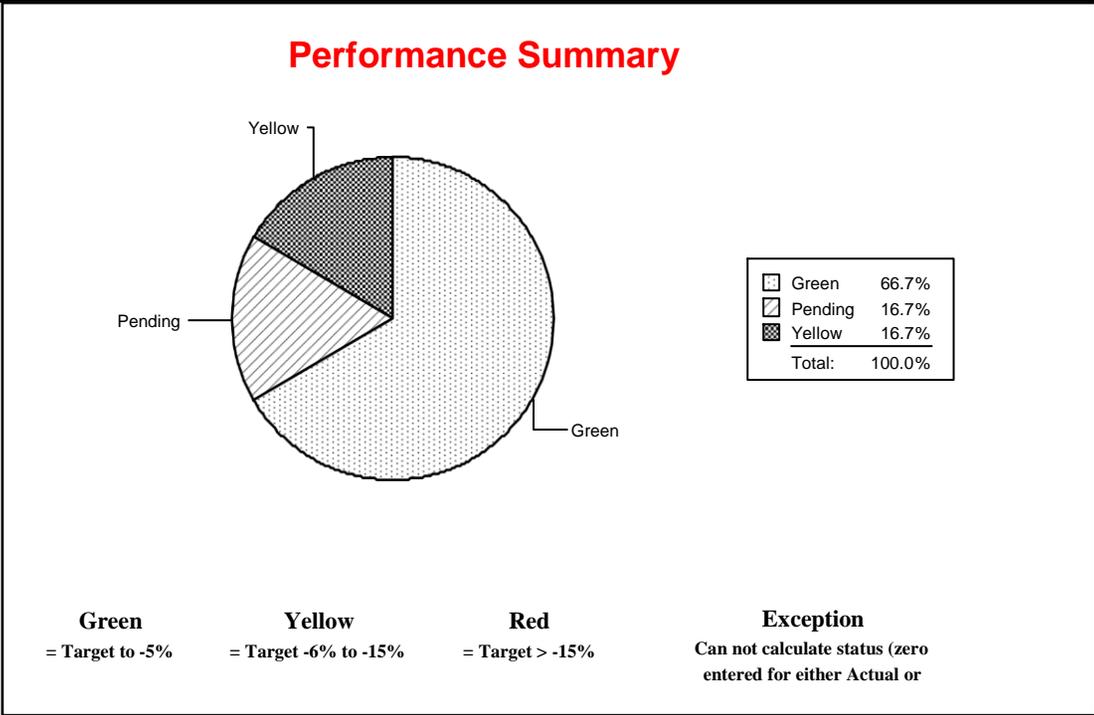
Original Submission Date: 2015

Finalize Date: 11/23/2015

2014-2015 KPM #	2014-2015 Approved Key Performance Measures (KPMs)
1	Sales to Minors – Percentage of licensees who refuse to sell to minor decoys.
2	RATE OF SECOND VIOLATION – Percentage of licensees detected to have violated a liquor law in a second, separate, incident occurring within 2 years after the year of the first violation.
3	Licensing Time – Average days from application receipt to license issuance.
4	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency’s customer service as “good” or “excellent”: overall, timeliness, accuracy, helpfulness, expertise, availability of information.
5	OLCC Rate of Return - Net OLCC distribution divided by actual expenses.
6	Best Practices: Percent of total best practices met by the Board.

<b>New Delete</b>	<b>Proposed Key Performance Measures (KPM's) for Biennium 2015-2017</b>
	<b>Title:</b>  <b>Rationale:</b>

<b>LIQUOR CONTROL COMMISSION, OREGON</b>		<b>I. EXECUTIVE SUMMARY</b>	
<b>Agency Mission:</b> To promote the public interest through the responsible sale and service of alcoholic beverages.			
<b>Contact:</b> Peter Noordijk, Data Analyst		<b>Contact Phone:</b> 503-872-5148	
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**1. SCOPE OF REPORT**

Agency programs/services addressed by key performance measures: This report contains key performance measures addressing the three program areas of the agency: Public Safety Services Program, Distilled Spirits Program, Support Services Program.

## **2. THE OREGON CONTEXT**

The OLCC envisions itself as a public safety agency that serves as a model for state alcohol regulation programs whose guiding principles are Public Safety, Economic Development, and Stewardship. The OLCC identifies itself as an integral part of a greater alcohol beverage system. Using a systems approach, the OLCC sees itself as meeting the public's need for a livable community and a sustainable, healthy, and responsible marketplace. The alcoholic beverage system in Oregon is managed by the OLCC with two processes. First, the OLCC's Public Safety Services Program seeks to license safe and responsible businesses quickly. Businesses that the OLCC licenses include: bars and restaurants that serve beer, wine, and spirits by the glass; grocery and convenience stores that sell packaged beer and wine; manufacturers (breweries, brew pubs, wineries, distilleries); and importers/distributors that supply beer and wine to licensees. Once in operation, the OLCC monitors liquor law compliance of these businesses, and pursues activities and policies that promote compliance. By focusing on strategies that promote liquor law compliance, the OLCC works to address livability concerns of communities, while facilitating responsible, safe, and sustainable Hospitality, Tourism, and Grocery Industries in Oregon, among others. Second, the OLCC's Distilled Spirits Program seeks to meet current and emerging customer expectations for distilled spirits product selection and availability, price, and retail outlet convenience. Through the work of the Distilled Spirits Program, the OLCC makes a wide selection of distilled spirits products regularly and reliably available at its 248 contract liquor retailer locations, at prices that are the same regardless of where they are purchased in the state. The OLCC contracts with private independent business operators to sell packaged distilled spirits directly to individuals, and to local licensees who then are allowed to sell distilled spirits by the drink at their place of business. Through the processes of both the Public Safety Services Program and the Distilled Spirits Program, the OLCC balances the sometimes competing demands of the agency's stakeholders and customers. By optimizing the alcohol beverage system in Oregon, the OLCC creates a sustainable marketplace, where the concerns and interests of a wide group of individuals and businesses can be accounted for. To insure that the OLCC continues to optimize Oregon's alcohol beverages system, these key measures have been created to monitor the agency's performance.

## **3. PERFORMANCE SUMMARY**

For 2015, the OLCC reports 4 of 6 KPMs met or are near their respective targets. Most notably, the Commissioners' evaluation of best practices improved dramatically and met the 100% target for 2015.

KPM#1, Sales to Minors. Licensees tested recorded a pass rate of 81% for the state during 2015 which is just below the new target of 82%. This was the same as the previous fiscal year. The 2013 Legislature raised the target from 80% to 82%.

KPM#2, Rate of Second Violation. OLCC recorded a rate of 13.9% of licensees committing a second violation within two years of committing a first violation for the FY2015 analysis. This is similar to FY2013 which reported a rate of 12%. The 2013 Legislature established a target of 12%.

KPM #3, Licensing Time. Licensing time averaged 72 days during FY2015, just above the new statewide target of 75 days. The 2013 legislature reduced the target for KPM #3 from 90 days to 75 days, but local governments still have up to 90 days to respond to applications.

KPM#4, Customer Service. The overall agency rating was 77 percent (rated as good or excellent) the same as 2014. The OLCC missed the 85 percent target in all five areas when weighted averages were taken over all survey groups. Overall, the OLCC exceeded targets in 13 out of 30 possible response categories across the five respondent groups. The weighted average was driven down by a massive increase in public survey responses related to marijuana.

KPM#5, OLCC Rate of Return. The OLCC achieved a rate of \$2.82 in revenue distributed for public use for every \$1 spent by the agency during 2015. This significantly exceeded the target of \$2.70. The 2015 rate was influenced by the \$0.50 per bottle surcharge.

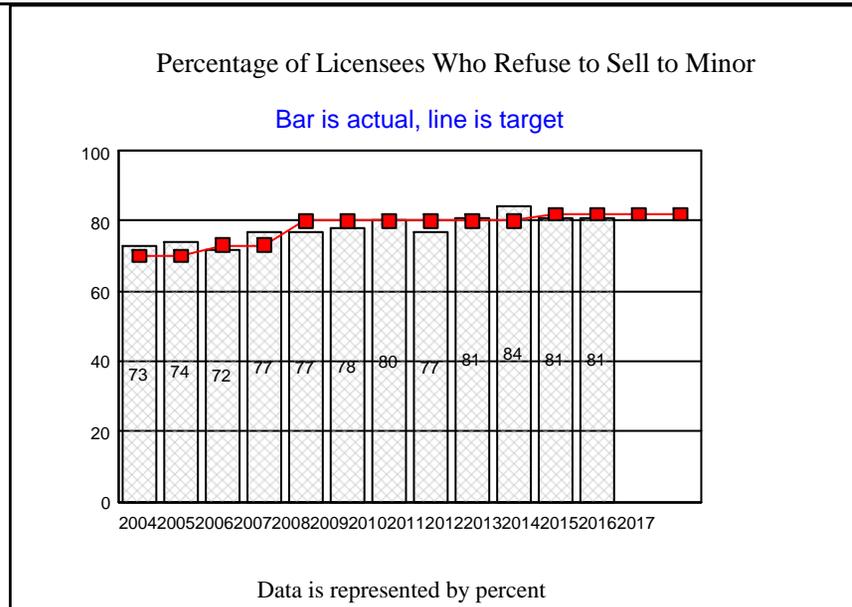
KPM#6, Best Practices. The OLCC achieved a rate of 100 percent of the best practices met by the Board according to a self-assessment survey of the Commission. This higher score likely resulted from reduced turnover of Commissioners and Commission leadership during the year.

#### **4. CHALLENGES**

The major challenges to the effective operation of the OLCC, as reflected by these Key Performance Measures, result from a lack of resource flexibility needed to adjust to changing public safety, statutory, and market conditions. Being adaptive is paramount for the agency to successfully respond to growth in Oregon's population and economy, and the subsequent public safety and public demand needs. Upgrading the agency's information technology systems are critical to shortening the licensing process, tracking enforcement data for second violation measurement and making information available to OLCC customers in a timely manner. Factors affecting the results of the following measures are generally related to the needs of the agency to have flexibility to adapt to its changing environment.

#### **5. RESOURCES AND EFFICIENCY**

<b>KPM #1</b>	Sales to Minors – Percentage of licensees who refuse to sell to minor decoys.	2002
<b>Goal</b>	PUBLIC SAFETY - Meet potential customer demand for alcoholic beverages and outlets in a socially responsible manner.	
<b>Oregon Context</b>	Benchmark #50a - 8th Grade Alcohol Abuse (Formerly BM #49 - Teen Substance Abuse) and Governors Guiding Principle of Public Safety.	
<b>Data Source</b>	OLCC enforcement records, minor decoy database.	
<b>Owner</b>	OLCC Director of Public Safety and Field Operations, Jeff Jett 541-618-7550	



### 1. OUR STRATEGY

The OLCC has three principal strategies for achieving the goal of public safety relating to this measure. The first strategy is to ensure the OLCC has adequate resources dedicated to public safety initiatives. The second is to develop and execute policies that ensure outlets comply with state liquor laws. The third strategy is to strengthen partnerships with other stakeholders that share the agency's public safety objectives

### 2. ABOUT THE TARGETS

The targets for this measure are based on historical averages of licensees refusing to sell alcoholic beverages to minor decoys. This target is viewed as a threshold; a level of compliance the OLCC strives to exceed. The OLCC, in the past, has regularly exceeded the target level for this measure. Given this fact, the OLCC proactively increased the target level from 70 percent to 73 percent for the 2006 reporting period. The state Legislature raised the target during the 2007 session to 80 percent and then to 82 percent during the 2013 session.

### 3. HOW WE ARE DOING

The FY 2015 result shows an 81 percent compliance rate of "no sales" to minors and exceeds the legislative target. The compliance rate matches that of FY 2014 and equaled FY 2012 which also had an 81 percent compliance rate; and represents a three point drop from the high of 84% compliance reached in FY 2013.

### 4. HOW WE COMPARE

Other liquor law enforcement agencies around the United States also conduct minor decoy operations. California Alcohol Beverage Control reports an average compliance rate of about 84% over the 2011-2014 period. Washington reported an 81% compliance rate for compliance checks for FY 2014. However, many of these states (e.g. California) will often publicize the decoy operations ahead of time, which may temporarily and artificially inflate those respective compliance rates. In these cases, comparisons to the Oregon compliance rate are misleading. Some states (e.g. Maine and Louisiana) claim to track sales to minor statistics, but either combine that information with other compliance check activities prior to publishing, or do not readily publish the information. The OLCC statistics only reflect the minor decoy operations executed by agency inspectors or minor decoy operations where OLCC participates with local law enforcement. In both cases, the results of these operations are compiled for this KPM.

### 5. FACTORS AFFECTING RESULTS

Law enforcement literature generally finds that consistent application of enforcement is a more important deterrent than infrequent- high penalty enforcement. When the number of operations decreases, a licensee may not perceive the risk of detection as likely and choose to

make decisions that do not comply with the public safety laws, such as selling alcoholic beverages to minors. However, there is no clear relationship between the frequency of operations and the compliance rate over the past ten years.

Another factor affecting results is the random sampling selection of minor decoy operations. With the exception of some targeted premises that have committed a prior offense, the majority of operations are performed on a different group of licensees each year. This can result in some variation from year to year as a result of random variation in the sample population. Over the past 6 years, the average compliance rate among targeted establishments is roughly the same as randomly selected establishments. The compliance rate in FY 2010 was 80 percent but dropped to 77 percent in FY 2011 despite conducting a similar number of operations. The compliance rate increased to 84 percent for FY 2013 then settled to 81 percent in FY 2014 through FY 2015.

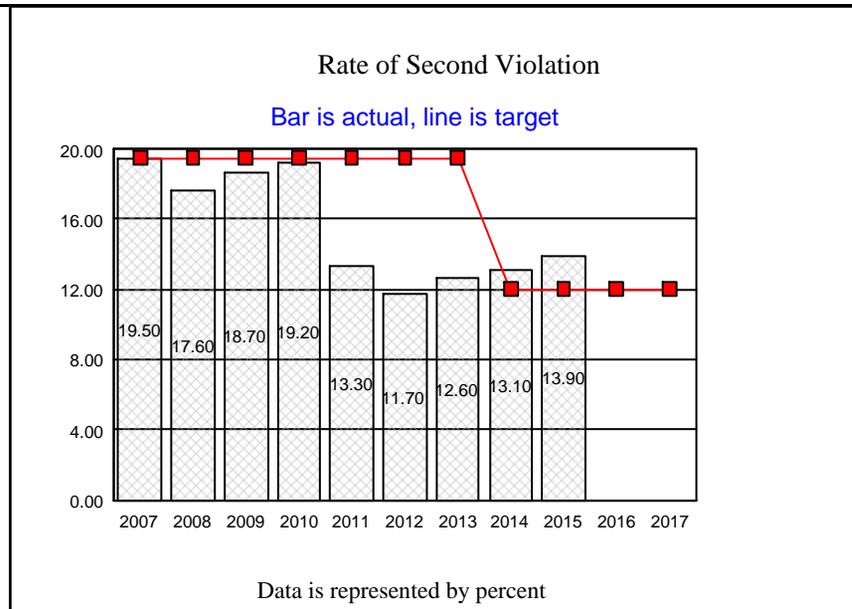
#### **6. WHAT NEEDS TO BE DONE**

The OLCC has leveraged its experience in conducting minor decoy operations by consulting with and training local law enforcement agencies to effectively conduct their own operations. The creation of these synergistic partnerships bring together the OLCC's knowledge base with the personnel resources of other law enforcement agencies so more operations can be conducted around the state. It should also be noted that an "inspection gap" continues to form as the number of licensed businesses is growing with respect to the number of OLCC inspection/public safety personnel. This gap results in a general decrease in the number of minor decoy operations conducted only by the OLCC and the need for local law enforcement partnerships.

#### **7. ABOUT THE DATA**

This measure is calculated from the compiled results of minor decoy operations conducted during the fiscal year out of each of the five OLCC regional offices; Bend, Eugene, Salem, Medford and Portland Metro. The measure is calculated by dividing the total number of instances where a licensed business refused to sell to a minor by the total number of attempted minor decoy purchases. OLCC inspectors conducted 1,660 operations in FY 2015 which constitutes about 12.5 percent of all licensed retail premises during the year.

<b>KPM #2</b>	RATE OF SECOND VIOLATION – Percentage of licensees detected to have violated a liquor law in a second, separate, incident occurring within 2 years after the year of the first violation.	2008
<b>Goal</b>	PUBLIC SAFETY - Meet potential customer demand for alcoholic beverages and outlets in a socially responsible manner.	
<b>Oregon Context</b>	Governor’s Guiding Principle of Public Safety. OLCC Mission Statement.	
<b>Data Source</b>	OLCC Enforcement and Administrative Process and Procedure Records.	
<b>Owner</b>	OLCC Director of Licensing, and Public Safety, Will Higlin 503.872. 5224	



**1. OUR STRATEGY**

Innovations and Enhancements to Education, License Processing, Enforcement, and Adjudication Functions.

**2. ABOUT THE TARGETS**

During the 2013 session, the Legislature set a target of 12 percent for this measure.

**3. HOW WE ARE DOING**

The FY 2015 second violation rate is 13.9 percent which is a slight rise from the previous year. The FY 2014 second violation rate was 13.1 percent. The second violation rate for the last three fiscal years has stayed between 11 and 14 percent. The historical rates back to FY 2004 produces an average a second violation rate of 16 percent.

**4. HOW WE COMPARE**

We have found no other agencies or states with a similar measure.

**5. FACTORS AFFECTING RESULTS**

During FY 2015, 63 percent of violations issued were for sales to minors, an increase of about 11 percent over the 52 percent of the violations in FY 2014. OLCC is implementing a strategy of using resources to engage with business proactively; and reserve compliance actions for the more serious violations such as sales to minors. The overall number of violations has decreased, but the number of violations for sales to minors has stayed high relative to other charges due to a steady rate of minor decoy operations.

**6. WHAT NEEDS TO BE DONE**

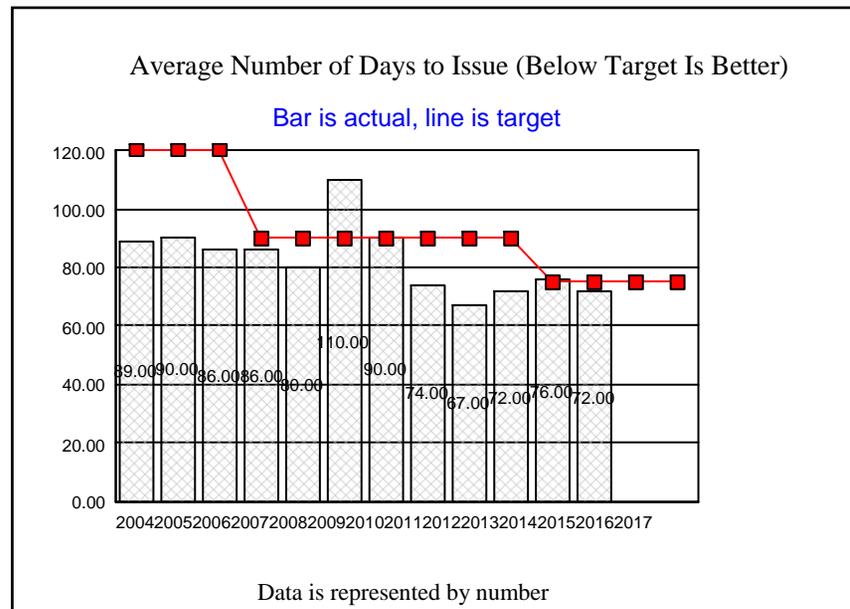
OLCC will continue to look at this measure and how the information is generated to determine if significant changes are needed for future years. OLCC continues to implement new strategies of regulating and educating licensees. This includes implementation of the first call program, public service announcements and a poster campaign warning of the dangers of furnishing alcohol to minors. These proactive

education efforts combined with targeted enforcement operations such as minor decoy compliance checks will improve licensees' compliance with liquor laws.

### **7. ABOUT THE DATA**

Key Performance Measure #2; Rate of Second Violation was crafted in 2007 as a new public safety measure for OLCC. The measure is calculated dividing the number of premises that have committed their first serious liquor law violation (category 1, 2, or 3) in a given year, by the number of those premises that go on to commit another separate serious liquor law violation within the two years following the year of their first. Historically this calculation has been done manually looking for premises matches across thousands of violation records. Recently, OLCC has been able to employ both statistical and database tools to refine the data and allow for electronic matches of licensed premises that violate liquor laws across multiple years. This has resulted in a much more consistent calculation of this measure and objective. The measure results for all years have been recalculated using this new methodology and are presented below.

<b>KPM #3</b>	Licensing Time – Average days from application receipt to license issuance.	2005
<b>Goal</b>	ECONOMIC DEVELOPMENT To enable Oregon businesses to begin and continue to operate safely and responsibly as soon as possible, supporting Oregon's Hospitality and Tourism Industries.	
<b>Oregon Context</b>	Oregon Benchmark #1(Employment in Rural Oregon), #2 (Trade Outside Oregon), #3 (New Employers), #4 (Net Job Growth) Oregon benchmarks relating to Growth of Oregon's Economy and Job Growth. Governors Guiding Principles of Business and Job Growth.	
<b>Data Source</b>	OLCC license applications processing records. Internally developed system report: License Process Period Analysis-Number of Days to Issue a License.	
<b>Owner</b>	OLCC Public Safety Services Program –Will Higlin – License Services Director 503.872.5224.	



### 1. OUR STRATEGY

The OLCC's strategy for meeting this goal is to streamline, simplify, and automate the liquor licensing process. In pursuing this strategy, the OLCC hopes to achieve many positive outcomes, including the reduction in the number of days to issue a license.

### 2. ABOUT THE TARGETS

Targets are based on historical averages and expected workloads. Previous reports have indicated the target for this measure as a range; this is due to a number of external factors that influence the time to issue a license (e.g. local government review or receipt of license fees). The 2007 Legislature asked the agency to change the target to a fixed level, and to set that level to 90-days beginning in FY 2008. The 2013 Legislature has reduced the target again to 75 days beginning in 2014. The agency strives to issue liquor licenses to responsible and safe businesses faster than the measures target, i.e. it is desirable to report actual levels that are below the target.

### 3. HOW WE ARE DOING

The FY 2015 average licensing time statewide was 72 days. This is below the legislatively set target of 75, and the lowest time to license since 2001—with the exception of 2012. The average time to license for FY 2015 is well below the old target of 90 days. Recent licensing process improvements, including timely identification of outlying cases, have enabled the agency to achieve the targeted time to license.

#### **4. HOW WE COMPARE**

It is difficult to make direct comparisons due to the investigative and legal review aspects of the Oregon licensing process that do not translate to other licensing bodies.

#### **5. FACTORS AFFECTING RESULTS**

There are many factors affecting the number of days it takes to issue a liquor license; some internal and some external. Internal factors continue to be identified and streamlined through process improvements and technological solutions (automations). External factors are difficult to control. The primary external factor affecting how quickly a liquor license can be issued is the license application review by the local governing body (city or county). Statute gives local government up to 90 days (45 days plus and additional 45 day extension – if requested) to review a license application within their jurisdiction and provide a recommendation (positive, negative, or neutral). The OLCC cannot complete the processing of an application until the local government review is completed. Lengthy application review by local governments usually occurs in the larger metropolitan areas, such as Portland. These areas also have higher numbers of license applications, in absolute terms, which influence the overall statewide average licensing times. Additionally, the timeliness of the applicant in providing materials necessary to the application investigation can impact overall processing time. Applicants not prepared for or committed to the process may have longer processing times. One study in 2011 found that the average time to issue a license was approximately 90.7 days, for the Portland office. However, during the same period staff processing time totaled to an average of only 32.9 days; only 36% of the total time to issue a license.

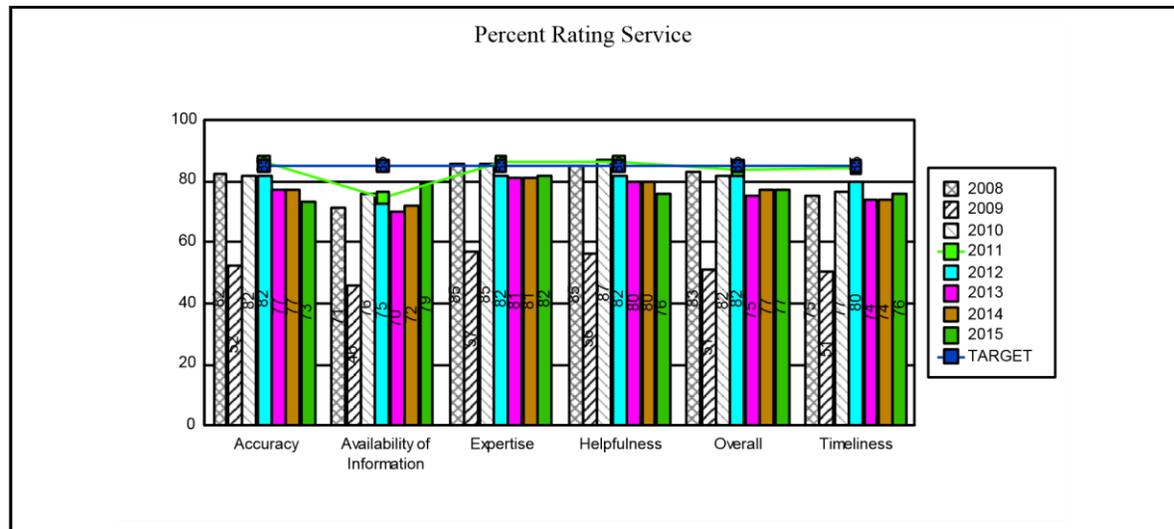
#### **6. WHAT NEEDS TO BE DONE**

The OLCC is pursuing long-term solutions to its business needs that include regulatory innovations, such as risk-based decision making methodologies, the implementation of streamlining measures, and the development of a custom enterprise licensing system that will automate many manual processes as well as growing the agency's online service capacity. The OLCC has proposed an incentive system for applicants who will pay an application fee that is refunded if the OLCC fails to process their application in a timely manner. The fee is forfeit if the target is not met because the applicant failed to complete their responsibilities in a timely manner.

## 7. ABOUT THE DATA

The data supporting this measure is compiled by the OLCC licensing unit and reported through the agency's master file system.

<b>KPM #4</b>	CUSTOMER SERVICE - Percent of customers rating their satisfaction with the agency's customer service as "good" or "excellent": overall, timeliness, accuracy, helpfulness, expertise, availability of information.	2006
<b>Goal</b>	STEWARDSHIP The OLCC will sustain high-level customer service. It will continue to improve its customer service levels by finding more efficiencies, improving time frames for delivering services, and by making information accessible to customers and the public.	
<b>Oregon Context</b>	Governors Guiding Principle of facilitating the growth of business and jobs by strategically investing in human capital and infrastructure.	
<b>Data Source</b>	Annual OLCC Customer Service Survey conducted via Surveymonkey.com. Links to online survey were sent to 4 stakeholder groups by email including employees, stakeholders, liquor store agents, and Server Education providers. In a break from past years; in order to capture better information, survey links were sent to a random sample of licensees instead of relying a self-selecting group of licensees. Licensees in the sample were sent follow-up letters and emails to encourage participation. Liquor retail agent survey responses were tracked and follow-on contacts to non-responders were made. Public invitations to the survey for the public to take the survey was posted on the OLCC social media sites.	
<b>Owner</b>	OLCC Management and Consulting Services Division, Bill Schuette Research Analyst, 503.872.5023	



**1. OUR STRATEGY**

There are two principle strategies directing the OLCC’s activities toward this goal. First, the OLCC has a strategy of strengthening partnerships with stakeholders (public safety, community, business, government, general public). The second strategy is to provide responsible stewardship to the states assets.

Feedback from stakeholders through a customer service survey is an essential tool for the OLCC to evaluate its performance in following these strategies.

**2. ABOUT THE TARGETS**

The 2007 Legislature asked the agency to set the target to 80% for each category beginning in 2008. The 2013 Legislature asked the agency to raise the target to 85% beginning in FY 2014

**3. HOW WE ARE DOING**

The overall agency rating was 77 percent (rated as good or excellent) compared to 77 percent in 2014 and 75 percent in 2013. The OLCC missed the 85 percent target in all five areas when weighted averages were taken over all survey groups. However, the OLCC met or

exceeded the 85 percent average target for surveys from Staff, Liquor Agents, and Licensees, we received no responses from Server Education providers. Overall, the OLCC exceeded targets in 13 out 30 response categories. The lower average scores were driven by much larger and less favorable responses from the general public compared to prior years (518 responses). The agency continues to make efforts to increase information availability through Gov Alerts and posting updates on the agency website.

The total survey response was much larger than last year with an average of respondents per question (812 total) versus 348. However, the composition of respondents changed dramatically with a 27 percent increase in general public respondents.

#### **4. HOW WE COMPARE**

The Commission is unaware of any other state entities that regulate alcohol or marijuana licensing and sales that conduct similar surveys.

#### **5. FACTORS AFFECTING RESULTS**

There were an average of 812 respondents from the five survey groups that answered every question. There was a significant difference in overall results between weighted and non-weighted averages as our public survey received an average 463 responses per question. Results from the public survey that included marijuana-related keywords in the open response section showed a much lower rate of satisfaction than the rest of the public and other stakeholder groups. The next largest group was agents at 126. The passage of measure 91 and OLCC's roll in recreational marijuana resulted in significant public outreach and media coverage that may have affected results from stakeholders and the general public.

#### **6. WHAT NEEDS TO BE DONE**

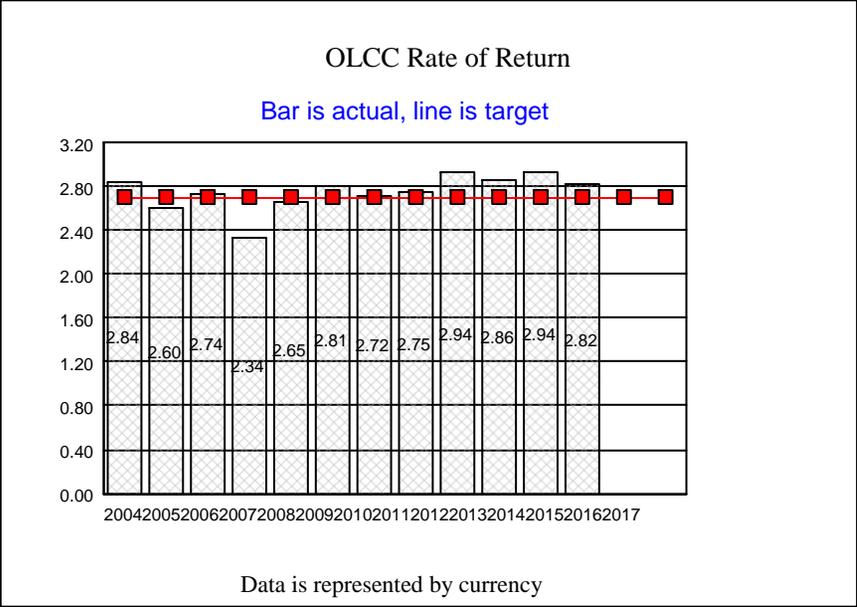
The agency strives to provide the highest levels of customer service, balancing the needs of all its stakeholders. We will continue to seek policy and process enhancements that will result in the agency meeting, and exceeding, its customer service goals such as improving our average licensing time and increasing customer convenience by implementing the pilot programs for selling beer and wine in liquor stores.

#### **7. ABOUT THE DATA**

After the close of the Oregon fiscal year, surveys were collected from identified stakeholders that have had dealings with the OLCC during the previous 12 months. The agency maintains email lists for key stakeholders (e.g. distilleries, neighborhood associations,

law enforcement and manufacturers), liquor store agents, and server education providers. These groups were emailed during the survey period with a link to SurveyMonkey.com where they could provide a response. Licensees could fill out the surveys at the OLCC office or were given a web link where they could take the survey online. This year we also added a QR Code option that would allow potential survey participants visiting the office to scan a card with their smart phones and take the survey online. Public responses were gathered by posting an invitation on OLCC's social media sites (Facebook and Twitter) with a link to take the survey. The OLCC continues to explore cost effective ways of reaching out to all stakeholder groups for feedback.

<b>KPM #5</b>	OLCC Rate of Return - Net OLCC distribution divided by actual expenses.	2007
<b>Goal</b>	STEWARDSHIP The OLCC follows a socially responsible business model, and provide responsible stewardship of its assets, managing risks and protecting revenue flows.	
<b>Oregon Context</b>	Governors Principle of Government Efficiency and Accountability.	
<b>Data Source</b>	OLCC Consolidated Annual Financial Statements (Oregon FY 2015)	
<b>Owner</b>	OLCC Support Services Program Financial Services Division, Kim Davis Financial Services Director, 503.872.5163	



### 1. OUR STRATEGY

Provide a stable rate of return that reflects effective, responsible, and balanced operations.

### 2. ABOUT THE TARGETS

The 2007 Legislature asked the agency to set the target for this new measure at \$2.70. The target reflects the agency's mission of balancing public safety objectives with those of making distilled spirits safely available to consumers and licensees. The OLCC seeks to hit this target as closely as possible; given posting rates of return significantly over or under the target may indicate a system out of balance.

### 3. HOW WE ARE DOING

The OLCC rate of return in FY 2015 was \$2.82 for every dollar spent. It dropped slightly from \$2.94 in FY 2014. During FY 2015 the surcharge generated \$15.6 million in additional revenue. Without the surcharge, the ratio would have fallen from \$2.82 to \$2.63, indicating that the target would have been missed without the surcharge, and that income to state and local governments would be reduced.

### 4. HOW WE COMPARE

Direct comparisons to other Oregon state agencies are difficult to find as the nature of the OLCC's mission is unique. There are very few profit generating agencies in state government, and none that exactly share the OLCC's objective of balancing public safety with revenue generation. Comparisons with private enterprises are also difficult; being most businesses are concerned with strict profit maximization, without performing any self-regulating functions that temper profit.

### 5. FACTORS AFFECTING RESULTS

There are many factors that affect the agency's rate of return. Gross revenue from liquor sales increased 5 percent during FY 2015 over to FY 2014. Sales increased at a higher rate than cost compared to the previous year, resulting in an increase to the distribution of 6.3%. The \$0.12 decrease in the rate of return was primarily due agent compensation and expenses borrowed to cover start-up costs for the recreational marijuana program. Agents' compensation is slightly higher in the second year of a biennium as a result of managing the

budget limitation. The Oregon Liquor Control Commission borrowed \$865,000 from the distribution to pay for the start-up costs of for implementing measure 91 (Recreational Marijuana), these funds will be repaid by the Department of Revenue before distribution of recreational marijuana taxes once recreational marijuana begins in FY 2017.

#### **6. WHAT NEEDS TO BE DONE**

The agency continues to review the underlying factors driving the rate of return, and implement adaptive strategies to optimally manage Oregon's control systems. OLCC continues to anticipate investments needed to maintain the system and will propose changes to the budget to meet the demands of the consumer.

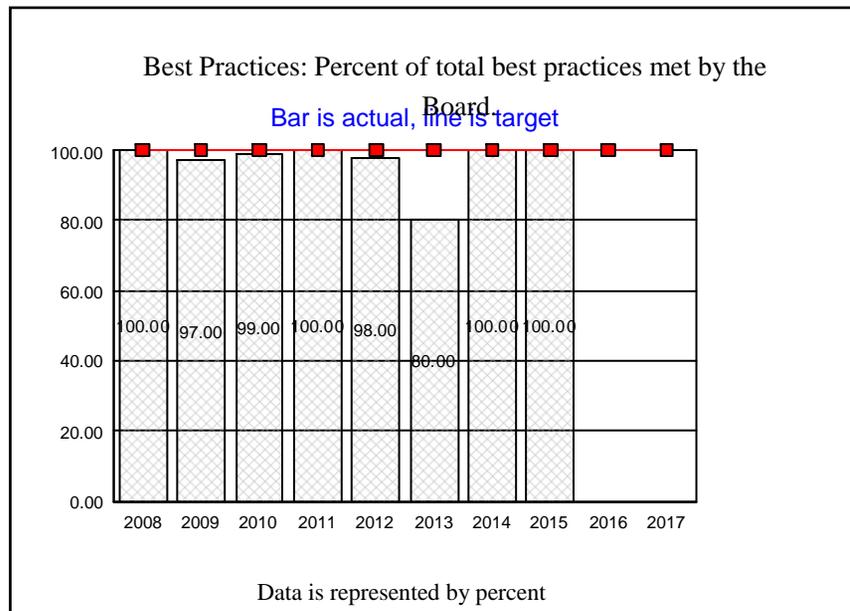
#### **7. ABOUT THE DATA**

The data supporting this measure is found in the agency's consolidated annual financial report. The distributable revenue in the numerator consists of liquor profits, including the surcharge, at 90 percent; privilege tax collected from beer and wine at eight percent; and licensing fees provide the final two percent. The agency expenditures in the denominator consists of agent compensation and credit card fees for 71 percent and actual agency expenditures at 29 percent. The surcharge added an additional \$15.2 million in distributable revenue, about seven percent of the total.

#### **8. MANAGEMENT COMMENTS**

This measure demonstrates that the agency is currently providing a rate of return that reflects effective, responsible, and balanced operations. OLCC will continue to anticipate the changing environment and propose continued investment in the system to meet the target in future periods. Since 2009, the surcharge has been remained an important part of meeting the legislature's revenue goals for the agency.

<b>KPM #6</b>	Best Practices: Percent of total best practices met by the Board.	2007
<b>Goal</b>	STEWARDSHIP The OLCC will provide responsible stewardship of its assets, managing risks and protecting revenue flows. The OLCC will sustain high-level customer service. It will continue to seek to improve its customer service levels by finding more efficiency, improving time frames for delivering services, and by making information accessible to customers and the public.	
<b>Oregon Context</b>	The 2007 Legislature asked the agency to set the target for this measure to 100%. It is the expectation of the Legislature that the commissioners who head this agency operate with the highest levels of governance, as described by DAS best practices standards.	
<b>Data Source</b>	The 15 question commission governance self-assessment survey was distributed to the 5 OLCC Commissioners via an online survey (surveymonkey.com). The commissioners were asked to respond to the yes/no questions, and had an opportunity to provide comment or explanation for each response. The 5 self-assessment results were downloaded and compiled using MS Excel.	
<b>Owner</b>	OLCC Management Consulting Services Division, Peter Noordijk, Data Analyst, 503.872.5148.	



**1. OUR STRATEGY**

Perform the annual self-assessment and evaluate the OLCC’s performance against the defined best practices for Boards and Commissions. Seek and maintain internal policies and procedures that promote the highest standards at the OLCC.

**2. ABOUT THE TARGETS**

The 2007 Legislature asked the agency to set the target for this measure to 100%. It is the expectation of the Legislature that the Commissioners who head this agency operate with the highest levels of governance, as described by DAS best practices standards.

**3. HOW WE ARE DOING**

This is the seventh year the self-assessment has been taken by the agency’s Commissioners. Four Commissioners responded to the FY 2015 request to complete this self-assessment and three of five Commissioners answered every question. There was 100 percent

agreement among the responding Commissioners that OLCC best practices were being met. The assessment indicated that the Commission's governance practices are hitting the target of 100 percent.

#### **4. HOW WE COMPARE**

Direct comparisons to other Oregon state agencies are difficult to find as the nature of the OLCC's mission is unique.

#### **5. FACTORS AFFECTING RESULTS**

Response rates will impact the average. In the case of FY 2015 four out of five Commissioners responded to the survey. With a new permanent executive director and a full commission, it appears that the Commissioners felt prepared to respond. We did have one Commissioner who failed to respond and one Commissioner who did not complete the survey.

#### **6. WHAT NEEDS TO BE DONE**

The agency expects to bring itself into alignment with the specifically stated standards. The agency will also work to effectively demonstrate to the new and continuing Commissioners the examples of how these standards are being met or exceeded. Agency management also works to educate new Commissioners on governance and processes so that they are current on their responsibilities and agency goals.

#### **7. ABOUT THE DATA**

Data was collected from Commissioners by providing them the self-assessment form online. Fifteen questions were asked that target toward the following five best practice areas; executive leadership, strategic management, policy activities and development, financial and audit information and management practices.

Answers were categorized by yes (agreement) or no (disagreement). This data was compiled by the research analyst, and reported here for FY 2015.

<b>LIQUOR CONTROL COMMISSION, OREGON</b>		<b>III. USING PERFORMANCE DATA</b>	
<b>Agency Mission:</b> To promote the public interest through the responsible sale and service of alcoholic beverages.			
<b>Contact:</b> Peter Noordijk, Data Analyst		<b>Contact Phone:</b> 503-872-5148	
<b>Alternate:</b> Michael O'Connor, Director of Financial Services		<b>Alternate Phone:</b> 503-872-5163	
<b>The following questions indicate how performance measures and data are used for management and accountability purposes.</b>			
<b>1. INCLUSIVITY</b>		<ul style="list-style-type: none"> <li>* <b>Staff :</b> Executive and technical staff are involved in the creation of performance measures. Technical staff is responsible for collecting and reporting performance measure data.</li> <li>* <b>Elected Officials:</b> The Oregon Legislature directed the agency to set various targets for the above measures.</li> <li>* <b>Stakeholders:</b> The OLCC strives to maintain strong relationships with its stakeholders; implicitly and explicitly incorporates stakeholder concerns into agency business.</li> <li>* <b>Citizens:</b> The OLCC strives to maintain strong relationships with its stakeholders; implicitly and explicitly incorporates stakeholder concerns into agency business. The OLCC publishes its KPMs on the agency website for public access.</li> </ul>	
<b>2 MANAGING FOR RESULTS</b>		<p>The OLCC continues to improve the definition, collection, and retention methods of performance data at all levels within the agency. High-level performance measures, and specific management measures, are used as feedback tools helping the agency evaluate its heading and speed as it works towards its strategic objectives. The agency's strategic plan was developed and organized by delineating work unit level goals, activities, and outputs that roll up to higher, more general, agency strategic outcomes. Within this structure, the agency's systemic nature is made evident, and each interrelated unit within our system can see where it fits, and how it contributes to moving the OLCC towards its strategic objectives. The OLCC has initiated streamlining and automation projects that will improve organizational awareness and provide tools to improve performance and customer service, allowing the agency to be much more flexible and adaptive to the demands of Oregonians.</p>	

<b>3 STAFF TRAINING</b>	OLCC's Performance Measure Coordinator participates in the roundtable meetings and regional government accountability/measurement conferences. OLCC technical staff has defined and incorporated the notion of high level performance measurements into the agency's strategic planning as an effective feedback mechanism.
<b>4 COMMUNICATING RESULTS</b>	* <b>Staff :</b> The OLCC communicates KPM results through the posting of the APPR on the agency's website.

	<ul style="list-style-type: none"> <li>* <b>Elected Officials:</b> The OLCC communicates KPM results through the posting of the APPR on the agency's website and by including the annual report in the agency's budget documents, which are reviewed by LFO and the Legislative Ways and Means Committee.</li> <li>* <b>Stakeholders:</b> The OLCC communicates KPM results through the posting of the APPR on the agency's website.</li> <li>* <b>Citizens:</b> The OLCC communicates KPM results through the posting of the APPR on the agency's website.</li> </ul>
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