

Washington State Gambling Commission

Strategic Plan



2009-2013

Washington State Gambling Commission

4565 7th Avenue SE
PO Box 42400
Olympia, WA 98504-2400
360-486-3440
www.wsgc.wa.gov

Table of Contents

<i>Table of Contents</i>	<i>iii</i>
<i>Introduction</i>	<i>1</i>
<i>Definitions</i>	<i>3</i>
<i>Mission, Vision, Values & Goals</i>	<i>4</i>
<i>Organizational Chart</i>	<i>5</i>
<i>Agency Overview</i>	<i>6</i>
<i>History</i>	<i>8</i>
<i>Statutory Authority</i>	<i>10</i>
<i>Goals and Projects</i>	<i>11</i>
<i>Core Performance Measures</i>	<i>12</i>
<i>Projects and Performance Measures</i>	<i>13</i>
<i>Project Proposals</i>	<i>15</i>
<i>Current Strategies</i>	<i>57</i>
<i>Performance Analysis</i>	<i>60</i>
<i>Assessment of External Challenges and Opportunities</i>	<i>61</i>
<i>Assessment of Internal Capacity and Financial Health</i>	<i>63</i>
<i>Accomplishments</i>	<i>64</i>
<i>Appendices</i>	<i>67</i>
<i>Net Receipts Comparison</i>	<i>69</i>
<i>Office Locations</i>	<i>70</i>

This page intentionally blank

Introduction

MESSAGE FROM DIRECTOR RICK DAY...

Planning for the future helps to ensure we take the time to consider each other's opinions, identify priorities, and move forward with a shared direction. Developing a strategic plan provides the Agency:

- a process by which we assess what we are about;
- a process by which we assess what we do; and
- a method to document and implement the results of that assessment.

We continue to use a process that offers staff and interested parties an opportunity to directly contribute to our future direction. Our strategic plan is designed to be a document that speaks plainly, means something to all of us, is flexible, and guides our decision making in the future.

Our strategic plan relies on actions or projects designed to reinforce our mission, vision, and values, and the actions will define the kind of agency we work for and dictate our future success. As a result, the agency's priority projects include:

- Implementing new online processes for licensees
- Analyzing the license fee structure to identify a structure that fairly distributes the burden on all licensees
- Reviewing manufacturer/distributor license fees through analysis and discussion with interested parties
- Developing and submitting a plan to the Department of Personnel to strengthen our performance-based culture through improved evaluation and reward systems (Performance Management Confirmation)
- Developing a Special Agent Core Training Program to ensure consistency and coordination of training provided to new agents
- Identifying and developing enhancements to the Automated Case Reporting System and Gambling Information Management Systems
- Evaluating and identifying changes to the Tribal Regulatory Billing System through analysis and discussion with tribes

The projects reinforce the need to use resources wisely by evaluating our processes and identifying improvements to increase our efficiency and effectiveness. This plan includes the message that, although we intend to follow through with legislative direction to strictly regulate and control gambling in Washington, we also plan to scrutinize our processes and rules to ensure they have value and don't place unnecessary burdens on business or tribal communities.

Teams are part of the daily activities of this agency and will continue to play a role in our future. Many of the agency's priority projects rely on teams to develop and, in some cases, even implement new solutions. Teams often challenge us to step outside our individual

comfort zone and work together. Our experience has proven that we always arrive at a better solution or with a better product when we work together.

The planning process continues to require us to re-examine how we measure success. We have developed some indicators that may help us monitor progress toward each agency goal. In addition, the process has resulted in a longer-term effort to find credible ways to measure our progress.

Now that we have updated our strategic plan, the more challenging part lays before us. Strategic plans look good on paper and they fill a state budgeting requirement, but they often fall victim to neglect or to the constant pressure on public agencies to react, instead of maintaining a steady course. The job of staying the course falls directly on agency leadership. However, we have asked the dedicated members of our Strategic Planning Team to help us monitor progress, hold us accountable for the actions outlined in the plan, and propose modifications and new measurements as we move forward into the future.

The agency's future is largely dependent on the quality of our employees and we are fortunate to have a skilled and experienced work force dedicated to ensuring that gambling is legal and honest in Washington.



Definitions

Strategic Plan – The Strategic Plan identifies agency’s goals and the actions needed to achieve them. It serves to determine the approximate priority and resources allocated to projects that are brought forward to support the overall direction of the agency. Our strategic plan incorporates a mission, a vision, values, goals, projects, and performance measures developed by Commission staff.

Goal – Long-term aim or purpose to attain or reach an overall direction.

Marketplace & Environmental Decisions – Factors that are expected to affect the agency over the next few years. All other licensed gambling activities will slightly decline as other forms of gambling continue to increase.

Performance Measures – Performance measures are created to determine whether the individual goal or project selected is making the difference the agency expected. Measures should be set at the beginning of the goal or project and taken at the end when it is completed.

Mission Statement – A mission describes our main purpose for existing: Who we are, what we do, why we do it, and for whom we do it. It is usually grounded in statute.

Vision Statement – What we aspire to be: A vision encompasses the ideals, hopes, and dreams of the people within the agency. A vision is a long-term commitment.

Value Statement – Values express the core principles for the conduct of the agency in carrying out its mission. Values describe behaviors and are the preferred cultural norms for the interactions within the agency.

Strategies – Strategies are statements of the methods for achieving goals. While goals and objectives state what the organization wants to achieve, strategies state how goals will be achieved. Strategies guide the activities the agency uses to achieve goals and objectives.

Projects – Projects are the individual actions that support the goals. Projects have specific timelines, performance measures and expected outcomes. Projects are prioritized in the overall strategic plan and usually have staggered start dates to ensure proper resource allocation.

Essential Project – Projects with the agency’s highest level of commitment.

Important Project – Projects that are very important, but must be considered against other ongoing projects and activities if funds are not sufficient.

Beneficial Project – Projects that are beneficial to the agency’s programs, but will only be pursued if they don’t infringe on the higher level priority.

Mission, Vision, Values & Goals

Mission

Protect the public by ensuring that gambling is legal and honest.

Vision

Anticipate, Innovate and Excel.

Values

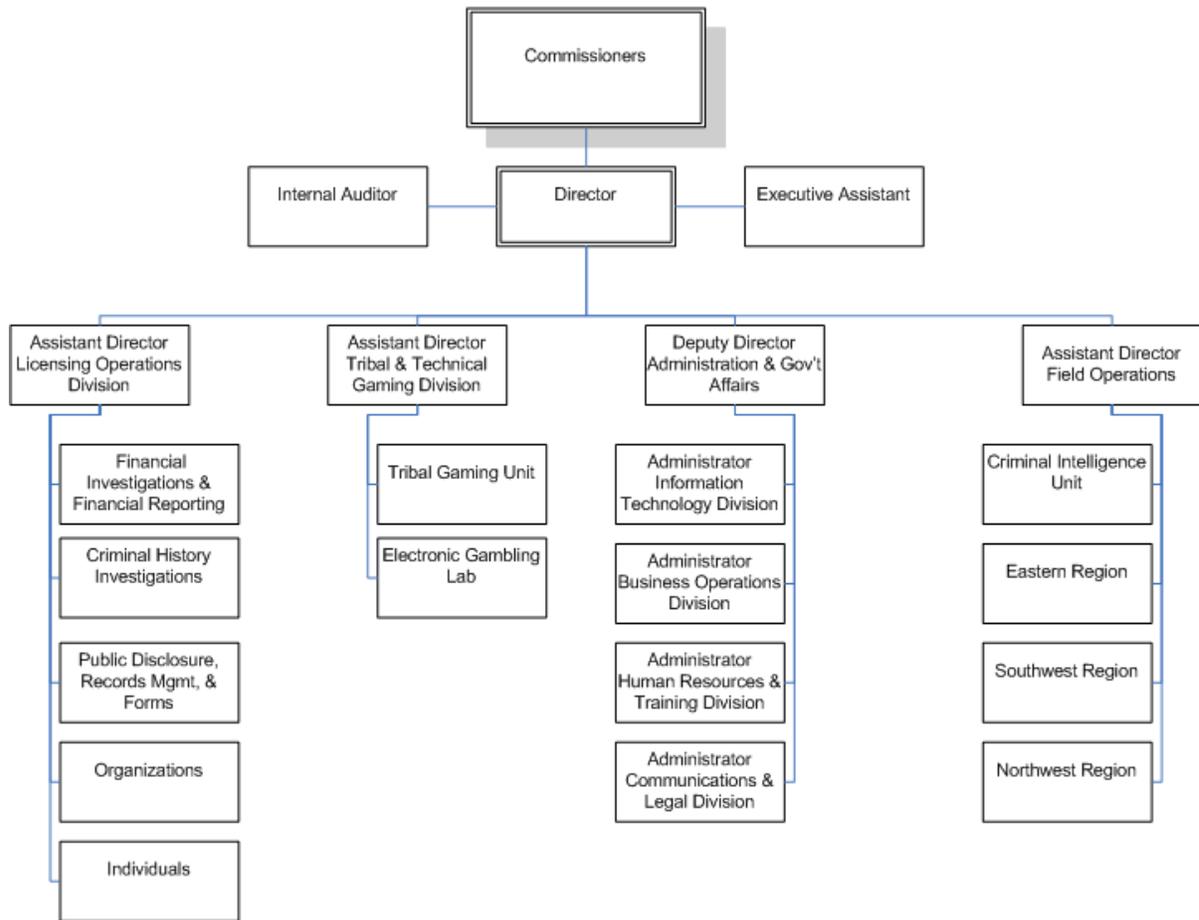
We value integrity, professionalism, respect, and diversity.

Goals

- ✦ Develop, retain and value our employees
- ✦ Foster a positive, productive and fulfilling work environment
- ✦ Maintain a regulatory environment that promotes compliance
- ✦ Pursue improvements and innovations in agency programs and processes
- ✦ Conduct business as simply as possible
- ✦ Build and strengthen relationships
- ✦ Detect and remove the criminal element from gambling

Organizational Chart

Washington State Gambling Commission



Agency Overview

Commission – Five member citizens' commission appointed by the Governor and four ex officio members from the Legislature.

Director's Office – Administration for the Commission to carry out its powers and duties, including tribal compact negotiations.

The Washington State Gambling Commission is comprised of the following divisions:

Business Operations – Performs fiscal planning and budgeting, accounting, contracting, purchasing, vehicle fleet operations, and facilities management along with processing ID stamps.

Human Resources and Training – Provides comprehensive services in recruitment, hiring, agency training and development, firearms and use of force training, safety, classification, and compensation. Administers employee programs that include performance management, affirmative action, staff recognition, employee benefits, Americans with Disabilities Act (ADA), Family and Medical Leave Act (FMLA), and Fair Labor Standards Act (FLSA).

Information Technology – Provides agency-wide information technology support. Maintains mission essential databases, websites, computer and telecommunications systems, and network infrastructure.

Communications and Legal – Initiates and resolves administrative cases against applicants/licensees, provides legal guidance to teams and staff, and processes all rule changes. Responsible for agency's media, communications, and legislative programs.

Legal – Reviews case reports and initiates administrative action for noncompliance of laws and rules.

Communications – Creates two licensee newsletters (six issues each year), a newsletter geared towards the legislature and other governmental agencies (two per year), a weekly internal newsletter, and brochures, and responds to questions from the Legislature, media, and general public.

Rules Coordination – Coordinates changes to gambling rules. Notifies stakeholders of proposed rule changes. Two staff are permanent members of the agency's rules team.

Licensing Operations – Administers an approval process that requires all individuals and businesses apply for and obtain a license before engaging in a gambling activity. The process generates the funds necessary to cover costs of licensing and enforcement.

Licensing – Conducts pre-licensing reviews and processes initial, renewal, change applications, and changes to licensing records; maintains licensee records, updates

agency forms, authorizes release of information associated with public records requests and issues gambling licenses to successful applicants.

Investigations – Conducts pre-licensing financial investigations, financial reviews and source of funds investigations, criminal history investigations, post licensing investigations and charitable/nonprofit reviews and works in coordination with Tribal Gaming Agency licensing representatives.

Financial Reporting – Compiles information from gambling activity reports. Prepares various reports for staff, management, the Legislature, and the public to inform them of gambling issues.

Field Operations – Regulates all non-tribal gambling activities by conducting inspections, reviews, and investigations.

Field Staff – Provides technical assistance on gambling operations and works with numerous licensee groups and law enforcement agencies. Field staff investigates criminal cases for the prosecution of illegal gambling activities and gambling related crimes that occur in licensed gambling establishments.

Criminal Intelligence Unit – Collects, evaluates, collates, analyzes, and disseminates information on illegal gambling and other associated crimes.

Tribal and Technical Gambling – Oversees Class III tribal gaming activities authorized in Tribal-State Compacts and reviews electronic equipment for compliance with Compacts and State rules and regulations.

Tribal Gaming Unit – Works cooperatively with each tribe's Tribal Gaming Agency to monitor Class III (Nevada/casino style) tribal gaming activities and ensure compact compliance. Provides gambling oversight training to regulators from within the State and across the country.

Electronic Gambling Lab – Tests electronic gambling equipment for compliance and integrity.

History

Gambling in Washington – The Early Years

1889	Constitution prohibits all lotteries.
1933	Pari-mutuel betting on horse races authorized.
1937	Slot machines allowed for private clubs only.
1952	Washington State Supreme Court ruled the 1937 law allowing slot machines unconstitutional.
1950s & 60's	Illegal gambling took place in various parts of the state, payoffs to police and government officials alleged in some jurisdictions. Known as "Tolerance Policy" period.
1971	"Tolerance Policies" end with King County Grand Jury issuing 34 indictments against 51 police officers and public officials alleging payoffs related to gambling.
1972	Senate Joint Resolution approved by voters, allowing gambling activities by a 60% vote of the Legislature or voters.

The 1973 Legislature created the Washington State Gambling Commission as a law enforcement agency in response to the corruption of the tolerance years. They tasked the agency with the responsibility of regulating authorized gambling activities and controlling illegal gambling and related activities.

In 1992, the Legislature added the responsibility to negotiate tribal/state compacts for casino gambling activities and to implement the terms of such agreements reached with tribes.

After the Nevada Gambling Control Board, the Washington State Gambling Commission is the oldest gambling regulatory agency in the nation.

Gambling Activities Authorized by Legislature/Congress after 1973

1973	Bingo, Punchboards and Pull Tabs, Raffles, and Amusement Games
1974	Social Card Games
1977	"Reno Nights" for nonprofits
1982	State Lottery implemented
1988	Indian Gaming Regulatory Act passed by Congress

- 1992 First tribal casino opens
- 1997 House-Banked card games for non-tribal card rooms
- 1999 Tribes begin operating Tribal Lottery System machines
- 2007 Cash-in Tribal Lottery System Machines & wager limit increases approved

Statutory Authority

RCW 9.46.040 establishes the Washington State Gambling Commission, which consists of five members whom the Governor appoints with the consent of the Senate. The law also requires four ex officio members from the Legislature serve on the Commission: Two members of the Senate, one from each party; and two members of the House of Representatives, one from each party. The ex officio members are non-voting members, except for the purposes of approving tribal/state compacts (RCW 9.46.360).

RCW 9.46.080 states that the Commission must employ a full time Director, who is responsible for carrying out the purposes and provisions of the Gambling Act.

The Commission is a law enforcement agency with the power to investigate violations of the Gambling Act (RCW 9.46.210).

The Commission must put all revenues received into the gambling revolving fund and must pay all expenditures from the fund. The Commission is a non-appropriated agency. The Commission must authorize all disbursements from the gambling revolving fund (RCW 9.46.100).

Among its various powers and duties set forth in RCW 9.46.070, the Commission is authorized to issue licenses to bona fide charitable or nonprofit organizations, commercial stimulant businesses, and to individuals. In addition, the Commission is authorized to issue licenses to manufacturers, suppliers, or distributors of devices used in connection with gambling activities.

The Commission is required to establish fees that are adequate to cover all costs incurred by the Commission.

Goals and Projects

Project	Priority *	Lead Division ¹	Start Date	End Date
Goal 1: Develop, retain and value our employees				
1.1 Performance Coaching Refresher Training	Important	ALT	9-2008	2-2009
1.2 Performance Management Confirmation	Essential	HRTD	7-2008	12-2009
1.3 Special Agent Core Training Program	Essential	FOD	6-2008	6-2009
Goal 2: Foster a positive, productive and fulfilling work environment				
2.1 Agency Conference	Important	ALT	7-2008	5-2009
2.2 Online Agency Training	Beneficial	ITD	9-2009	9-2010
Goal 3: Maintain a regulatory environment that promotes compliance				
3.1 Change of License Fee Structure	Essential	BOD	5-2009	12-2012
3.2 Evaluation of Service Supplier License	Important	LOD	4-2008	10-2009
3.3 Review of Manufacturer and Distributor Fees	Essential	BOD	4-2008	9-2008
Goal 4: Pursue improvements and innovations in agency programs and processes				
4.1 Automated Annual Tribal Review Program	Important	TTGD	1-2009	9-2010
4.2 Case System Enhancements	Essential	ITD	1-2009	6-2010
4.3 GIMS Enhancements	Essential	ITD	5-2008	6-2012
4.4 Review of Cost Reimbursement & Billings	Essential	BOD	4-2008	12-2010
Goal 5: Conduct business as simply as possible				
5.1 Online Processes for Licensees	Essential	LOD	7-2008	9-2010
Goal 6: Build and strengthen relationships				
6.1 Internship Program	Beneficial	HRTD	7-2009	6-2010
Goal 7: Detect and remove the criminal element from gambling				
7.1 Law Enforcement Accreditation	Beneficial	FOD	7-2009	6-2010
7.2 Criminal Investigations	Beneficial	TTGD	7-2009	7-2010

* Priority Definitions

Essential Highest level of commitment (This may require current activities to be adjusted)

Important Very important (Must be considered against other ongoing activities)

Beneficial Only pursued if it doesn't infringe on higher-level priorities

Core Performance Measures

Lead Division ¹	Performance Measures
Goal 1: Develop, retain and value our employees	
HRTD	% of staff taking advantage of training
HRTD	% of staff leaving the agency
HRTD	# of promotions available filled by agency personnel
Goal 2: Foster a positive, productive and fulfilling work environment	
Quality	# of Star awards issued
ALT	# of performance coaching sessions conducted
Goal 3: Maintain a regulatory environment that promotes compliance	
FOD	% of inspection frequency guideline completed
TTGD	# of compliance visits conducted at tribal casinos
CLD	# of cases referred for administrative action
FOD	% of inspections performed resulting in a case report being issued
ALT	# of individuals attending Commission study sessions, licensee training, and licensee group meetings
Goal 4: Pursue improvements and innovations in agency programs and processes	
LOD	# of improvements implemented to current tribal licensing procedures
ITD	# of people using online processes
ITD	# of organizations using online processes
Goal 5: Conduct business as simply as possible	
ITD	Average # of page views on WSGC webpage per month
Goal 6: Build and strengthen relationships	
ALT	# of individuals attending agency sponsored training
ALT	# of outreach visits by agency leadership team to law enforcement agencies, regulatory agencies, units of local government, and legislative staff
Goal 7: Detect and remove the criminal element from gambling	
FOD & TTGD	% of criminal cases referred for prosecution
LOD	# of criminal background investigations completed
LOD	# of licenses or applications revoked, surrendered, withdrawn or denied due to criminal history or criminal activity
LOD	% of applications received that were withdrawn, denied or administratively closed due to disqualifying factors

Projects and Performance Measures

Projects	Lead Division ¹	Performance Measures
Goal 1: Develop, retain and value our employees		
1.1 Performance Coaching Refresher Training	ALT	# staff trained & course evaluations
1.2 Performance Management Confirmation	HRTD	Timeline objectives met
		Confirmation criteria completed
1.3 Special Agent Core Training Program	FOD	% of training materials reviewed
		% of training materials linked to Mission, Vision, Values, and competencies
		# of redundant topics combined into general training
		% of Internal Audit Corrective Action timeline completed
Goal 2: Foster a positive, productive and fulfilling work environment		
2.1 Agency Conference	ALT	Agency conference evaluations
2.2 Online Agency Training	ITD	% of staff who successfully complete a module
Goal 3: Maintain a regulatory environment that promotes compliance		
3.1 Change of License Fee Structure	BOD	# of stakeholder meetings
		Licensee survey/questionnaire results
		% of fees aligned with basis
3.2 Evaluation of Service Supplier License	LOD	Write investigative programs based on Service Supplier activity
		Ease with which staff, licensees and the public can identify the gambling services provided by licensee
		Write up activity report form & develop reporting rule for service supplier
		Increased on-site regulation or monitoring activities
		Increased contact with applicants & licensees
3.3 Review of Manufacturer and Distributor Fees	BOD	# of stakeholder meetings
		Licensee survey/questionnaire results
		Fee structure changes adopted
		Fee revenue aligned with basis for fee changes

Projects	Lead Division ¹	Performance Measures
Goal 4: Pursue improvements and innovations in agency programs and processes		
4.1 Automated Annual Tribal Review Program	TTGD	Hours to complete the review
		# of duplicate entries reduced
4.2 Case System Enhancements	ITD	Customer satisfaction rate based on user survey
4.3 GIMS Enhancements	ITD	# of enhancements to GIMS made
4.4 Review of Cost Reimbursement & Billings	BOD	# of stakeholder meetings
		Reduction in accounts receivable
Goal 5: Conduct business as simply as possible		
5.1 Online Processes for Licensees	LOD	# of licensees taking advantage of online activity reporting
		# of licensees taking advantage of online renewals
		% of applications submitted online
Goal 6: Build and strengthen relationships		
6.1 Internship Program	HRTD	# of internships offered
		Improved agency diversity performance measures
Goal 7: Detect and remove the criminal element from gambling		
7.1 Law Enforcement Accreditation	FOD	Completed report with recommendation submitted within the required time frame
7.2 Criminal Investigations	TTGD	Increased # of criminal cases initiated
		Increased # of law enforcement contacts
		Decreased # of complaints from tribes on criminal case billing
		Increase # of criminal case worked with other agencies
		Increase involvement in gambling related criminal cases

¹ Acronyms used in the preceding tables

- ALT – Agency Leadership Team
- BOD – Business Operations Division
- CLD – Communications & Legal Division
- FOD – Field Operations Division
- HRTD – Human Resources & Training Division
- ITD – Information Technology Division
- LOD – Licensing Operations Division
- TTGD – Tribal & Technical Gambling Division

Project Proposals

This page intentionally blank

Goal 1

Develop, Retain and Value Our Employees

Project: 1.1 Performance Coaching Refresher Training

Priority: Important

Background: WSGC implemented a Performance Coaching program in 2002 with the expectation that Performance Coaching sessions between supervisor and employee would be held twice yearly. Initial training was targeted for all agency staff and demonstrated the methodology and forms that would be used. Since that time, coaching sessions have evolved into a variety of formats and documentation which appears to have moved away from the original program and purpose.

Solution: A project team will be formed to develop curriculum and to implement refresher training agency-wide.

Stakeholders: All Staff

Lead Division(s): Agency Leadership Team

Participating Division(s): Cross-representation from all Divisions and Units

Start Date: September 2008

Finish Date: February 2009

How Will You Measure Success:

- Number of staff trained and course evaluations.

Who Is Responsible for Measuring Success:

- HR&T Division

Project: 1.2 Performance Management Confirmation

Priority: Essential

Background: In 2005 the Department of Personnel (DOP) adopted rules (WAC 357-37) to provide agencies with the opportunity to receive Performance Management Confirmation (PMC). PMC can be used as a tool to evaluate and reward an employee's performance and achievement in a positive, performance-based culture. It fosters employee competence and productivity, supports achievement of organizational goals and objectives, and provides documentation of employee's strengths and areas in need of improvement. Specifically, receiving PMC 1) requires the agency to explain to employees their responsibilities and requirements to be successful; 2) requires the agency to assess how well the employee contributed to the agency's success; and 3) allows the agency to recognize a job well done, or to identify areas of job performance that need to be changed. This recognition can come in the form of lump sum recognition pay or recognition leave.

Solution: The Human Resources and Training Division will submit a draft Implementation Plan to the Agency Leadership Team. The plan will outline the key policy and program decisions, action steps and timelines required to apply for Performance Management Confirmation. The plan will also outline the agency's process for providing feedback to employees on their performance and will outline the process to determine who will be granted leave or pay recognition.

In order to receive Performance Management Confirmation the agency must follow the specific process outlined by DOP and must submit an application to DOP for consideration. In addition, the agency must present their plan to the Director of DOP and the Performance Management Confirmation Committee. DOP will evaluate an agency's readiness to fairly and objectively factor performance into compensation and layoff decisions and decide whether or not an agency will be granted Performance Management Confirmation.

Confirmation Criteria has been developed by DOP and is as follows:

- **Executive Commitment and Directive** – Demonstrate that the executive has communicated the importance of a performance-based culture to all affected employees and that the new culture links individual performance with the organization's strategic goals and expected outcome.
- **Readiness Assessment** – Assess the agency's readiness to implement performance management principles.
- **Roles and Responsibilities** – Clearly outline the roles and responsibilities of managers, supervisors, employees, human

resource staff and others with PMC responsibility.

- **Management Accountability** – Implement a performance management program that includes processes and procedures for maintaining management accountability.
- **Internal Policies and Procedures** – Establish and communicate performance management system policies and procedures, including how performance may be used for pay, leave and/or layoff.
- **Communication Plan** – Create a communication plan that delivers timely and clear information to all employees including policies, procedures, timelines and how they will be affected.
- **Performance Management Orientation and Training** – Ensure that managers and supervisors attend orientation and training in performance management theory, application, performance-based compensation, and/or layoff policies, procedures, and tools.
- **Performance and Development Plan Implementation** – The organization must:
 - Integrate the performance appraisal process within the performance management culture.
 - Provide orientation and training on the Performance Development Plan (PDP) or approved alternative to all affected supervisors.
 - Implement the PDP or approved alternative for all employees impacted by PMC.
 - Establish a review process that ensures performance assessments occur for those subject to performance factored decisions.
- **Funding Approach for Performance-Based Compensation** – Develop a funding approach that enables funding for the performance-based pay practices.
- **Monitoring and Measuring Success** – Establish a process to monitor and measure the success of the performance management system.

Stakeholders: All Staff

Lead

Division(s): Human Resources & Training Division

Participating

Division(s): Cross-representation of agency leaders

Start Date: July 2008

Finish Date: December 2009

How Will You Measure Success:

- Timeline objectives met.
- Confirmation Criteria completed.

Who Is Responsible for Measuring Success:

- Human Resources & Training Division

Project: 1.3 Special Agent Core Training Program

Priority: Essential

Background: The agency's Internal Auditor reviewed New Agent Training within the agency. His findings are documented in the New Agent Training Performance Review final report. This project will address the findings and recommendations in that final report through the establishment of a Special Agent Core Training Program. This program will ensure consistency in the coordination of training provided to new agents.

Solution: Form a project team representing special agents across the agency to complete the following objectives:

- Develop curriculum for a core training program for all new special agents agency-wide by consolidating relevant materials from existing training programs.
- Ensure training is linked to the agency's Mission, Vision, Values, and competencies.
- Ensure curriculum is focused on job skills, knowledge and requirements common to all special agents.
- Develop an implementation plan.
- Assign centralization of training coordination and records.
- Establish a feedback process and evaluation of the feedback.
- Develop performance measures as outlined in the New Agent Training Performance Review final report.

Stakeholders: Special Agents

Lead

Division(s): Field Operation Division, Licensing Operation Division, Tribal & Technical Gambling Division

Participating

Division(s): Human Resources & Training

Start Date: June 2008

Finish Date: June 2009

How Will You Measure Success:

- Percentage of training materials reviewed. Shows progress towards completing the project.
- Percentage of training materials linked to Mission, Vision, Values, and competencies. Show progress towards completing the project.
- Number of redundant topics combined into general training. Shows the objective of the project is being met.

- Percentage of Internal Audit Corrective Action timeline completed. Shows the objective of the project is being met.

Who Is Responsible for Measuring Success:

- Human Resource & Training Division

This page intentionally blank

Goal 2

Foster a Positive, Productive & Fulfilling Work Environment

Project: 2.1 Agency Conference 2009

Priority: Important

Background: The agency plans and hosts a bi-annual conference for all agency employees. Typically, it is a 2-day event with a focus on communication, team building, diversity, employee recognition and various training activities.

Solution: The Agency Leadership Team will form a Conference 2009 Team using the 2007 Conference Team Charter as a guide for membership and setting objectives.

Stakeholders: All Staff

Lead Division(s): Agency Leadership Team

Participating Division(s): All Divisions and Units

Start Date: July 2008

Finish Date: May 2009

How Will You Measure Success:

- Agency conference evaluations

Who Is Responsible for Measuring Success:

- Agency Leadership Team

Project: 2.2 Online Agency Training

Priority: Beneficial

Background: Currently there is no effective way to introduce and train agency staff on new or changed agency policies, other than by leadership talking to staff. This can cause confusion and misunderstanding regarding these policies.

Solution: Develop an online system to introduce and train agency staff on new or changed policies. The concept is that when someone logs onto their computer they are presented with a short lesson on the policy and then are required to answer several questions to gauge their understanding of the policy. The results would be logged into a database that HR can manage to ensure that all staff have received the appropriate training on new or changed policies.

Stakeholders: Agency staff

Lead Division(s): Information Technology Division

Participating Division(s): Human Resources & Training Division

Start Date: September 2009

Finish Date: September 2010

How Will You Measure Success:

- Percentage of staff who successfully complete a module.

Who Is Responsible for Measuring Success:

- Human Resources & Training Division

This page intentionally blank

Goal 3

Maintain a Regulatory Environment that Promotes Compliance

Project: 3.1 Change of License Fee Structure

Priority: Essential

Background: The Gambling Commission's regulation and enforcement priorities have shifted often over thirty-five years due to changes in rules, statutes, and introduction of new gambling activities. However, the Gambling Commission's fee structure has remained largely unchanged since the agency's inception in 1974. Most organizational licenses are based on classes. These classes provide minimum and maximum gross receipts a licensee can make to be within a particular license class for that activity.

In addition, our regulatory and enforcement approach has varied significantly over the history of the agency, with no specific formal review on how the utilization of resources should change. For example, the Commission had moved in the late 1990's from a Field Operations focus on large charitable/nonprofit bingo operations to house-banked card rooms. However, there was no formal documentation on specific resources needed for this operation and the costs surrounding the change in regulation.

As a result, the license class system has also resulted in a wide variance of how much, different licensed activities and different classes with each activity, pay in license fees in comparison to their net gambling receipts. For instance, commercial punch board/pull-tab licensees pay nearly 5% of their net in licensee fees; house-banked card rooms pay .75%; and manufacturers pay about .15% (of gross).

The Gambling Commission is the only state agency that has a system primarily based on license classes within activities and gross receipts. Most agencies have a flat fee for a license or a percentage fee or tax.

Solution: A fee schedule will be developed that fairly distributes fees amongst activities based on factors such as risk and workload. A review and analysis will be conducted to determine what our regulatory and enforcement approach will be as an agency in the future. Licensees should be involved in discussions to come up with final recommendations to the Commission.

Stakeholders: Agency Leadership Team, Licensing Operations Division, Business Operations Division, Licensees

Lead Division(s): Business Operations Division, Licensing Operations Division, Field Operations Division, and Tribal & Technical Gambling Division

Participating

Division(s): All Divisions/Units

Start Date: May 2009

Finish Date: December 2012

How Will You Measure Success:

- Number of stakeholder meetings.
- Licensee survey/questionnaire results.
- Percentage of fees aligned with basis.

Who Is Responsible for Measuring Success:

- Business Operations Division
- Agency Leadership Team

Project: 3.2 Evaluation of Service Supplier License

Priority: Important

Background: We have 95 gambling Service Supplier Licensees or applicants. This license applicant category continues to increase and accounts for many diverse activities including at least:

- Onsite management of gambling activities;
- Consulting;
- Financing;
- Receiving income from the development of a game;
- Dealer school (training);
- Digital surveillance;
- Game endorsements/royalties;
- Leasing gambling equipment;
- Being a lending agent, loan servicer, or placement agent as defined in WAC 230-03-211; or
- Assembling components of gambling equipment

Because of the many activities under the Service Supplier definition, ample regulation or consistent pre-licensing and post-licensing investigations is difficult. License fees are not based on the number of different services provided or revenue levels of the Service Supplier.

Solution:

- 1) Examine the pre-licensing process and consider either separating the existing Service Supplier License into license classes based on revenue or add endorsements to the license for each service provided. Either one of these approaches would facilitate a licensing approach that considers assessing risk on the type of service provided and/or the amount of revenue generated by the licensee and not the license type.
- 2) Examine the post-licensing function to determine if more on-site regulation is needed to determine continuing suitability.
- 3) Examine the licensee fee structure.
- 4) Consider implementing an activity reporting requirement.

Stakeholders: Licensing Operations Division, Field Operations Division, Business Operations Division, licensees, and applicants.

Lead Division(s): Licensing Operations Division

Participating Division(s): Business Operations Division, Field Operations Division, Tribal & Technical Gambling Division

Start Date: May 2008

Finish Date: October 2009

How Will You Measure Success?

- Write investigative programs based on Service Supplier activity.
- Ease with which staff, licensees and the public can identify the gambling services provided by licensee.
- Write up activity report form and develop reporting rule for Service Supplier.
- Increased on-site regulation or monitoring activities.
- Increased contact with applicants and licensees.

Who Is Responsible for Measuring Success?

- Licensing Operations Division

Project: 3.3 Review of Manufacturer and Distributor Fees

Priority: Essential

Background: The Gambling Commission's fee structure for manufacturers and distributors has remained unchanged since the agency's inception in 1974. These classes provide minimum and maximum gross receipts a licensee can make to be within a particular license class for that activity. In the highest class there is a minimum level but a licensee can make several times that minimum amount and still pay the same fee. It is rather clear that in the case of the manufacturers, the agency did not foresee the amount of gross receipts or sales being made by these activities as some licensees are making over ten times the amount in the highest class of that activity.

As an activity, the manufacturers appear to be paying much less in license fees in comparison to revenue than other activities. For instance, commercial punch board/pull-tab licensees pay nearly 5% of their net in licensee fees; house-banked card rooms pay .75%; and manufacturers pay about .15% (of gross).

In addition to the revenue made by the larger manufacturers, electronic gambling equipment and other forms of new equipment had an impact on agency workload and operations. Licensed manufacturers over the past ten years have more complex organizational structures than those in the past, with several layers of management and organizations within their hierarchy. As a result of these factors and increased risk, more time is spent on licensing and regulatory functions to determine qualification and compliance of manufacturers and their key personnel.

There is also an opportunity in reviewing fee structures for manufacturers to also review the structure of distributors and better define activity to be reported under manufacturing versus distributing functions. The agency may also be able to review other rules or fees that affect these two licensee types.

Solution: Establish a fee schedule that more readily reflects risk and workload, while fairly distributing costs amongst licensed activities. The agency should also ensure rules clearly define reporting requirements for distributors and manufacturers. A review and analysis should be conducted to determine our future regulatory, licensing, and enforcement priorities and workload. Stakeholder meetings should be held to involve licensees in discussions to come up with final recommendations to the Commission.

Stakeholders: Agency Leadership Team, Licensed Manufacturers and Distributors

Lead

Division(s): Business Operations Division, Licensing Operations Division, Field Operations Division, and Tribal & Technical Gambling Division

Participating

Division(s): All Divisions/Units

Start Date: April 2008

Finish Date: September 2008

How Will You Measure Success:

- Number of stakeholder meetings.
- Licensee survey/questionnaire results.
- Fee structure changes adopted.
- Fee revenue aligned with basis for fee changes.

Who Is Responsible for Measuring Success:

- Business Operations Division
- Agency Leadership Team

This page intentionally blank

Goal 4

Pursue Improvements & Innovations in Agency Programs & Processes

Project: 4.1 Automated Annual Tribal Review Program

Priority: Important

Background: The Tribal and Technical Gaming Division (TTGD) changed their regulatory approach and implemented an Annual Tribal Review Program (ATRP) 2 years ago. The program is a compilation of checklists specific to each section of the tribal-state compact. It is a comprehensive tool designed to fulfill the WSGC mission statement of protecting the public through comprehensive and independent analysis of the tribal-state compact and the gaming operation.

Utilizing an automated program to complete the ATRP will increase efficiency of TTGD. It will allow agents to complete sections of the program and associated reports while onsite at the casinos and will decrease the number of hours needed to complete the program. This will allow agents more time to address criminal investigations, submissions and complaints from the public.

Solution: Create an automated database designed to store compact language and associated amendments, specific to each unique tribal-state compact. It will utilize a web based interface located on the agencies intranet where agents select a specific section of the ATRP to be performed and the location of the review. At the conclusion of the agent's work they may print a supplemental report that could be scanned as an attachment to the existing case system.

The system should provide a means of tracking and storing specific references to each individual compact or amendment. The database should provide a means to easily administer changes in checklists or compacts. It should allow for better tracking of the results of the ATRP allowing the Tribal Gaming Unit to track trends in violations from year to year.

Stakeholders: Tribal & Technical Gambling Division, Communications & Legal Division, Information Technology Division, Tribes

Lead Division(s): Tribal & Technical Gambling Division

Participating Division(s): Information Technology Division, Communications & Legal Division

Start Date: January 2009

Finish Date: September 2010

How Will You Measure Success:

- Hours to complete the review. This measure should show a decrease in review hours after full implementation of the automated program.
- Number of duplicate entries reduced. This measure will show that connecting the automated program to the case system will decrease the number of times agents need to re-enter the same information.

Who Is Responsible for Measuring Success:

- Tribal & Technical Gambling Division

Project: 4.2 Case System Enhancements

Priority: Essential

Background: The Automated Case Reporting System was launched in 2004. It has served the agency well over the years, but it could use some refinements.

Solution: Evaluate the feasibility of incorporating the case system into GIMS. If that is not feasible, look into the possibility of redesigning it to make it more user friendly.

Stakeholders: Agency staff

Lead Division(s): Information Technology Division

Participating Division(s): Field Operations Division, Tribal Gaming Unit, Communications & Legal Division, Licensing Operations Division

Start Date: January 2009

Finish Date: June 2010

How Will You Measure Success:

- Customer satisfaction rate based on user survey.

Who Is Responsible for Measuring Success:

- Field Operations Division
- Tribal Gaming Unit
- Communications & Legal Division
- Licensing Operations Division

Project: 4.3 GIMS Enhancements

Priority: Essential

Background: The Gambling Information Management System (GIMS) was designed to integrate various disparate databases into one cohesive database. Because of the complexity of the system and the agency business processes, it has become necessary to reduce the scope of the system somewhat. This has caused a slight delay in the implementation of GIMS across the agency.

Solution: As ITD works with the contractor to fix the remaining bugs in GIMS, we will begin implementing various modules as they become ready for production. Once GIMS is fully implemented, we will analyze and determine what enhancements that were not initially incorporated into the system can be added.

Stakeholders Agency staff

Lead Division(s): Information Technology Division

Participating Division(s): All

Start Date: May 2008

Finish Date: June 2012

How Will You Measure Success:

- Number of enhancements to GIMS made.

Who Is Responsible for Measuring Success:

- Information Technology Division

Project: 4.4 Review of Cost Reimbursements and Billings

Priority: Essential

Background: The Commission and compacted state Tribes established a structure for the Commission to fund Class III regulation through reimbursement of time. This requires that the Tribes reimburse the Commission based on the hours spent regulating their casino(s) in the previous year multiplied by a billing rate. This structure is supposed to ensure all costs of regulating Class III activities are reimbursed to the Commission.

However, Compacts also allow Tribes to get discounts on early payment and credits, which make it very difficult to predict revenues and to actually cover costs of Class III regulation. In addition, the structure actually can deter Tribes from asking for appropriate assistance from the State due to concerns over increased billing hours. This could have a negative impact on State-Tribal relations and negatively affect the effective regulation of gambling in Washington State.

The Commission has begun discussions with the Washington Indian Gaming Association (WIGA) on a review of the Cost Allocation Model that is used to determine the billing rate for Tribes. This model was developed by an independent contractor hired by the Commission, but the Tribe is asking for another independent party to review the model to verify it for reasonableness. In addition, the Commission staff continues to work with individual tribes on billing concerns.

The information gleaned from the review and meetings with both individual Tribes and WIGA could be the springboard for changing the billing structure to something that provides the Tribes with the fairness, consistency, and transparency that they seek, while at the same time providing the Commission adequate funds to cover its costs, requires less administrative time, and is consistent with its mission.

Solution: Work with the Tribes to establish an alternative billing structure. In addition, review any other agency cost reimbursements/billings for improvement. The following criteria will be considered for any change in the billing structure:

- Consistent and supports agency licensing, regulation, and enforcement efforts
- Ensures full reimbursement of costs
- Reduces administrative time for agency staff and stakeholders
- Increases transparency to stakeholders and the public
- Consistent and fair application
- Flexibility to be updated as changes occur

- Provides adequate supporting information to staff and stakeholders to support amounts charged.

Stakeholders: Compacted Tribes, Licensees

Lead Division(s): Business Operations Division

Participating Division(s): Tribal and Technical Gambling Division, Licensing Operations Division, Field Operations Division, Director's Office

Start Date: April 2008

Finish Date: December 2010

How Will You Measure Success:

- Number of stakeholder meetings.
- Reduction in accounts receivable.

Who Is Responsible for Measuring Success:

- Business Operations Division
- Agency Leadership Team

This page intentionally blank

Goal 5
Conduct Business as Simply as Possible

Project: 5.1 Online Processes for Licensees

Priority: Essential

Background: With the increasing availability of Internet access, many individuals and corporations who may not have had the ability to conduct transactions online now have the capability. Due to this, there is a greater demand from our licensees to be able to conduct business with the agency through online means.

The agency has begun the process of offering more online services to our licensees. Examples of these are online personnel termination notices and online employee transfers with payment being accepted online.

There are a number of other opportunities for the agency to expand our online service offerings. Some examples are online activity reporting, online license renewals with payment, and online license applications with payment.

Solution: The primary objective of this project is to implement the following additional services to our licensees. There are three distinct opportunities that the agency will concentrate on.

- Develop an online system for licensees to submit activity reports. It is envisioned that the system would allow for some error checking prior to the licensee submitting the activity report. Once submitted, the information would be automatically entered into Financial Reporting Services (FRS) portion of the Licensing System. This should allow for more accurate and timely reporting by licensees. It also is anticipated that this would provide a more efficient way for FRS to compile their reports.
- Develop an online system for licensees to submit renewals along with payments. Currently we accept payments for a limited number of transactions. Since the system is in place for payments, it should not be very difficult to offer online payment options for other transactions.
- Develop an online system for licensees to submit initial license applications along with payments. Currently we accept payments for a limited number of transactions. Since the system is in place for payments, it should not be very difficult to offer online payment options for other transactions. Not all applications would be able to be submitted online due to the complex nature of the information that needs to be submitted, as well as supporting documentation.

A cross functional team will be formed to determine how to best proceed with these online processes.

Stakeholders: Licensees

Lead Division(s): Licensing Operations Division

Participating

Division(s): Information Technology Division, Business Operations Division

Start Date: July 2008

Finish Date: September 2010

How Will You Measure Success:

- Number of licensees taking advantage of online activity reporting.
- Number of licensees taking advantage of online renewals.
- Percentage of applications submitted online.

Who Is Responsible for Measuring Success:

- Licensing Operations Division

This page intentionally blank

Goal 6
Build & Strengthen Relationships

Project: 6.1 Internship Program

Priority: Beneficial

Background: As part of the 2006 Diversity Audit recommendations, the Diversity Team was tasked by the Agency Leadership Team (ALT) to work with Human Resources & Training Division (HR&T) to broaden advertisement of internships and to identify schools with larger populations of students in underrepresented groups.

The Diversity Team conducted demographic research of colleges to determine those with large populations of minority students that were in the vicinity of agency offices. The Team then contacted these colleges to determine if they had degree programs that aligned with our mission (i.e. criminal justice and/or accounting), and if they had active internship programs for these degrees. Based on this information, the Team contacted colleges to determine internship opportunities. Although the team identified four colleges as those to pursue internships programs between the agency and students, internship opportunities could extend to other colleges, community colleges, and high schools in the state.

The Diversity Team provided this information to ALT in the fall of 2007 and recommended that the primary goals of the internship program be to generate interest in the agency as a potential employer for graduating college students and encourage internship opportunities for diverse students attending Washington schools.

ALT determined that the Internship Program should be a concerted, agency-wide effort and recommended that it be added as a project within the 2009-13 Strategic Plan.

Solution: The Diversity Team and the Human Resources & Training Division will develop agency-wide processes, procedures, goals, and measures surrounding use of interns.

Stakeholders Agency Leadership Team, Human Resources & Training Division, Diversity Team

Lead Division(s): Human Resources & Training Division

Participating Division(s): All Divisions/Units

Start Date: March 2009

Finish Date: December 2011

How Will You Measure Success:

- Number of internships offered.
- Improved agency diversity performance measures.

Who Is Responsible for Measuring Success:

- Human Resources & Training Division
- Diversity Team

This page intentionally blank

Goal 7

Detect & Remove the Criminal Element from Gambling

Project: 7.1 Law Enforcement Accreditation

Priority: Beneficial

Background: Accreditation is a dynamic process that provides the public, agency management, and staff a level of assurance that systems are in place to ensure the public's business is being done properly. Accreditation symbolizes professionalism, excellence, and competence to other agencies, the public, and staff. The accreditation process mandates self-analysis and is reinforced by third party verification. We think we are the best; accreditation verifies and legitimizes the claim.

Solution: Evaluate the feasibility of seeking either Washington Association of Sheriffs and Police Chiefs (WASPC) or the Commission on Accreditation of Law Enforcement Agencies (CALEA) accreditation. The evaluation will consider the impact on the agency's workload and budget prior to making a determination on whether or not to seek accreditation.

Upon completion of the evaluation, leadership will weigh all factors to determine whether proceeding with the accreditation process is in the best interests of the agency as it relates to its mission. The final decision may also be contingent upon receipt of federal forfeiture monies.

Stakeholders: Licensees and General Public

Lead Division(s): Field Operations Division

Participating Division(s): Entire agency

Start Date: July 2009

Finish Date: June 2010

How Will You Measure Success:

- A completed report with recommendation submitted within the required time frame.

Who Is Responsible for Measuring Success:

- Agency Leadership Team

Project: 7.2 Criminal Investigations

Priority: Beneficial

Background: In general our agency has done a good job of coordinating criminal cases, but we want to do a better job. Because of billing concerns, the tribes do not always request our assistance in criminal investigations. Also we are not well known as a law enforcement agency across all of the State.

Solution: Create a taskforce to explore ways to better utilize agency resources when performing criminal investigations. Representatives from Field Operations, Licensing Operations, & Tribal Gaming Unit will work with our agency partners in law enforcement and regulation to discuss and coordinate cases related to criminal activity such as animal fighting and money laundering and to offer our financial expertise in similar cases. The taskforce would include local police, tribal police, tribal gaming agencies or similar types of agencies.

The taskforce will improve our visibility and increase our networking with other law enforcement and regulatory agencies. It will improve our relationships with tribal regulatory agencies by removing the billing barrier.

Stakeholders: Tribal & Technical Gambling Division, Communications & Legal Division, Information Technology Division

Lead Division(s): Tribal & Technical Gambling Division

Participating Division(s): Field Operations Division, Licensing Operations Division

Start Date: July 2009

Finish Date: July 2010

How Will You Measure Success:

- Increased number of criminal cases initiated.
- Increased number of law enforcement contacts.
- Decreased number of complaints from tribes on criminal case billing.
- Increased number of criminal case worked with other agencies.
- Increase involvement in gambling related criminal cases.

Who Is Responsible for Measuring Success:

- Tribal & Technical Gambling Division

This page intentionally blank

Current Strategies

The Gambling Commission is a limited jurisdiction law enforcement agency with a mission to protect the public by ensuring gambling is legal and honest. As such, the strategies and goals stated in this plan relate to the Governor's Priority of Government to "Improve the Safety of People and Property."

Some strategies support goals involving employee retention, development, and positive work environment. The agency believes a well trained and experienced staff working in a positive environment is critical in accomplishing the agency mission and state priorities. Other strategies support goals on improving processes and conducting business as simply as possible. These strategies will help ensure the agency is more efficient and spends time on the most important functions needed to improve public safety. Lastly, there are strategies that support voluntary regulatory compliance, strengthening relationships, and keeping the criminal element out of gambling. These goals focus on ensuring we work in partnership with licensees, other law enforcement/regulatory agencies, the public, and other stakeholders to ensure gambling is legal and honest and improve the safety of people and property.

Strategy: Guide the Washington State Gambling Commission in developing, retaining, and valuing our employees. This will be accomplished by:

- Providing staff with opportunities for general and specialized training.
- Recognizing and celebrate employees agency wide.
- Developing teams with membership designed to encourage a broad spectrum of representation to work on issues important to staff.
- Enhancing agency technology and equipment in order to allow the staff to work as efficiently as possible.
- Maintaining and celebrating our diverse work force.

Strategy: To provide a positive work environment those employees will find fulfilling and lead to a productive work place. This will be accomplished by:

- Establishing an active Safety Committee which encourages healthy living and provides ergonomic evaluations of working spaces.
- Providing a partnership program for new staff that broadens their knowledge of agency divisions and programs by attending staff briefings and participating in leadership and Commission meetings.
- Helping staff become more efficient in finding information and producing a quarterly licensee newsletter with relevant information to assist licensees in complying with gambling laws and rules.

Strategy: To create an environment that promotes regulatory compliance. This will be accomplished by:

- Researching policies in gambling regulation and control.
- Conducting training classes for licensees in order to provide an orientation on the rules and laws regarding gambling.

- Conducting follow-up inspections as part of administrative settlement agreements.
- Providing assistance to licensees using as many venues as possible.
- Posting of information in an agency newsletter of changes to rules.
- Conducting regulatory inspections at licensees and tribal casinos.
- Conducting enforcement patrols, developing information sharing programs, and proposing legislation dealing with underage gambling.

Strategy: To identify areas where the Washington State Gambling Commission can make improvements in programs and processes through the pursuit of innovative ideas. This will be accomplished by:

- Conducting internal audits of systems and internal controls.
- Developing more efficient licensing systems.
- Enhancing the effectiveness of certain specialized units.
- Seeking state law enforcement accreditation to improve the delivery of law enforcement services.

Strategy: To develop programs to simplify the way the Washington State Gambling Commission conducts business. This will be accomplished by:

- Creating electronic business processes allowing for greater efficiency.
- Reviewing the licensing fee structure and regulatory fees.
- Enhancing the agency internal and external web site to allow downloading of license application forms, and provide information to licensees, legislators, the media, and general public.
- Evaluate ongoing licensing processes.
- Simplifying license applications to ensure they are understood.

Strategy: The Washington State Gambling Commission is committed to building and strengthening internal and external relationships. This will be accomplished by:

- Encouraging staff to participate in action teams and projects.
- Holding study sessions to allow stakeholders to voice opinions and ask questions before formal Gambling Commission meetings.
- Creating customer satisfaction questionnaires.
- Holding and participating in meetings with other law enforcement agencies to share ideas and information.
- Creating training programs for customers and employees.
- Building teamwork and increasing internal cooperation.
- Developing strategies for communicating effectively with employees, customers, and stakeholders.

Strategy: The Washington State Gambling Commission is committed to detecting and removing criminal activities from gambling. This will be accomplished by:

- Increasing the effectiveness of the criminal intelligence function by adding an automated criminal intelligence system for case management and telephone toll analysis.
- Using an automated fingerprint scanning system in conducting criminal background investigations of license applicants.
- Conducting undercover inspections and investigations to detect administrative and criminal violations.
- Investigating the source of funds of national and international funds used to invest in gambling businesses.
- Distributing internal and external criminal intelligence information bulletins.
- Referring cases for criminal and administrative prosecution.
- Cooperating with, and coordinating investigations with, other agencies.

Performance Analysis

The Washington State Gambling Commission's actual performance is on-target with what we expected at this point. We will continually reassess all of our performance measures to ensure that they are meaningful and actually tell the story of how the agency is performing. The agency's implementation of an internal Government Management Accountability and Performance (GMAP) process will allow the agency to better measure its performance in relationship to what our customers and stakeholders expect.

The agency has been using an internal GMAP process for several years now. Through this process we have been able to identify a number of performance improvement opportunities. As we become more proficient with the process, it is expected that many more opportunities will present themselves.

The Washington State Gambling Commission is sought out by other state gaming regulatory agencies as a model and mentor organization. The agency also provides gaming regulatory and enforcement training to other agencies. Because the agency is considered a leader in gaming regulation and enforcement, any comparison would be made by other agencies to the Washington State Gambling Commission.

Assessment of External Challenges and Opportunities

There are many factors outside of Gambling Commission's control that have significant impacts on the agency's ability to complete its mission. In order to operate effectively and efficiently, management must identify the key external factors impacting the agency. The external factors most impacting the Gambling Commission are:

TECHNOLOGY

Technology impacts the activity being regulated (gambling) and the tools and methodology used to regulate the activity. Changes in technology will be one of the most important factors impacting the agency's programs over the next few years. Key areas include:

- Innovations in information technology that will change the way we do our work (investigations, monitoring, collection and dissemination of public information, communication with licensees and law enforcement);
- Automation of records and reports of regulated activities in a technological environment;
- Advances in Internet technology, including the increasing availability of illegal online gambling;
- The use of the Internet by staff and licensees to share and access information;
- Licensees and potential licensees, who will conduct online transactions with the agency to apply for licenses, renew licenses and submit activity reports. Fees may be accepted via credit/debit cards, electronic checks, or electronic funds transfer;
- The increasing amount of data transferred electronically, which will create storage challenges for the agency;
- Legislation has been enacted that requires agencies to consult with the Department of Information Services any time an information technology service, product, or asset is to be acquired;
- A legislative proviso creating an information technology funding pool to be jointly managed by the Department of Information Service and the Office of Financial Management.

GOVERNMENT

The agency can be impacted by the decisions of other governmental and judicial bodies. Those that have the potential for the greatest impact are:

- Judicial decisions at the state or federal level may interpret the law in a manner that expands or restricts the scope of gambling activities in Washington;
- State and local governments may need to seek other forms of revenue to make up for budgetary shortfalls. Tax revenues from new or existing gambling activities may be an attractive option;
- Cities and counties may allow or prohibit authorized gambling activities;
- Tribal governments are seeking ways to reduce state regulatory costs;
- Congress and the Department of the Interior may change the Indian Gaming Regulatory Act, or other federal laws or federal rules that impact gambling in Washington;
- We have experienced an increase in litigation and expect litigation to continue related to machine gambling and other regulatory issues;

- Initiative 960 requires legislative approval of state agency fee increases effective December 6, 2007.

MARKET TRENDS

Various market trends impact the agency's ability to complete its mission. Among those are:

- Continued pressure from gambling industry competitors to obtain authorization for new forms of electronic gambling;
- Bingo revenue, though declining before the advent of machine gambling, has experienced an even bigger drop and is projected to continue to decline;
- Pull-tab license fees, the agency's largest revenue source, are expected to continue to decline;
- The number of house-banked card rooms will stabilize at a lower level than expected;
- Public awareness of problem/pathological gambling and utilization of related services is expected to increase;
- The state-wide smoking ban may continue to impact gambling establishments;
- Internet gambling activities have increased;
- Televised coverage of high stakes poker events has increased popularity of private poker games;
- Tribal casinos are increasingly popular for gambling;
- Illegal and legal gambling equipment and related activities have proliferated;
- Gambling has increased in popularity among young people.

STATE ECONOMY

Washington State's economy is slowing. Gambling revenues have continued to increase. This can be attributed primarily to Tribal casinos.

Assessment of Internal Capacity and Financial Health

Internal Capacity

Many factors affect the agency's internal capacity and its ability to accomplish its mission, goals, and objectives. Among these are:

- The agency's ability to recruit, train, and retain a diverse and knowledgeable workforce
- With increasing workload, it becomes more important to automate business processes, in particular by offering more online transaction options for our licensees
- Maintaining up-to-date technology

Financial Health

Since the Gambling Commission is a non-appropriated agency, its financial health is directly related to maintaining sufficient revenue and working capital balance to ensure it can cover expenses during periods of revenue fluctuation, and absorb any statewide changes such as salary and benefit increases. Therefore, it is critical that the agency ensures an adequate level of funding from its primary revenue sources, license fees and tribal regulation reimbursements

The agency experienced a sharp increase in costs related to salaries and benefits during the biennium while revenue has flattened. Therefore, the agency will be required to take steps to ensure working capital balance is maintained at levels necessary to fund operations next fiscal year and into the next biennium, while ensuring the Gambling Revolving Fund (Fund) does not go into a cash deficit.

The agency has historically been able to increase fees administratively through its statutory authority in RCW 9.46.070. However, the recent implementation of Initiative 960 (I-960) requires the agency to seek legislative approval to raise fees. Therefore, the Commission introduced bills during the 2008 Legislative Session to increase fees to levels necessary to fund operations and maintain a healthy working capital balance.

These bills were not approved during the session. Therefore, the Commission will need to continue to work with the legislature and the Office of Financial Management on budget-related issues to ensure the agency's long-term financial health.

Accomplishments

Performance Measures

The 2007-2011 Strategic Plan included twenty measures that would be established to evaluate agency progress in achieving the six goals included in that plan. Considerable progress has been made in collecting data and defining and reporting on many of those measures. Although the Agency is making steady progress in implementing these measures, more work is needed to ensure the measures are meaningful and a part of normal reporting routines.

Projects

The 2007-2011 Strategic Plan included twenty-four projects that were established to help meet each of the six agency goals. The projects were designed to strengthen agency programs, processes, and service. Each project was designated as either essential (having the highest level of commitment), important (deemed as being very important but had to be considered against other ongoing activities), or beneficial (to be pursued if it did not infringe on higher-level priorities).

Considerable progress has been made in completing agency projects. Twelve of the twenty-four projects have been completed. The anticipated completion dates for five of the projects were moved back and are still being undertaken. Six projects were completed before their anticipated completion date.

Accomplishments

- Reached agreement with the Spokane Tribe on a Tribal-State Gaming Compact resolving over 20 years of dispute and legal actions.
- Renegotiated Appendix X of the Tribal-State Compacts which allow the Tribal Lottery Systems in Washington and for the first time reached agreement with twenty-seven of the twenty-eight compacted tribes on Appendix X2 which will allow tribes to operate 975 machines and use cash in.
- Completed development of the Gambling Information Management System which will replace our licensing and business data systems with a more user friendly and flexible system.
- Completed the rules simplification project which spanned over three years and included repealing or revising over 654 rules and eliminating 54,437 words to promote the understandability of rules for licensees and employees.
- Developed and implemented licensing training workshops and outreach programs to proactively communicate changes in licensing processes to licensees and tribes.
- Implemented an enforcement program completing joint investigations with the Liquor Control Board in approximately 85 licensed premises in response to public concern about under age gambling.
- Assembled and distributed safety kits for each employee to have with them at their desks. Each of the kits has enough supplies to sustain an employee 72 hours should an emergency occur and they had to remain in their work areas.
- Improved agent safety when working in field assignments by adding radios to expand coverage and service through the Washington State Patrol.

- Complied with the 2002 Personnel Service Reform Act and subsequent WAC changes, (along with all state agencies) by implementing a new data system (HRMS), developing a new human resource management system, writing and training on new human resource policies/procedures, consolidating classifications, implementing new classes, developing competencies, new performance evaluations/forms and procedures, and introducing E-recruiting and new recruitment policies, procedures, and testing.
- Expanded an employee program called the Partnership Program which was designed to provide information about agency operations to new employees to include all employees who would like to participate in order to improve ownership and knowledge of all agency functions.
- Enhanced the Criminal Intelligence Unit by purchasing the analytical software (ACISS) to support intelligence and criminal analysis. The unit was also enhanced by supporting the enhancement of the computer forensic capabilities (Network systems and Cellular telephone). Each enhancement has been utilized to better meet the demands of the agency administration and operations staff.
- Created opportunities for career development and related compensation for Gambling Licensing Technicians and Special Agents by completing two compensation projects.
- Held an all-staff agency conference in Olympia to build teamwork and increase internal cooperation.
- Participated in eleven federal investigations involving over \$264 million in seized illegal funds as a result of our continued participation in the Internet Gambling Task Force (IGTF), an informal group of federal, state, and Canadian agencies working to reduce illegal Internet Gambling through a coordinated sharing of resources, enforcement, and education. The IGTF was formed in 2005 based on encouragement from the Commission and now includes about 15 agencies and 50 individuals. In 2007 we also continue to lead the IGTF enforcement work group.

This page intentionally blank

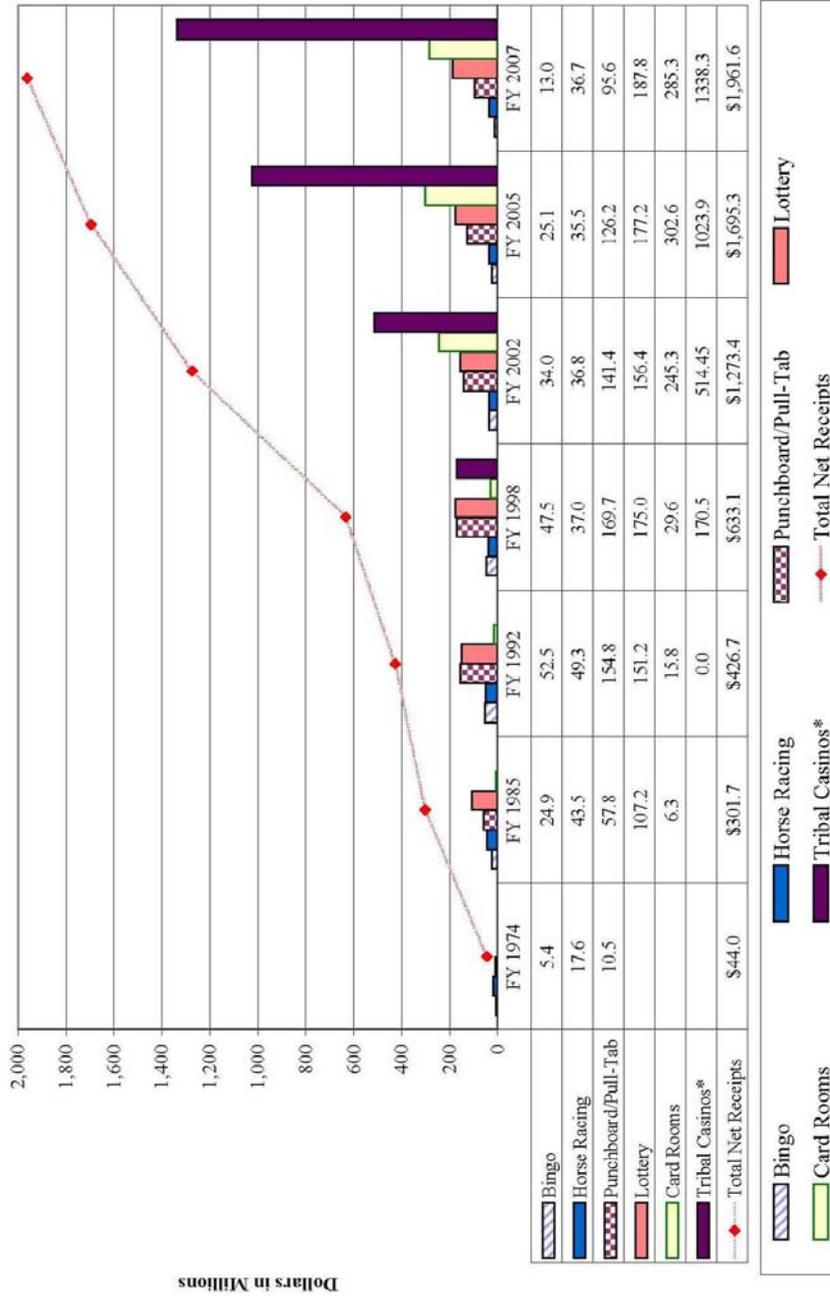
Appendices

This page intentionally blank

Net Receipts Comparison

Fiscal Year Net Receipts Comparison

[Net Receipts = amount wagered minus amount paid out as prizes]



Source: Washington State Gambling Commission * = Estimated

Office Locations

<u>Lacey Headquarters</u>	
<u>Mailing Address</u> P.O. Box 42400 Olympia, WA 98504-2400 (800) 345-2529 <u>Web Page</u> www.wsgc.wa.gov	<u>Physical Address*</u> 4565 7 th Avenue, S.E. Lacey, WA 98503 (360) 486-3440
<u>Field Offices</u>	
<u>Spokane</u> N. 901 Monroe, Room 240 Spokane, WA 99201 (509) 325-7900	<u>Yakima</u> 1703 Creekside Loop, Suite 120 Yakima, WA 98902 (509) 575-2820
<u>Everett</u> 3501 Colby Avenue, Suite 102 Everett, WA 98201 (425) 304-6300	<u>Renton</u> 451 Southwest 10 th Street Plaza 451 Building, Suite 218 Renton, WA 98055 (425) 277-7014
<u>Tacoma</u> 4301 Pine Street, #307 Tacoma, WA 98409-7206 (253) 671-6280	<u>Wenatchee</u> PO Box 2067 Wenatchee, WA 98807

*Physical address does not receive US Postal Service items. Use physical address only for delivery services that require the physical address such as Federal Express, UPS, etc.

