



OLCC

**Public Safety Services Program  
Annual Report**

Calendar Year 2011  
Fiscal Year ending June 30, 2012

OLCC Public Safety Services Program  
Annual Report  
*Calendar Year 2011 and Fiscal Year ending June 30, 2012<sup>1</sup>*

## **Executive Summary**

The OLCC Public Safety Program continues to become more efficient and responsive to its stakeholders, taking important steps in 2011 and 2012 to optimize its resources during an extended state economic recession and slow recovery. The program regulates the manufacture, distribution and sale of alcoholic beverages, and includes Licensing Services, Enforcement, and the Alcohol Education divisions.<sup>2</sup> To maintain a high level of services despite limited resources, the program has made organizational changes, adapted new technology and processes and strengthened partnerships and communication, as described in this report.

Regulating alcohol use is essential for minimizing the risks to society. Alcohol abuse is widely recognized as causing social and health problems, and is involved in many crimes of violence. Drunk driving kills and injures hundreds of people every year. The OLCC Public Safety Program enforces alcohol laws, issues liquor licenses, and provides education to people who sell and serve alcohol. These strategies help to protect society and support the state's economic development. The alcoholic beverage industry – including the hospitality and tourism industries -- employs thousands of people in the state.

Annually, the Public Safety Program helps to put more than 12,000 employers into business through its licensing function. Each of these businesses provides jobs for Oregonians such grocery store clerks and people who serve in restaurants and bars (the holders of service permits issued by the program's Licensing Servicing Division). More than 130,000 people hold service permits, allowing them to mix, sell and/or manage those who serve alcohol by the glass to be consumed at the licensed business. The Public Safety Program's Alcohol Education division ensures that servers and sellers know the liquor laws; the program's Enforcement Division ensures that they comply with these laws. Many of these retailers sell distilled spirits by the glass, generating approximately 25 percent of OLCC's gross distilled spirits sales revenue, approximately \$110 million per year. This revenue feeds back directly into the state economy, benefiting local communities and citizens.

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<sup>1</sup> Prior annual reports were from the OLCC Regulatory Program, comprising only Enforcement and Licensing Services. This report also includes the Alcohol Education functions, so we call it the Public Safety Services Program Report. Another change: the Regulatory Program reports were for calendar year periods. This document begins fiscal year reporting for periods ending June 30 of each year, consistent with state of Oregon budget and key performance measurement time period requirements. This "bridge" report between calendar and fiscal year includes information as it is available: some calendar year information, and some fiscal year information. Please contact the program if you need statistics for time periods that do not appear in this report

<sup>2</sup> The OLCC Public Safety Services Program included the Administrative Policy and Process Division until August 2011, when it transferred to the Support Services Program of the OLCC.

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Two key performance measures tell the agency on the highest level how well it protects Oregon's public safety and supports economic development. First, the minor decoy program's performance measure helps the Public Safety Program determine how well the retail licensees – and liquor stores are avoiding making illegal sales to minors. A second important key performance measure tracks the time it takes for OLCC to issue a liquor license. This helps us determine how well we are helping applicants get their businesses operational, enabling qualified applicants to sell alcohol. In fiscal year 2012, the program maintained a high rate of compliance with licensees avoiding alcohol sales to minor decoys, as well as surpassing the target for how long it takes OLCC to process liquor license applications.

For the first time, the program presents information in fiscal year format – the agency budget and statutory authorities information are based on the state's fiscal year and biennial timeframes, ending June 30. This way, our activities will be reported consistently with the funding periods that support them, and consistent with the rest of Oregon state reporting. As a bridge report, you will find information here for both calendar year (CY) ending December 31, 2011 and fiscal year (FY) ending June 30, 2012, creating a baseline for future fiscal year reporting. We also are confining the report to higher level statistics. If you would like additional information, please don't hesitate to contact me.

Sincerely,

Rudy Williams  
Director  
OLCC Public Safety Services Program

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**OLCC Public Safety Services Program  
Calendar Year 2011  
Fiscal Year 2012**

## **Program and Policy Developments**

### **1. Strategic Planning**

The Public Safety Services Program continues to develop its ten-year strategic plans, using a “logical framework” process, to meet the goals of public safety, economic development, and stewardship for the state of Oregon.

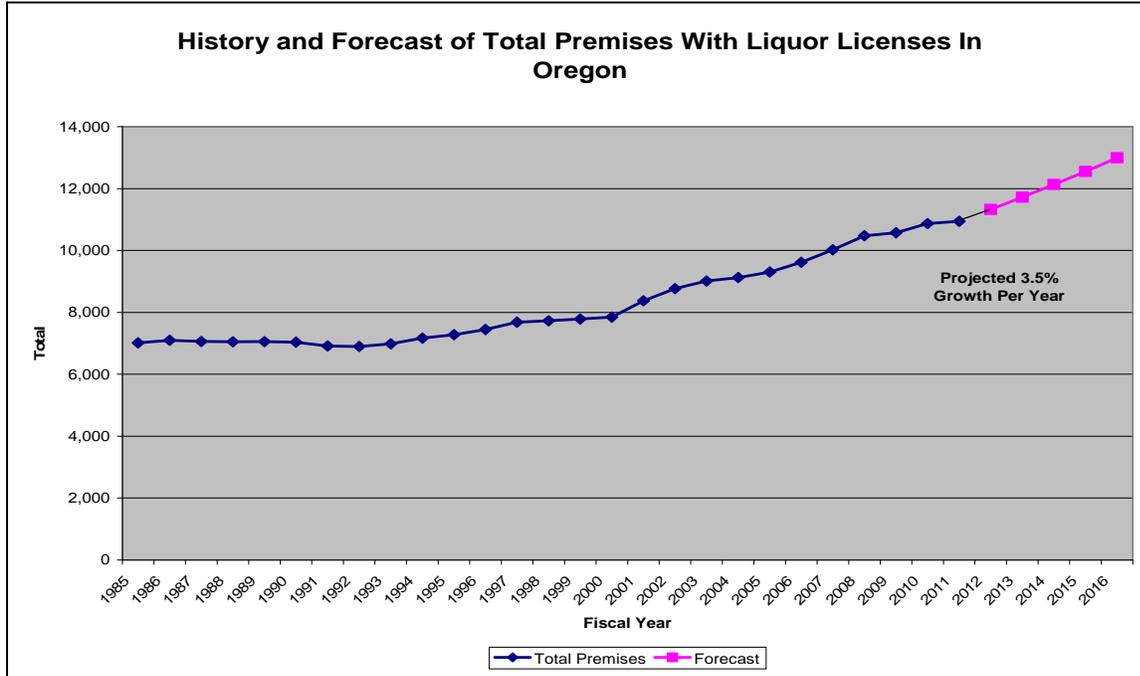
- The Licensing Services Division works from its Comprehensive Licensing Strategy (CLS), based on the logical framework model. The division’s high-level objectives are to pursue continuous process improvements and oversight, staff development, and technology implementation.
- The Enforcement Division objectives are to improve licensees’ understanding of and compliance with liquor laws as measured on key indicators; to improve infrastructure to ensure consistent OLCC application of laws and policies; and leverage the ability of local law enforcement to enforce liquor laws.
- The Alcohol Education Division’s objectives are to increase licensees’ understanding and compliance with liquor laws; decrease sales and service to minors and to visibly intoxicated persons; increase public awareness of efforts to prevent underage drinking; and increase the positive perception of OLCC as a partner.

### **2. New Approaches to Optimizing Resources**

#### **a. Risk-based priorities**

OLCC has worked to develop a balanced approach to licensing and enforcing liquor laws for the state’s approximately 12,000 licensees. But with limited staff and resources – along with a growing clientele base of licensees, service permittees and applicants needing its services – it cannot equally address all concerns, big and small. The program anticipates a stable level of staffing but continued to increase in workload. Therefore, the program has been re-evaluating how well it applies its resources to the greatest risks to the public safety, and analyzing possible ways to better target its highest priority public safety needs.

Table 1



## 1. Licensing

Most licensing risk-based strategies, such as the grounds for OLCC to refuse to grant a license and the licensing fee structure, are set by statute. Even so, the Licensing Services Division is evaluating which types of conditions, drinking environments, and which license types tend to pose the most risk to public safety and the greatest chance of liquor law violation. It also is revisiting how much operations cost compared to the benefit achieved. Its goal is to direct its resources from any lower risk areas to higher risk ones, especially when the consequences might be serious harm to the public safety.

Short- to mid-term risk-based licensing strategies include pursuing rule and statute changes, to enable OLCC to better control licensee’s outdoor drinking areas; place enforceable measures to ensure licensed businesses do not develop problems and unravel; and to better identify and address problematic ownership situations. Possible mid-to-long term strategies include statutory changes such as creating a “night-club” license to isolate historically high-risk type operations with late night operations, live entertainment, alcohol focus, and a large occupancy; instituting risk-based licensee application fees; and revising the statutory criteria for OLCC to deny a license application. Updating policies to refuse a license or service permit may improve the use of valuable resources.

## 2. Enforcement

On the other hand, most Enforcement strategies have included OLCC- (rather than statutorily) created and controlled **activities**, such as **administrative** and **compliance-focused** strategies.

Administrative activities include enforcement programs such as *First Call*, where inspectors visit and educate new licensees without ticketing for minor violations, and regular, non-complaint driven visits to all licensed premises: these activities maintaining a visible presence in the community while helping to educate business owners in liquor law compliance. **Compliance-focused activities** have included inspectors investigating and assembling cases on licensees with violations, such as those with a history of problems and or might be linked to a high number of DUIIs. Inspectors work with local law enforcement to create saturation patrols that provide a “multi pronged” approach of enforcement activities targeting problem premises or areas. Inspectors conduct minor decoy operations, often in conjunction with local law enforcement: a program with statutory foundations.

Each of the five geographic regions in the state has its unique characteristics. In 2011, most regions’ inspectors spent a significant amount of time making regular, proactive “premises visits” as part of the statewide uniform policy to visit 25 percent of licensed premises each year, designed to maintain a visible presence throughout the state. But as the Public Safety Program looks to direct more of its resources to the higher risks to public safety, it becomes more compliance focused and complaint driven. Routine administrative enforcement activities, directed towards all licensees -- independent of their projected likelihood or past history of problems -- take a lower priority than in the past. In 2011 Bend and Eugene, did more compliance work- such as citations and ID checking -- related to specialized needs of a high university population or special events such as the Pendleton Roundup. Other more metropolitan areas, such as Portland, tend to spend a more significant amount of time working with local law enforcement on problem premises.

OLCC conducts between 1,800 and 2,000 minor decoy operations each year to test compliance of Oregon licensees for alcohol sales to minors and to help curb underage drinking. The program is designed to cover about 15 percent of all licensed premises in a single year. Given the projected growth in licensed premises, OLCC might not have the resources to maintain this rate.

Preventing underage drinking is an important focus point for enforcement, and these operations need to continue. However, recent surveys indicate that three to six percent of minors get their alcohol by directly buying it themselves from liquor-licensed businesses in Oregon (Substance Abuse and Mental Health Services Administration, Office of Applied Studies, 2010) Research indicates that Oregon youth are receiving a large amount of alcohol from sources other than licensed premises. Therefore, having OLCC staff respond to minor-in-possession (MIP) parties may be the direction of risk-based enforcement. Using risk-based enforcement principles to reallocate resources from low-risk activities to high-risk ones could provide the needed resources to combat minors drinking alcohol.

## **b. Educating Stakeholders**

*Helping People Understand OLCC, Liquor Laws, and Responsible Service and Consumptions*

In 2012, the OLCC Alcohol Education staff shot a video, *OLCC--It's Your Business*, by the National Alcohol Beverage Control Association (NABCA).

In 2011, the Diageo company funded the printing of 100,000 educational coasters, developed by the OLCC Alcohol Education staff. The OLCC distributed the popular coasters to businesses with on-premises retail liquor licenses -- licenses which allow customers to consume liquor on the premises. The coasters, printed with information about basic alcohol laws and safe and responsible practices, make education accessible to the patrons in an entertaining and accessible way.

In 2011, the Alcohol Education staff also developed educational packets for the *First Call* program. In *First Call*, liquor inspectors visit new licensees to give them the information they need to be successful and in compliance with state liquor laws and OLCC requirements. Staff developed *First Call* and its literature in response to feedback the Public Safety Program received during outreach to licensees statewide.

#### *Over service of Alcohol -- Educational Initiative*

In October 2011, the OLCC Alcohol Education staff partnered with the Responsible Retailers Forum, a national non-profit organization dedicated to the responsible retailing of age-restricted products including alcohol and tobacco. In this education and research project, mystery shoppers posed as intoxicated patrons asking to be served at licensed businesses. The team tracked how well the businesses correctly refused to serve people showing signs of visible intoxication. Fifty-two percent of 67 businesses refused to serve. All the licensees were invited to a debrief meeting to discuss the results and possible ways to improve complying with the legal requirement to refuse to serve visibly intoxicated people.

The agency repeated the activity in October 2012, visiting 44 different licensees in the Portland metro and Multnomah County area. This time, 66 percent of the licensees correctly refused to serve the people posing as intoxicated patrons.

Also in 2011, the Alcohol Education staff, partnering with the Oregon Department of Transportation, received a Health and Safety Best Practices Award for the training video *It's Your Call*. The video recreates a wet lab, teaching people to identify visible intoxication. It's the agency's third award from the National Conference of State Liquor Administrators.

### **c. Improving Organizational Structure**

The Public Safety Program saw significant organizational changes in calendar year 2011 and fiscal year 2012 (the period January 2011 through June 30, 2012), flattening the organizational structure and improving the manager-to-staff ratio.

In May 2011, Linda Ignowski, the longtime director of the Public Safety Program's Enforcement and Field Services division, retired from state government. To reduce the number of

management layers and improve the manager-to-staff ratio, OLCC did not fill this position. Instead, Rudy Williams, the Public Safety Program director, took on the additional, crucial responsibility of overseeing Enforcement directly. Two more changes helped him to do so: the Administrative Policy and Process Division began to report to the executive director instead of to Mr. Williams (as of August 2011), and the Alcohol Education Division began to report to the Licensing Process Unit manager (Alisa Larsen) instead of directly to Mr. Williams, as well (April 2012).

Another significant change occurred June 30, 2012. To help meet new statutory requirements for management-to-staff ratio, OLCC did not fill one of the two Enforcement Division Portland-metro regional manager positions when the incumbent retired on June 30. Instead, the two Portland regions were merged into one, to be supervised by a single manager. To further rebalance regional workloads, the Salem regional office took over supervising the Warrenton district office, previously supervised by a Portland regional manager.

This consolidation of the program management staff and reorganization of units and regions will help the program meet statutory requirements, improve workload distribution, increase communication and consistency in operational practices, and make decision-making more efficient by reducing layers of supervision.

#### **d. Training and Communicating with Staff**

*1. Statewide meeting.* On September 27, 2011, the Enforcement Division held an all-staff meeting in Eugene, its first statewide meeting since budget reductions had eliminated them for several years. Staff from across the state had a first opportunity to meet each other in person, as well as the chair of the commission and other agency leaders. The meeting enhanced partnerships and communication among the staff, and strengthened relationships. Participants formed groups and identified activities to start, stop or continue. As a result of the discussions, for example, staff no longer take the time routinely to attend large-scale special events that pose a low risk for problems, nor to personally post public notice signs at new license applicants' premises.

#### *2. Inspector Training Academy.*

- a. The February 2012 Legislative Session passed SB 1528, extending statutory peace officer protections to the OLCC liquor inspectors and requiring Department of Police Safety Standards and Training (DPSST) training and certification for their recognized peace officer status. As a result, the Enforcement Division has been updating its training program, and working with DPSST to develop a curriculum for the Academy program.
- b. In March 2012, all inspectors (who had not already been through the full academy) attended a comprehensive training at the DPSST in Salem. The inspectors graduated with high marks on March 30, 2012.

## **e. Information Technology Solutions**

**1. Consolidated Enterprise License System.** The agency is developing an in-house consolidated enterprise license system, "AXIS," for more streamlined work processes and reporting; adaptability to an evolving regulatory environment; and higher levels of customer service. The new system will support potential policy changes and options such as multiyear licensing periods, applicants submitting their forms to OLCC and paying for licenses online, and advanced OLCC license and service permit analysis. It will support important risk-based automations, such as pre-screening for completeness; risk-scoring; routine decision-making; and statewide case assignments. With these processes in place, staff can be freed to perform high-risk/serious consequence investigations. Risk-based fees and risk scoring models are a natural fit to the new license data system, and would help to realize the automation potentials of the new system

**2. Enforcement Smartphone Application.** The agency created a smartphone application, to assist OLCC Enforcement staff while they are working in the field. In 2011, the OLCC Information Technology staff developed the smartphone app in-house, to provide liquor inspectors with remote access to alcohol service permit and license information -- such as license status and restrictions on particular licenses. In April, 2012, testing was complete and all inspectors received an iPhone with the iEnforce app. Staff no longer need to return to the office to do preliminary research, or have to ask and wait for the dispatcher to look up information and phone them back, or carry a bulky and slow-running tablet for information. The phones also give them additional tools for their job, such as Google maps, Internet access, email, contacts, calendar, reminders, notes, texting, camera and calculator: all the benefits, efficiencies and convenience of having a smartphone.

## **f. Other Process Improvements**

**1. Enforcement Audit.** In June 2011, the Enforcement received an audit of its internal operations. OLCC hired a temporary internal auditor to conduct the review. The purpose of the audit was to: review how well the Enforcement Division uses its resources, processes and tools; identify ways to gain efficiencies; and identify risks. The auditor said that ". . . enforcement activities appear to be operating in a manner that supports the OLCC mission." The auditor noted the division's "concerted efforts to improve the enforcement function" over the past year, including: executive staff and regional managers' increased review of statistics; a staff member's reassignment to an enforcement technician role to update reference materials, conduct quality assurance review of reports, and increase communication between regions; and efforts to gain effective tools through information technology. Many of the Enforcement Division's accomplishments in 2011 and 2012 focused on developing the auditor's recommendations for improving efficiencies.

**2. Fast Track Violation Process.** In December 2011, the Enforcement Division and the Administrative Policy & Process (AP&P) Division began a pilot program which changed the way the agency issues *Fast Track Notices* to licensees with violations. The pilot concluded June 30, 2012. The pilot eliminated the Enforcement Division's inspector's responsibility to issue

charging documents to licensees and permittees, and transferred the responsibility of issuing all charging documents to AP&P. During the pilot program, AP&P issued all charging documents for standard and fast track violations. The pilot was successful; the agency executives decided to continue with this new assignment of responsibilities permanently. As a result, AP&P now issues all fast track and standard violation charging documents to licensees and permittees. This is a positive change for Enforcement staff, AP&P staff, licensees and permittees.

## Measures and Statistics

### 1. Liquor Licensing

The OLCC licenses businesses that manufacture, distribute (import, export, wholesale, warehouse), and retail alcoholic beverages; businesses located in Oregon and employing Oregonians. Operations vary widely, and span the vineyards of the Willamette Valley and the Columbia Gorge – such as Brick House Winery and Ponzi; the Detroit Lake Marina; Harry and David in Medford; American Legion Post #41 in Baker City; Amtrak Railway; Brandy Peak Distillery in Brookings; the Portland City Grill on the 30<sup>th</sup> floor of the US Bank Tower; and the Rose Garden Arena. The number of businesses holding an OLCC license grows steadily, and in FY 2012 increased by 3.9 percent. This total growth has been helped by the steady demand for OLCC- issued certificates (Certificate of Approval) and permits (Direct Shipper and Wine Self Distribution), granted to out-of-state businesses bringing product into Oregon.

The highest total number of OLCC licensed business are in Multnomah County (3,057 licensees, 25 percent). The tri-county Portland-metro area (Multnomah, Clackamas, and Washington Counties) accounts for a combined 4,928 licensed establishments, or 40 percent of the state total. Tillamook and Hood River counties straddle the median of 143.5 licenses with 136 and 149, respectively.

*All Oregon liquor licenses, by license type:*

License Type and Subtype		FY 2012 License Counts	One-Year Percent Change	2004-2012 Percent Change
Brewery-Public House	BP	189	21.2	114.8
Brewery	BRW	7	-22.2	133.3
Brewery	BRWNC	6	0.0	-14.3
Certificate of Approval	CERA	1,653	3.1	69.2
Certificate of Approval – Dist. Spirits	CERD	410	13.3	---
Distillery	DIST	58	13.7	190.0
Direct Shipper	DS	1,008	8.2	---
Full On-premises Sales	F-CAT	61	0.0	0.0

Full On-Premises Sales	F-CLU	199	0.5	-3.4
Full On-Premises Sales	F-COM	3,864	2.1	36.8
Full On-Premises Sales	F-PC	14	0.0	55.6
Full On-Premises Sales	F-PL	60	0.0	122.2
Grower Sales Privilege	GSP	29	0.0	-29.3
Grower Sales Privilege	GSPNC	40	-2.4	110.5
Limited On-Premises Sales	L	2,480	-1.3	9.3
Off-Premises Sales	O	4,384	1.3	17.5
Warehouse	WH	37	2.8	42.3
Wholesale Malt Beverage and Wine	WMBW	160	1.9	39.1
Wine Self-distribution	WSD	140	14.8	-40.9
Winery	WY	492	2.3	124.7
Winery	WYNC	262	21.3	359.6
<b>Totals</b>		<b>15,553</b>	<b>3.9</b>	<b>29.7</b>

Notes --

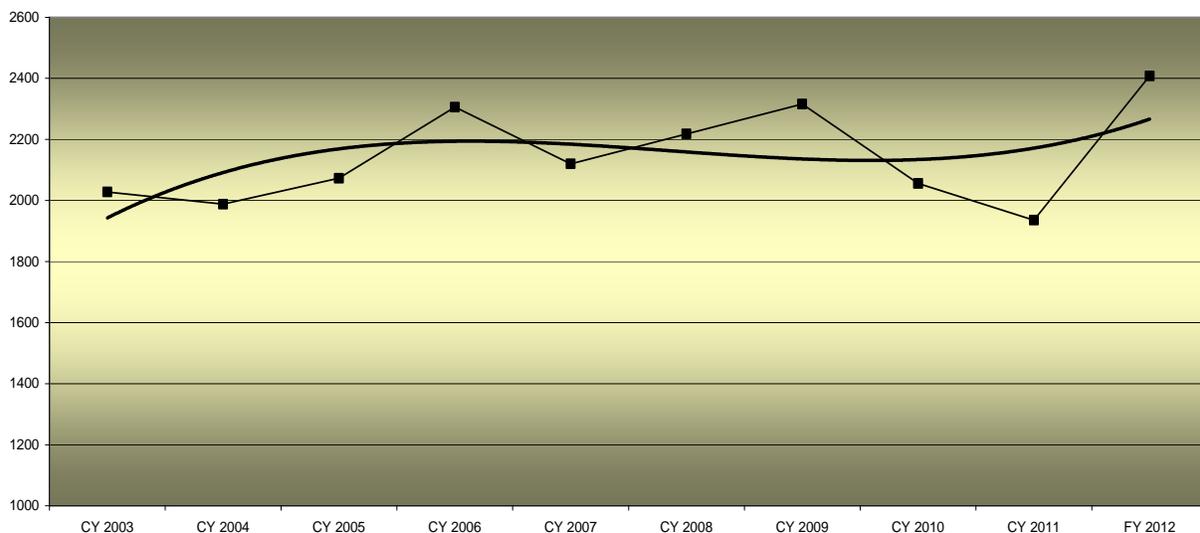
2004 is used as a starting point for comparisons because it was the first year that no license types remained from the before the year 2000 consolidation of license types.

The Certificate of Approval – Distilled Spirits first became available in the year 2010

The Direct Shipper Permit did not exist in 2004

This Statewide Licensing chart below shows the overall, statewide **new** license counts for each year, and the trend. Oregon's 36 counties each have an average of 339 new licenses processed each year

### Statewide Licensing



### *Temporary and Special Event Licenses*

In addition to annual licenses, the License Services Division issues temporary and special event licenses. These are a class of licenses characterized by short durations; typically lasting a day, a weekend, or a week. Events such as weddings, fundraisers, concerts, festivals, and farmers markets are among those that apply for a temporary or special event license. Types of licenses include: Temporary Use of an Annual License (TUAL), Temporary Sales License (TSL), Special Event Winery License (SEW), Special Event Growers Sales Privilege License (SEG), Special Event Brewery-Public House License (SEBPH), and a Special Event Distillery License (SED). Holders of these licenses include, for example: Pendleton Round-Up, the Portland Rose Festival, the Portland Blues Fest, the Oregon Jamboree, the Newport Seafood and Wine Festival, the Bite of Portland, the Tillamook Cheese Celebration, the Bend Summerfest, Chief Joseph Days Rodeo, and the Oregon Brewers Festival.

In a typical year, the OLCC issues approximately 5,000 or more temporary and special event licenses, though the Licensing Services Division is taking in more applications this year. The increase corresponds to application increases especially in the Portland Metro and the Bend regions, and with changes in Oregon laws that created new special event licenses for Brewery-Public House and Distillery licensees. . In calendar year (CY) 2011 the OLCC issued 5,831 temporary and special event licenses, as shown here by region along with the change from CY 2010 and the second half of fiscal year (FY) 2012 counts:

<b>Temporary and Special Event Licenses</b>		
<b>Region</b>	<b>CY 2011</b>	<b>Jan 1, 2012 – Jun 30 2012</b>
Portland Metro	1,969 (+465, +31 %)	1147
Salem	1103 (-13, -1.2 %)	532
Eugene	569 (-230, -29 %)	411
Medford	820 (+26, +3.3 %)	464
Bend	1,370 (+289, +27 %)	638
<b>Total<sup>3</sup></b>	<b>5,831 (+537, +10.1 %)</b>	<b>3,374</b>

### *Key Performance Measurement -- Length of Time to Issue a License*

A key performance measurement for the program is the average number of days from the time the agency receives a license application until the agency issues the license. The fewer days it takes, the better the OLCC is supporting economic development by enabling Oregon businesses to begin and continue to operate safely and responsibly, supporting the state's hospitality and tourism industries.

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<sup>3</sup> From the report, "Oregon Liquor Licensing Outlook, Fiscal Year 2012," prepared by Farshad Allahdadi, OLCC License Services Division Director.

Targets are based on historical averages and expected workloads. The 2007 Legislature asked the agency to set the target level to 90-days, beginning in FY 2008. The agency strives to issue liquor licenses to responsible and safe businesses faster than the target; the fewer days it takes, the better the agency is serving the needs of businesses. The OLCC's strategies for meeting the target for this measurement are to streamline, simplify, and automate the liquor licensing process.

In FY 2011, the agency issued licenses in a statewide average of 74 days from receipt of the application. In FY 2012, it improved and issued in an average of 67 days. Improving licensing processes and adding some temporary staff contributed to the improvement. Sustaining or continuing the improvement will require more long-term solutions, including regulatory innovations such as risk-based decision making methodologies; implementing streamlining measures, and developing a custom enterprise information technology licensing system that will automate many manual processes, as well as growing the agency's online service capacity.

## **2. Alcohol Education**

The Alcohol Education Division monitors and enforces the standards of the statewide Alcohol Server Education Program and other alcohol education initiatives. The staff monitor the more than 2,000 server education classes taught by approved providers, statewide, as well as the various approved online courses. Staff oversees the training and testing of the alcohol servers who go through the course. Staff evaluates instructors, updates curriculum and tests, and certifies private online and classroom providers and instructors to ensure they are teaching according to requirements laid out in statute and administrative rule. Staff investigates complaints of substandard performance and violations of program rules, and takes necessary compliance actions.

The division also administers the clerk training course, the seller training course, and the Responsible Vendor Program – all designed to improve liquor law compliance and keep Oregon neighborhoods, citizens, and visitors safe. The Responsible Vendor Program is voluntary for licensees. The program rewards retail licensees who adopt best practices on alcohol sales, and provide ongoing training to their employees. Licensees receive reduced sanctions if an employee does sell alcohol to a minor, as long as the licensee has all of the Responsible Vendor Program requirements in place.<sup>4</sup>

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<sup>4</sup> In 2008, The Responsible Vendor Program won a Best Practices Award for Social Responsibility, from the National Conference of State Liquor Administrators (NCSLA).

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<b>Alcohol Education Statistics</b>		
<b>Activity</b>	<b>CY 2011 (12 months)</b>	<b>Jan 1, 2012 – Jun 30 2012 (6 months)</b>
Alcohol Server Education exams, graded and processed	28,539	15,708
Online Alcohol Server Education courses approved	2	2
Seller Training courses Approved	2	
Clerk Training courses approved	1	0
Clerks processed through Clerk Training Program	193	55
Responsible Vendor Program Applications approved	214	135

### **3. Enforcement**

The OLCC Enforcement Division ensures that licensed businesses statewide comply with liquor laws. The division does this by providing training on liquor laws, conducting in-depth investigations, and enforcing liquor laws and rules through sanctions. Division staff in field offices outside of the Portland–metro area serve “dual-roles.” Besides liquor law enforcement, they perform licensing activities: conducting liquor license investigations and issuing licenses to qualified applicants. (For the Portland-metro area, the Portland-based Licensing Services Division’s license investigators perform these activities.)

#### *Key Performance Measurement – Sales to Minor Decoys*

Another key performance measurement for the program is the percentage of licensees who correctly refuse to sell alcohol to a minor “decoy.” In the minor decoy program, OLCC inspectors, often partnering with local law enforcement, supervise a minor to enter a licensed business and attempt to purchase alcohol. Sometimes, unfortunately, the seller illegally agrees to make the sale to the minor.

Recruiting minors for the role of decoys is a challenge, and inspectors spend a considerable amount of time recruiting qualified, volunteer decoys. The agency does not attempt to deceive the licensee during a decoy operation. Decoys are expected to appear younger than 21 and are

required to use their actual IDs when asked for identification. Licensees checked more than half of the decoys' IDs who were sold alcohol, indicating that servers and store clerks are not properly reading the age on the ID. This may be a training issue for licensees.

The greater the number and percentage of licensees who refuse to sell alcohol to the minor, the greater the compliance rate, showing that more licensees are complying with liquor laws. The higher the compliance rate, the better the OLCC is supporting the public safety of Oregon communities and the health and well-being of its citizens, especially youth.

The targets for this measure are based on historical averages of licensees refusing to sell alcoholic beverages to minor decoys. OLCC views this target as a minimum threshold of licensee compliance and strives to exceed it. The OLCC proactively increased the target level from 70 percent to 73 percent for the 2006 reporting period. The state Legislature raised the target again during the 2007 session to 80 percent.

The FY 2012 result shows an 81 percent compliance rate of “no sales” to minors and exceeds the legislative target. The compliance rate increased by four percent from the FY 2011 compliance rate of a 77 percent. The result continues to demonstrate improvement in the agency's performance and maintains a trend of improvement.

#### *Key Performance Measurement – Rate of Licensees' Second Violation*

Another key performance measurement for the program is the percentage of licensees who violate a liquor law in a second, separate incident within two years after the first violation. This is a new measurement, and targets are not yet established. The OLCC will propose a target for 2013-15 to the Legislature, after consulting with the Department of Administrative Services and the Legislative Fiscal Officer.

During FY 2012, 435 licensed premises had serious violations, about four percent of the total licensed premises for the year. The FY 2012 “second violation rate” is 11.7 percent, a slight drop from the previous year: 13.3 percent rate for FY 2012. Although this is an improvement, please note that the number of licensed premises cited with one or more violations has dropped from 565 in FY 2010 to 435 in FY 2012.

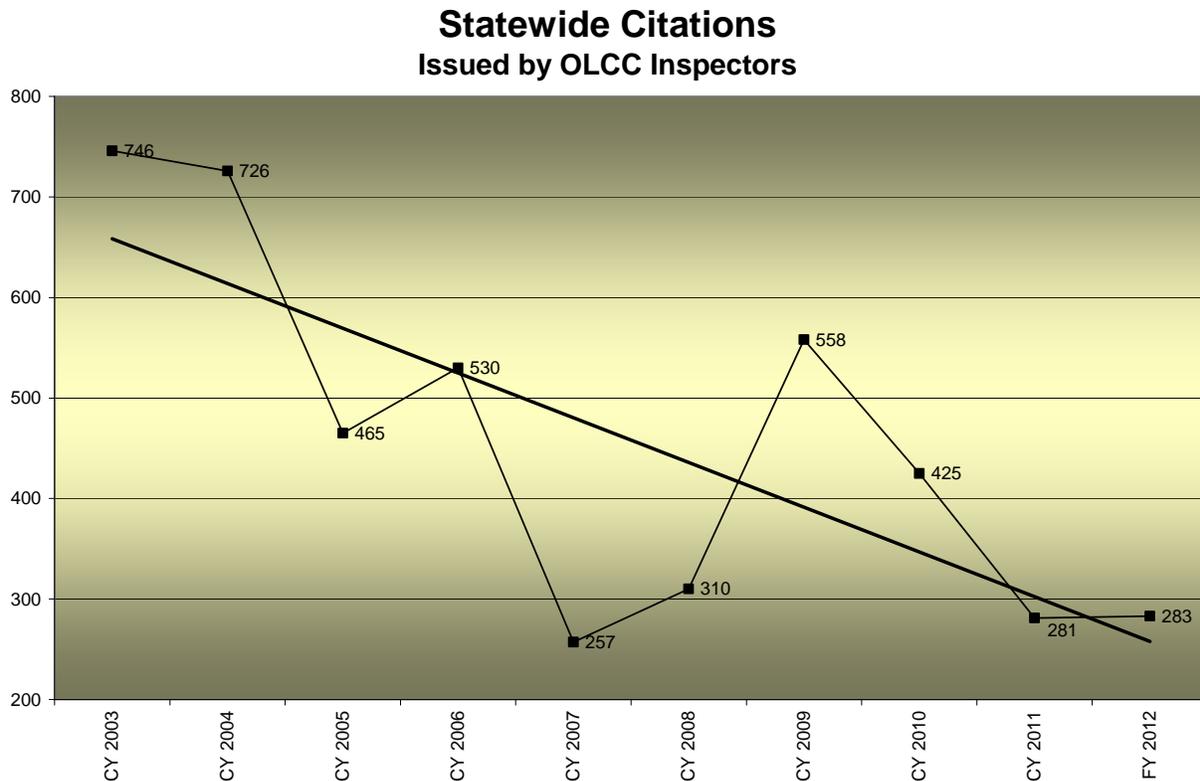
The number of premises with second violations from FY 2010 was 32, or about 0.6 percent of the total number of premises licensed. Of the premises with repeat violations, about half of the repeat offenses occur in the first year and half in the second year.

The prolonged recession continues to impact all businesses with liquor licenses. Although the drop in the number of cited premises is most probably related to OLCC's enforcement efforts, the drop might also be impacted by the number of premises that are no longer operating. The earlier historical data indicates a “second violation rate” of between 17 and 19 percent.

Since the percent of repeat violators appears to be heading down, the agency might propose a target lower than the existing rate of 11.7 percent. However, as the economy begins to improve, the percent of repeat violators may increase as new businesses unfamiliar with liquor regulation come in to the market place. This will place more emphasis on Public Safety Program initiatives such as *First Call* and the Responsible Vendor Program to educate new licensees.

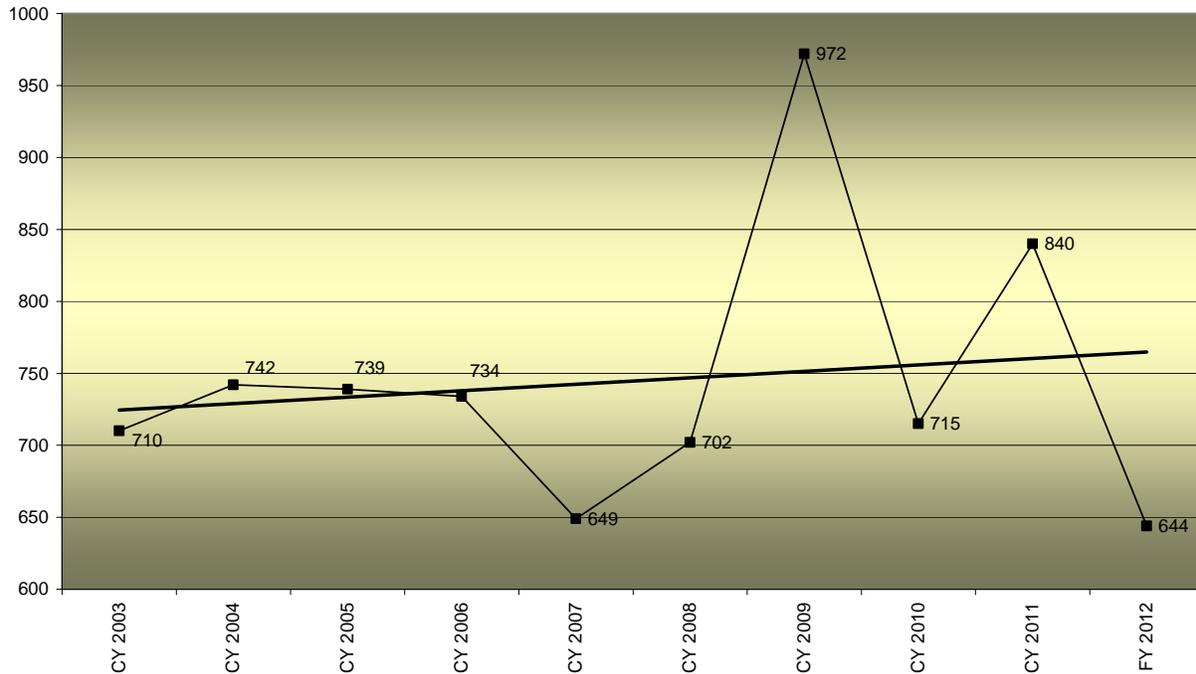
*Other Enforcement Statistics*

The following charts show the statewide trends over recent calendar years and the most recent time period, the fiscal year ending June 30, 2012. These charts compile data from all regions across the state.



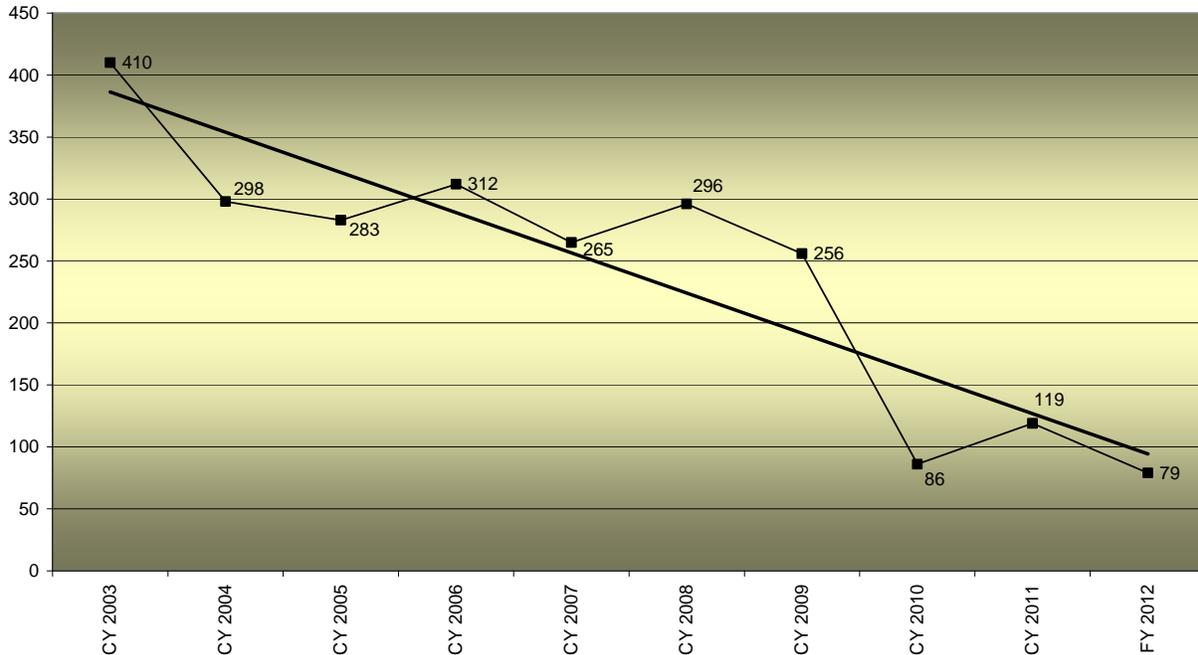
Generally, the number of criminal citations has been in decline as the program focused more on ensuring that liquor licensees comply with liquor laws. Licensees who do not comply are violating administrative law, and receive **administrative** sanctions from the OLCC, rather than citations. The program has refocused on the segment it has specific jurisdiction over – those with liquor licenses -- in an effort to be most effective while the number of staff remain relatively constant. Meanwhile, the number of licensees and permittees increases, and the state population and state tourism grows.

## Statewide Notices of Violation & "Fast Track" Tickets Issued by OLCC Inspectors



The trend for these administrative sanctions – notice of violation tickets (NVT) and fast track tickets (expedited process) -- has remained relatively stable over the years, with recent changes due to periodic lower staffing levels from mandatory budget-saving furlough days, and staff and management turnover.

## Statewide Warnings Issued by OLCC Inspectors



The trend for inspectors issuing warnings has been downward; warnings have come to be viewed as intermediary steps that do not usually achieve their intended goal – to help a licensee come into stronger compliance without a great penalty. If the licensee does in fact have a subsequent problem, the earlier warning often serves to aggravate the penalty for that problem. Inspectors will take that into account and hope to educate the licensee without giving them an administrative sanction that will aggravate penalties in the future, if possible. And if the problem is serious enough, the inspectors will issue a notice of violation to gain compliance.

### *Regional Characteristics and Reports*

The state of Oregon covers a wide area, both geographically and culturally. Trends differ among the Enforcement regions because of these factors.

### CY 2011 Most Frequent Notice of Violations, as Issued by Region

CY 2011 Violation	Portland Metro	Salem	Eugene	Medford	Bend	State
FAILED TO VERIFY AGE/CHECK ID	56%	61%	94%	85%	67%	67%
EMPLOYEE W/O A SERVICE PERMIT	17%	13%	2%	8%	8%	12%
PERMITTED DISORDERLY ACTIVITY	5%	1%	1%	1%	2%	3%
OTHER VIOLATIONS	22%	25%	2%	6%	23%	18%
Total Violations Issued	337	165	90	103	100	795
Licensed Premises (Dec-2011)	5,499	1,697	1,824	1,463	1,294	11,777

### CY 2011 Most Frequent Citations, as Issued by Region

CY 2011 Citation	Regions 1&2 Portland Metro	Region 3 Salem	Region 4 Eugene	Region 5 Medford	Region 6 Bend	State Total
FURNISHING ALCOHOL TO A MINOR	24%	88%	57%	29%	93%	53%
MISREPRESENTATION OF AGE	45%	6%	11%	36%	0%	21%
SELLING ALCOHOL WITHOUT A LICENSE (SERVICE PERMIT)	21%	6%	4%	0%	7%	9%
OTHER CITATIONS	9%	0%	28%	36%	0%	17%
Total Citations Issued	95	18	104	43	21	281

### Number of Minor Decoy Operations By Region For Three Years

Total Minor Decoy Operations			
Region	CY 2009	CY 2010	CY 2011
Bend	354	221	257
Eugene	259	255	243
Medford	300	249	251
Salem	335	381	322
Portland Metro	965	788	722
Statewide	2,213	1,894	1,795

### Minor Decoy Compliance Rate By Region For Three Years

Minor Decoy "No-Sale" Compliance Rate			
Region	CY 2009	CY 2010	CY 2011
Bend	82%	81%	81%
Eugene	83%	78%	77%
Medford	83%	72%	81%
Salem	71%	76%	72%
Portland Metro	80%	84%	79%
Statewide	79%	79%	78%

## ***Region Notes***

### *Portland Metro Region*

At the end of fiscal year 2012, the two Portland metropolitan regions merged into a single region under a single manager, as part of the state mandate to increase the ratio of staff to management positions.

The different areas of Portland have different licensee make ups. Some areas tend to have more minor decoy missions conducted by OLCC with local law enforcement. In these situations, the local law enforcement officers tend to issue criminal citations, rather than the OLCC inspectors issuing them. On the other hand, the denser downtown area tends to have more citations regularly issued for fake ID.

### *Salem Region*

In CY 2011, staff increased the education they provided for licensees, in the form of *First Call* visits to new licensees; this was offset by conducting fewer minor decoy visits and issuing fewer notices of violation and criminal citations that year.

### *Bend Region*

This region includes the Pendleton field office and the Bend regional office. Its Nyssa field office opened in 2009 but closed at the end of 2011; it covered three Eastern Oregon counties with 251 licensed businesses.

The remaining offices cover extensive square miles, serving 14 counties east of the Cascades, which is more than 51 percent of the land area of the state of Oregon. Two or three-hour one-way trips to visit a licensed business are commonplace. The inspectors in this region spend a considerable amount of time traveling between licensed businesses, compared to the other regions.

Recruiting volunteer decoys is a challenge especially in this region, and inspectors spend a considerable amount of time doing so. Staff also invested a considerable amount of time investigating four allegations of “History of Serious and Persistent Problems,” a charge historically known to be time consuming to investigate. Staff issued more notices of warnings in 2011 than in 2010, mostly as a result of discoveries made during minor decoy operations.

The number of criminal citations dropped in 2011, largely because staff did not attend any parties where they found minors in possession of alcohol. (Parties are not licensed businesses and not a priority with limited staffing levels.) They also dropped because OLCC has sent fewer inspectors to special events such as the Chief Joseph Days Rodeo and the Pendleton Round Up, due to staffing levels and licensee numbers. These events no longer produce and turn over as many minors in possession or false ID cases to OLCC, and OLCC staff have shifted to a more educational role at these special events, rather than ticket writing.

### *Medford Region*

The region's criminal citations issued declined due to the program focusing more on licensed businesses (under administrative jurisdiction, not criminal citation) rather than unlicensed events and public areas such as downtown parking garages frequented by minors.

The region observes that the number of notices of violations vs. criminal citations also shift depending on the types of minor decoy operations conducted. Minor decoy operations in businesses serving alcohol by the drink ("on-premises licensees," with holders of OLCC service permits) will result in administrative sanctions, such as notices of violation. But, decoy operations at businesses such as grocery stores or convenience stores -- selling alcohol to be consumed off-premises -- will result in criminal citations for those clerks who are not permittees or licensees of the OLCC's.

### *Eugene Region*

This region tends to have the most criminal citations among the regions because of the number issued for minor in possession. The majority stem from the work at special events including University of Oregon football games, and other sports and concert events on university property. The Eugene office also performs nearly all of the minor decoy operations held in the Eugene region, issuing criminal citations for furnishing alcohol to a minor at off-premises licensed businesses.

*In general, all regions report challenges in staff turnover, filling positions, managing lower staffing levels due to furlough days, and training new staff, as well as the subsequent need to operate on a complaint-driven basis.*

\* \* \*

*The Public Safety Services Program looks  
forward to continuing  
to serve the public in the coming years.*

## Appendix

### Enforcement Division Sanctions Issued, Statewide

		Fiscal Year Ending June 30, 2012		
	<b>Count Calendar Year 2011</b>			<b>Total Count FY 2012</b>

<b>Tickets</b>		Notice of Violation	Fast Track	
After Hours of Operation	9	7		7
Change of Minor Posting (Permanent)		1		1
Denied Access - Closed	3	4		4
Discouraging Food Service	2	2	2	4
Drinking on Duty	7	8	1	9
Employee Without Service Permit	91	39	36	75
Fail to Maintain Bond	1	1		1
Fail to Report/WMBW Requirements & BP Requirements		1	1	2
Failed to Evict Patrons	5	1	1	2
Failed to Have Required Dining Seating (F-Com)	1	1	1	2
Failed to Maintain Liquor Liability Insurance	6	6		6
Failed to Provide Minimum Food Service (Meal Period)	4	4	2	6
Failed to Submit Privilege Tax Forms on Timely Basis	1			
Failed to Supervise Licensed Exterior Area	1	1		1
Failure to Follow Enforceable Compliance Plan			2	2
Failed to Verify Age/Check ID	513	108	298	408
Failure to Effectively Communicate	2	1		1
False Statement	5	4		4
History of Serious and Persistent Problems	7	5		5
Licensee Convicted	4	1		1

	<b>Count Calendar Year 2011</b>			<b>Total Count FY 2012</b>
<b>Tickets, continued</b>		Notice of Violation	Fast Track	
Minor in Prohibited Area	11	14	2	16
NSF Checks	1	1		1
Open Container	4	4	1	5
Permitted Games of Chance	1	11		1
Permitted Minor to Consume	8	10		10
Permitted Unlawful Activity	13	7	7	14
Permitted VIP to Consume	2			
Permittee Convicted	1	11		1
Permitting Noisy or Disorderly activity	3	12	4	16
Prohibited Sales/Importation Without a License		2		2
Removal from RVP	8	5		5
Restriction Violation	6	9		9
Restrictions on Advertising		1		1
Sale by Person Under 18	3	2	1	3
Sale of Alcohol Other Than as License Permits	2	2		2
Sale to VIP	7	2	4	6
Unapproved Interest		1		1
Under the Influence of Intoxicants on Duty	4	4		4
VIP to Consume	8	0	8	8
<b>Total Tickets</b>	<b>761</b>	<b>273</b>	<b>371</b>	<b>644</b>

## Warnings

	<b>Count Calendar Year 2011</b>			<b>Count FY 2012</b>
Destruction of Evidence	3			
Discouraging Food Service				1
Drinking Alcohol Outside Premises				1
Drinking on Duty	7			7
Employee W/O Service Permit	24			18

**Warnings, continued****Count  
Calendar  
Year  
2011****Count  
FY  
2012**

Failed to Comply with Minor Control Plan	1			
Failed to Evict Patrons	3			2
Failed to Have Required Seating	1			
Failed to Maintain Liquor Liability Insurance	3			
Failed to Meet Training Brochure Requirements	3			1
Failed to Provide Minimum Food Service (other Times)	3			1
Failed to Report/WMBW Requirements & BP Requirements				2
Failed to Submit Privilege Tax Forms	2			1
Failed to Verify Age/Check ID	2			
Failure to Follow Enforceable Compliance Plan				2
Failure to Produce Service Permit for Inspection				1
False Statement	4			
History of Serious and Persistent Problems	6			6
Hours of Sale	3			2
License Required to Produce Alcohol Liquor				1
Licensee Convicted of a Misdemeanor	1			
Minor Entertainer in a Prohibited Area				1
Minor in an Area Prohibited to Minors	10			1
Notification for Premises Closed More Than 14 Days	1			1
Open Container	3			1
Permitted Alcohol to Leave the Premises	1			
Permitted Minor to Consume	1			
Permitted Unlawful Activity	5			1

**Warnings, continued****Count  
Calendar  
Year  
2011****Count  
FY  
2012**

Permitting Noisy or Disorderly Activity	8			6
Prohibited Conduct	2			4
Prohibited Importation of Alcoholic Beverages	1			
Refusal to Accept Empty Beverage Containers for Refund	1			
Restrictions on Advertising				3
Retail On-Premises Malt Beverage or Wine Sampling Limits	1			
Sale by Person Under the Age of 18	1			
Sale to VIP	13			12
Service Permit Not Available for Immediate Inspection	3			1
Under the Influence of Intoxicants on Duty	1			
Unlawful Drug Activity				2
VIP to Consume	1			
<b>Total Warnings</b>	<b>116</b>			<b>79</b>

**Citations****Count  
Calendar  
Year  
2011****Count  
FY  
2012**

Allowing VIP to Consume	1			
False Swearing				1
Furnishing Alcohol to a Minor	51			60
Importing Without a License	1			
Interfering with Enforcement				2
Minor in Possession	87			60
Minor in Prohibited Area	6			10
Mislabeled Bottle	1			
Misrepresentation of Age	35			89
Misuse of ID Card	4			1
Misuse of License				3
NO DPSST Certification				8

**Citations, continued****Count  
Calendar  
Year  
2011****Count  
FY  
2012**

Open Container				2
Prohibited Sales W/O a License	2			2
Providing a Place for Minors to Consume				2
Providing Alcohol to VIP				7
Resisting Arrest				1
Sale of Keg	1			
Selling Without a Service Permit	20			28
Tax on Wine	1			
Unlicensed Sale of Alcohol				3
Using Another's License	1			3
Using Invalid License				1
<b>Total Citations</b>	<b>211</b>			<b>283</b>

Note – The OLCC Public Safety Service Program's Enforcement Division designed and started using a new data tracking system beginning January 2012. This improved tracking system may be more effective in counting the number of citations.

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