

## Agency Strategic Plan

## Virginia Racing Commission (405)

3/14/2014 2:29 pm

Biennium: 2008-10 ▼

**Mission and Vision****Mission Statement**

To promote, sustain, grow, and control a native horse racing industry with pari-mutuel wagering by prescribing regulations and conditions that command and promote excellence and complete honesty and integrity in racing and wagering.

**Vision Statement**

We envision the Virginia Racing Commission (VRC) to be a model that other racing commissions will aspire to follow, with a reputation for excellence and integrity. Participants will find our processing systems to be the most efficient and innovative in the industry. Regulations will be easily understood and applied to give horseracing and wagering the highest standard of integrity and fairness.

**Executive Progress Report****Service Performance and Productivity**

- *Summary of current service performance*

The VRC measures its service performance through performance measures tied to our strategic goals and objectives.

- Our first goal is to regulate horse racing in the Commonwealth to ensure it is of the highest quality; free of corrupt, incompetent, dishonest or unprincipled practices by maintaining complete honesty and integrity in racing and wagering.

The agency's first objective under this goal is to protect the integrity of horse racing by ensuring that no horse has an unfair advantage and that all horses are free of substances that could affect their performance and/or the outcome of a race.

This objective is measured by the number of drug samples taken from horses and submitted to the laboratory for analysis. In 2001, the number of drug samples taken and tested was 1,155, as compared to 1,473 in 2006.

The second objective is to ensure that all participants and racing officials, especially those directly involved in the sport, are free of illegal substances and alcohol. Protection of the public safety and horses is of critical importance to VRC.

This objective is measured by the number of drug and alcohol tests performed on individuals during live horse racing meets. In 2001 VRC performed 2,450 drug and alcohol tests on individuals, as compared to 4,200 in 2006.

- The VRC's second goal is to assist in the growth of the pari-mutuel horse racing industry in Virginia.

The first objective under this goal is to increase the number of live race days. In order for the number of race days to grow, the racetrack needs to expand the satellite wagering facility network so that wagering will increase sufficiently to support additional live race days. The VRC does everything possible to assist Colonial Downs to obtain approvals to advance the growth in the satellite wagering facilities, which will increase the number of live race days.

The VRC measures this goal by counting the number of live race days annually. This number has increased from 40 in 2001 to 78 in 2006.

The second objective is to increase the pari-mutuel tax revenue to the Commonwealth and the localities that host wagering facilities. The Commonwealth receives a percentage of the total handle and the localities receive a percentage of the handle generated by the wagering facilities within their boundaries.

This objective is measured by the amount of tax revenue received by the Commonwealth and the localities. In 2001, \$3.2 million was distributed to the Commonwealth and the localities. In 2006, this increased to \$4.3 million.

- The third goal of VRC is to provide financial incentives to owners and breeders of Virginia bred horses. Growing the horse breeding industry in Virginia is of critical importance to the state's horse racing industry. Financial incentives to owners and breeders of Virginia bred horses should encourage more horse owners and breeders to locate in the Commonwealth.

The objective to accomplish this goal is to increase and sustain the horse breeding industry in Virginia by awarding

financial incentives to the owners and breeders of Virginia bred horses.

This objective is measured by the number and dollar amounts of awards issued annually. In 2001, 694 awards totaling \$1.2 million were issued. In 2006, 394 awards totaling \$1.3 million were distributed. It should be noted that in 2006, awards were only given to the owners and breeders of horses that ran at Colonial Downs in Virginia. This decreased the number of awards, but increased the dollar amount of each award and served as an incentive for owners and breeders to stay and race in the Commonwealth, which benefits the horse industry as a whole in Virginia.

- *Summary of current productivity*

VRC productivity has increased steadily over time. Over the past four years, VRC's operating budget has increased very little, with the same number of staff performing the increased workload. In 2001, there were 40 live race days and in 2007 there will be 73. The number of satellite wagering facilities has increased from two in 1997 to nine in 2007. The tax revenue from pari-mutuel wagering to the Commonwealth and the localities has increased by 34% from 2001 to 2006.

### **Initiatives, Rankings and Customer Trends**

- *Summary of Major Initiatives and Related Progress*

The regulations governing horse racing and pari-mutuel wagering were updated to make them more easily understood and consistent with national trends. The following regulations have been updated in 2007:

Chapter 11 was created in order to promulgate the Model Public Participation Guidelines.

Chapter 180 was amended primarily to clarify and simplify the existing regulations on medication. The only substantive change is that the threshold amount for the drug Phenylbutazone, commonly referred to as simply "bute" is being lowered in an effort to reduce injuries to the horses and also to make Virginia's regulations more consistent with those of surrounding jurisdictions.

Chapter 110 was amended to lift the requirement that horses with common ties through ownership must be coupled in Thoroughbred stakes races with purse amounts of \$50,000 or higher. These amendments will make the regulations in Virginia more consistent with those of other jurisdictions in the Mid-Atlantic region.

A marketing committee has been formed to create a mechanism to promote and market the native horse industry as a whole in Virginia. There are currently no funds available for this service area, but we hope to resume this program once the economy turns around and the VRC has surplus dollars available.

Plans are also under way to give participants the option of being licensed on-line through VRC's website.

- *Summary of Virginia's Ranking*

The VRC has received high marks from all those participating in the horse racing industry. The VRC is recognized by the Association of Racing Commissioners International to be a leader in the regulation of horse racing with pari-mutuel wagering. The VRC's licensing system is the most modern and efficient in the industry. The VRC has a reputation for having a very low tolerance for any illegal activities involving horse racing as well as pari-mutuel wagering conducted in Virginia.

- *Summary of Customer Trends and Coverage*

Very little change is expected in our customer base as far as racetrack owners and operators. Colonial Downs is the only racetrack that currently holds an unlimited license. Oak Ridge had a limited license and held only one live harness meet in 2001. Colonial's unlimited license is good for 20 years from the date of issuance and Oak Ridge has not indicated any plans for conducting horseracing with pari-mutuel wagering anytime in the future.

Colonial Downs currently operates nine satellite wagering facilities located from the Tidewater area to Richmond to Scott County. The Code of Virginia was changed in 2004 to allow the holder of an unlimited license to operate 10 satellite wagering facilities, and as a result Colonial Downs could conceivably open one more facility if a referendum were to be passed in the proposed locality.

As the internet has become more popular, advanced deposit account wagering has accounted for a larger percentage of the total dollars wagered on horseracing in Virginia. Advanced deposit wagering gives the citizens of Virginia the option of betting from home by phone or through a computer, especially for those that do not live near the racetrack or a satellite wagering facility. Advanced deposit wagering will account for approximately 18% of the total wagered on horseracing in Virginia for the calendar year 2007.

The aging of the population in Virginia will not have any impact on the VRC or its ability to deliver services and as a result will not require any changes to the way in which the VRC performs its functions.

### Future Direction, Expectations, and Priorities

- *Summary of Future Direction and Expectations*

The VRC's future direction is to continue performing the service areas the agency has identified in an efficient and cost-effective manner.

Some staff positions that are currently part-time will become full-time positions as Colonial Downs reaches 100 live race days, at which time it will be more cost-effective to hire full-time people versus part-time.

- *Summary of Potential Impediments to Achievement*

The VRC currently has a very small staff of only 7 full-time people. This means little opportunity for cross-training and limited backup. Also, there are very limited opportunities for career advancements. Employees that hold two key positions in the agency will be retiring in the near future; the Executive Secretary and the Finance Director. The Executive Secretary will retire in September of 2008 and the Finance Director is tentatively set to retire in December of 2008. An executive search will begin in the next couple of months to find a replacement for the Executive Secretary.

Colonial Downs is currently the only licensed racetrack operating in Virginia. Their performance and management decisions directly affect how well the VRC can accomplish some of its goals and objectives.

It may be difficult for the VRC to secure enough Associate Commission Veterinarians for the live race meets in future years. The Commission Veterinarian is responsible for recruiting enough associate vets to cover the live race meets at Colonial Downs. It is difficult for the Commission Veterinarian to find vets with some horse experience that are willing to work nights and weekends for 8 or 9 straight weeks. The other problem is that the hourly rate earned by the associate vets is well below what they could be making in a small animal practice. We have been very fortunate the last couple of years to find some vets just out of school or in between jobs to fill these positions and hopefully we can continue to fill these positions with quality individuals without too much difficulty in the future.

#### Service Area List

Service Number	Title
405 534 11	Financial Assistance to the Horse Breeding Industry
405 558 01	License and Regulate Horse Racing and Pari-mutuel Wagering
405 558 02	Promote the Horse Industry

#### Agency Background Information

##### Statutory Authority

The VRC's authority is found in Title 59.1, Chapter 29, of the Code of Virginia.

Sections 59.1-364 through 374 define the duties and powers of the Commission.

Sections 59.1-375 through 386 define the requirements to be licensed to operate a race track in Virginia and conduct pari-mutuel wagering.

Sections 59.1-387 through 390 describe the process for obtaining a permit to participate in horseracing and pari-mutuel wagering.

Sections 59.1-392 through 294 define taxation and audit requirements.

Sections 59.1-395 through 405 define criminal penalties.

##### Customers

Customer Group	Customers served annually	Potential customers annually
Governments (state and local)	10	11
Horsemen and other participants	4,900	5,200
Racetrack Owners and Operators	1	2

*Anticipated Changes To Agency Customer Base*

It is anticipated that the number of racetracks and satellite wagering facilities will remain stable over the next few years. Colonial Downs has an unlimited license to have both Thoroughbred and harness racing with pari-mutuel wagering. Oak Ridge, in Lovington, VA., had a limited license to conduct harness racing, which means they could not exceed 14 live race days in any calendar year. Only one live race meet was held at Oak Ridge in 2001. It is possible that Oak Ridge might apply for another limited license sometime in the future, although currently there are not any plans to do so. The number of satellite wagering facilities has increased to nine. Current statute allows for an unlimited licensee to have 10 satellite wagering facilities. If a tenth satellite wagering facility were to open in a new locality, assuming a referendum was passed, that would bring the total of state and local governments served by the VRC to eleven.

As the number of live race days increase, it is anticipated that the number of horsemen and participants in racing will also increase. However, if purses are not competitive with surrounding states, Virginia may attract horses of a lesser quality.

It is expected that the pari-mutuel tax that is paid to the Commonwealth and the revenue to local governments that have wagering facilities and racetracks will increase as total wagering increases through the end of the calendar year 2007. After 2007, without additional satellite wagering facilities, revenue may reach its maximum potential and become flat or even show a downward trend in future years.

The number of horse breeders and owners in Virginia may decrease because of competition from the surrounding area. Delaware, West Virginia, and Pennsylvania have slot machines, which enables these states to pay much larger purses and breeders' awards and thus draw horses from Virginia. Maryland is actively pursuing slot machines and the same will apply if it is successful in passing the necessary legislation to do so.

**Partners**

Partner	Description
[None entered]	

**Products and Services**

- *Description of the Agency's Products and/or Services:*

License Racetracks and Wagering Facilities – The VRC conducts public hearings, facility inspections and background investigations on all applications for a license to own and operate pari-mutuel wagering facilities.

Officiating – Stewards appointed by the VRC oversee and officiate live racing, certify the results of all races, conduct hearings and issue rulings where disputes or violations occur. The stewards also ensure that those individuals participating in horseracing adhere to all of the rules and regulations of the VRC.

Regulations – Regulations are maintained, developed, and amended to ensure the highest standards of racing and wagering that are consistent with the racing industry in the United States.

Drug Testing – Commission veterinarians take blood, urine and other samples from horses. These samples are submitted to an approved laboratory for testing by a chief racing chemist for any illegal or foreign substances that may affect the performance of a horse and/or the outcome of a race.

Permitting - All persons who participate in racing, including employees at the track and satellite wagering facilities, must complete a VRC application giving pertinent information about themselves as well as any criminal history. Fingerprints are taken for each person every five years and submitted to the State Police and the FBI for criminal histories. The VRC issues a photo identification badge to the individual that allows them to access the premises and to participate in racing.

Safety and Security – The VRC ensures that sufficient staff is available to provide a secure and safe environment for horses and those involved in racing and wagering, including the general public. Security staff performs random drug testing on participants in horseracing. During live race meets, there is continuous surveillance of the grounds and activities involving horse racing.

Monitor deposits of the license tax to the Commonwealth and localities – The VRC staff ensures that deposits are made in a timely fashion and in the correct amount as required by the Code of Virginia.

Awards – Bonus checks are issued to owners and breeders of Virginia bred horses based on the race performance of their horses at races run in Virginia.

Economic Development - The VRC provides financial incentives to the owners and breeders of Virginia-bred horses. This should benefit the local economy by providing additional employment opportunities and help to grow the agriculture industry in Virginia.

- **Factors Impacting Agency Products and/or Services:**

Increasing the number of live race days will increase the workload of the VRC's small staff to provide the above products and services. The cost for drug testing and officiating will increase, as well as safety and security, as these services will be provided over a longer period of time as the number of racing days increase. In the fall of 2006 the VRC had to change the laboratory we use for testing and as a result, the cost per day nearly doubled. The new laboratory does use a more sophisticated process that screens for many more substances with greater sensitivity.

As more localities have approved wagering facilities, more fiscal oversight will be required to ensure that revenue to the state and localities is properly accounted for and distributed. Also, as the number of facilities has increased, so have the number of monthly inspections the VRC staff has had to perform, as we try and perform inspections at each facility on a monthly basis.

The growth of pari-mutuel wagering will impact the amount of awards issued to Virginia bred horse owners and breeders. The amount of money paid in purse bonuses and awards will have a positive impact the horse breeding industry and the economy in Virginia.

- **Anticipated Changes in Products or Services:**

As the number of live race days increases, so will the number of drug samples submitted to the laboratory for testing.

As the number of race days approaches 100, it may be more cost effective for the Commission to hire a full-time veterinarian and chief steward rather than on a part-time basis.

The dollar amounts of awards are expected to increase in accordance with the increase in the total wagering in Virginia. It should be noted that in 2006, awards were only given to the owners and breeders of horses that ran at Colonial Downs in Virginia. This decreased the number of awards, but increased the dollar amount of each award and served as an incentive for owners and breeders to stay and race in the Commonwealth, which benefits the horse industry as a whole in Virginia.

**Finance**

- **Financial Overview:**

All of VRC's funding comes from non-general funds, which are generated by the tax on the pari-mutuel wagering that takes place in Virginia.

- **Financial Breakdown:**

	FY 2009		FY 2010	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$0	\$5,047,817	\$0	\$5,047,817
Change To Base	\$0	\$0	\$0	\$0
<b>Agency Total</b>	<b>\$0</b>	<b>\$5,047,817</b>	<b>\$0</b>	<b>\$5,047,817</b>

*This financial summary is computed from information entered in the service area plans.*

**Human Resources**

- **Overview**

As of September 1, 2008, the VRC has an authorized FTE level of 10 with 7 positions filled and 3 vacant. As the wagering at the racetrack, the satellite wagering facilities, and through advanced deposit wagering increases, the number of live race days may reach 100. Therefore, these positions have remained vacant and will be filled as the number of race days increase in the future.

During the live race meets, approximately 30 part-time positions are filled to work in the test barn and permitting section. Three Stewards and one security investigator are also hired as part-time employees.

- **Human Resource Levels**

Effective Date	9/1/2008
Total Authorized Position level	10
Vacant Positions	-3
<b>Current Employment Level</b>	<b>7.0</b>

Non-Classified (Filled)	1	<i>breakout of Current Employment Level</i>
Full-Time Classified (Filled)	6	
Part-Time Classified (Filled)	0	
Faculty (Filled)	0	
Wage	5	
Contract Employees	0	
<b>Total Human Resource Level</b>	<b>12.0</b>	= Current Employment Level + Wage and Contract Employees

● *Factors Impacting HR*

The VRC currently has a very small staff of only 7 full-time people. This means little opportunity for cross-training and limited backup. Also, there are limited opportunities for career advancement.

Because of its location in rural New Kent County, the labor force pool is limited. Also, there are a limited number of individuals in the Commonwealth who have knowledge and experience in horse racing and pari-mutuel wagering.

● *Anticipated HR Changes*

Two of the VRC's employees that hold key positions in the agency will be retiring in the near future; the Executive Secretary and the Finance Director. The Executive Secretary will retire in September of 2008 and the Finance Director is tentatively set to retire in December of 2008. An executive search will begin in the next couple of months to find a replacement for the Executive Secretary position.

**Information Technology**

● *Current Operational IT Investments:*

The VRC uses a software program called TRACs V, which was purchased from the Texas Racing Commission that is used for permitting, tracking pari-mutuel handle, computing and auditing the revenue to localities and the Commonwealth, generating veterinarian reports, and keeping historical records of the steward's rulings. The VRC also uses a 10-print, live scan system to take fingerprints used for completing criminal background checks.

The VRC has a website that provides information on live race dates, Commission meetings and minutes, rules and regulations, and frequently asked questions. The website also allows people to download a permit application as well as make patron complaints. The VRC has no technology staff and is completely dependent on VITA for all its technology needs. During live race meets, weekends and evenings are critical and VITA staff is on call in case a problem occurs.

● *Factors Impacting the Current IT:*

An increased in the number of live race days will require the agency to increase the time VITA staff is available if needed during critical times, especially on weekends and during evening hours.

● *Proposed IT Solutions:*

The VRC is currently migrating from an Oracle database to a web-based program (TRACs V) for permitting and wagering data, which is critical to all aspects of our operation. VITA is working with Oracle and VRC staff to insure a successful completion by May of 2008. The cost of this project will be spread out over the next three fiscal years at \$105,704 per year. This is classified as a non-major IT project.

Plans are also under way to give participants the option of being licensed on-line through VRC's website.

The VRC will replace all of its personal computers by the end of the calendar year 2007.

● *Current IT Services:*

Estimated Ongoing Operations and Maintenance Costs for Existing IT Investments

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Projected Service Fees	\$0	\$103,423	\$0	\$104,974
Changes (+/-) to VITA Infrastructure	\$0	\$0	\$0	\$0

<b>Estimated VITA Infrastructure</b>	\$0	\$103,423	\$0	\$104,974
Specialized Infrastructure	\$0	\$0	\$0	\$0
Agency IT Staff	\$0	\$0	\$0	\$0
Non-agency IT Staff	\$0	\$0	\$0	\$0
Other Application Costs	\$0	\$0	\$0	\$0
<b>Agency IT Current Services</b>	\$0	\$103,423	\$0	\$104,974

*Comments:*

[Nothing entered]

- *Proposed IT Investments*

Estimated Costs for Projects and New IT Investments

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Major IT Projects	\$0	\$0	\$0	\$0
Non-major IT Projects	\$0	\$105,704	\$0	\$105,704
Agency-level IT Projects	\$0	\$0	\$0	\$0
Major Stand Alone IT Procurements	\$0	\$0	\$0	\$0
Non-major Stand Alone IT Procurements	\$0	\$0	\$0	\$0
<b>Total Proposed IT Investments</b>	\$0	\$105,704	\$0	\$105,704

- *Projected Total IT Budget*

	Cost - Year 1		Cost - Year 2	
	General Fund	Non-general Fund	General Fund	Non-general Fund
Current IT Services	\$0	\$103,423	\$0	\$104,974
Proposed IT Investments	\$0	\$105,704	\$0	\$105,704
<b>Total</b>	\$0	\$209,127	\$0	\$210,678

[Appendix A](#) - Agency's information technology investment detail maintained in VITA's ProSight system.

**Capital**

- *Current State of Capital Investments:*  
The Virginia Racing Commission does not have any capital investments.
- *Factors Impacting Capital Investments:*  
N/A
- *Capital Investments Alignment:*  
N/A

**Agency Goals**

**Goal 1**

Maintain horse racing in the Commonwealth of Virginia of the highest quality, free of corrupt, incompetent, dishonest or

unprincipled practices by maintaining complete honesty and integrity in racing.

#### **Goal Summary and Alignment**

Keeping pari-mutuel wagering and racing free of any illegal activities or even the perception of illegal activities is critical to the industry. This goal directly aligns to VRC's mission to prescribe regulations and conditions that command and promote excellence and complete honesty and integrity in racing and wagering.

#### **Goal Alignment to Statewide Goals**

- Be a national leader in the preservation and enhancement of our economy.
- Be recognized as the best-managed state in the nation.
- Protect the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.

#### **Goal 2**

Assist in the growth of the pari-mutuel horse racing industry in Virginia.

#### **Goal Summary and Alignment**

The VRC will do everything possible to assist in obtaining approvals to grow the number of satellite wagering facilities. The amount paid in purses and the number of live race days is dependent on wagering revenue from the racetrack, the satellite wagering facilities, and through advanced deposit wagering. This goal aligns with VRC's mission to grow a native horse racing industry with pari-mutuel wagering.

#### **Goal Alignment to Statewide Goals**

- Be a national leader in the preservation and enhancement of our economy.
- Protect, conserve and wisely develop our natural, historical and cultural resources.

#### **Goal 3**

Provide Financial Incentives to Owners and Breeders of Virginia Bred Horses.

#### **Goal Summary and Alignment**

This goal provides financial incentives to breeders and owners of Virginia-bred horses. It is intended to increase the number of racehorses foaled and raised in Virginia. It aligns with VRC's mission to grow a native horse racing industry.

#### **Goal Alignment to Statewide Goals**

- Be a national leader in the preservation and enhancement of our economy.
- Protect, conserve and wisely develop our natural, historical and cultural resources.

#### **Goal 4**

Increase the Awareness of the Equine Industry in Virginia.

#### **Goal Summary and Alignment**

This goal awards contracts and makes grants available to qualified equine related entities that will result in increased business for the state's pari-mutuel system, in the breeding and training of horses, in horse-related agricultural commodities and equine activities and will raise the visibility of Virginia's equine industry including broader promotion of horses as a major agricultural commodity. It aligns with VRC's mission to grow a native horse racing industry.

#### **Goal Alignment to Statewide Goals**

- Elevate the levels of educational preparedness and attainment of our citizens.
- Be a national leader in the preservation and enhancement of our economy.
- Engage and inform citizens to ensure we serve their interests.

#### **Goal 5**

Strengthen the culture of preparedness across state agencies, their employees and customers.

**Goal Summary and Alignment**

This goal ensures compliance with federal and state regulations, policies and procedures for Commonwealth preparedness, as well as guidelines promulgated by the Assistant to the Governor for Commonwealth Preparedness, in collaboration with the Governor's Cabinet, the Commonwealth Preparedness Working Group, the Department of Planning and Budget and the Council on Virginia's Future. The goal supports achievement of the Commonwealth's statewide goal of protecting the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.

**Goal Alignment to Statewide Goals**

- Protect the public's safety and security, ensuring a fair and effective system of justice and providing a prepared response to emergencies and disasters of all kinds.
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Service Area Strategic Plan

Virginia Racing Commission (405)

3/14/2014 2:29 pm

Biennium: 2008-10 ▼

Service Area 1 of 3

Financial Assistance to the Horse Breeding Industry (405 534 11)

Description

This service area provides financial incentives to the breeders and owners of Virginia-bred horses.

Background Information

Mission Alignment and Authority

- *Describe how this service supports the agency mission*  
This service area directly aligns to VRC's mission to grow a native horse racing industry with pari-mutuel wagering in Virginia.
- *Describe the Statutory Authority of this Service*  
Section 59.1-372 of the Code of Virginia establishes the Virginia Breeders' Fund.

Customers

Agency Customer Group	Customer	Customers served annually	Potential annual customers
	Horse Owners and Breeders	394	2,000

Anticipated Changes To Agency Customer Base

The number of horse breeders and owners in Virginia may decrease because of competition from the surrounding area. Delaware, West Virginia, and Pennsylvania have slot machines. This additional revenue enables these states to pay much larger purses and breeders' awards and thus draw horses from Virginia. Maryland is actively pursuing slot machines and the same will apply if it is successful in passing the necessary legislation.

The dollar amount paid to breeders may increase as the wagering at the racetrack, at the satellite wagering facilities, and through advanced deposit wagering increases. This should increase the amount the Virginia Breeders' Fund can pay in purses (stallion, owner, and breeders' awards).

Partners

Partner	Description
[None entered]	

Products and Services

- *Factors Impacting the Products and/or Services:*  
The growth of pari-mutuel wagering will impact the number and amount of awards issued to Virginia bred horse owners and breeders, and as a result will impact the horse breeding industry and the economy.
- *Anticipated Changes to the Products and/or Services*  
The funds available for awards will increase in accordance with the total wagering handle at the racetrack, satellite wagering facilities, and through advanced deposit wagering.
- *Listing of Products and/or Services*
  - Awards – Bonus checks are issued to owners and breeders of Virginia bred horses.

Finance

- *Financial Overview*  
Section 59.1-372 of the Code requires that one percent of pari-mutuel wagering be set aside in a separate fund to provide awards to breeders and owners of Thoroughbred and harness horses that are bred in Virginia. These are non-general funds generated from pari-mutuel wagering. The VRC has a fiduciary responsibility for these funds and awards contracts to the Virginia Thoroughbred Association in Warrenton, Virginia, and the Virginia Harness Horse Association in New Kent to actually administer the funds.

• *Financial Breakdown*

	FY 2009		FY 2010		FY 2009	FY 2010	FY 2009	FY 2010
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund				
Base Budget	\$0	\$2,100,000	\$0	\$2,100,000				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$0	\$2,100,000	\$0	\$2,100,000				
Base Budget	\$0	\$2,100,000	\$0	\$2,100,000				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$0	\$2,100,000	\$0	\$2,100,000				
Base Budget	\$0	\$2,100,000	\$0	\$2,100,000				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$0	\$2,100,000	\$0	\$2,100,000				

**Human Resources**

• *Human Resources Overview*

[Nothing entered]

• *Human Resource Levels*

Effective Date	
Total Authorized Position level	0
Vacant Positions	0
<b>Current Employment Level</b>	<b>0.0</b>
Non-Classified (Filled)	} breakout of Current Employment Level
Full-Time Classified (Filled)	
Part-Time Classified (Filled)	
Faculty (Filled)	
Wage	
Contract Employees	
<b>Total Human Resource Level</b>	<b>0.0</b>

} breakout of Current Employment Level

= Current Employment Level + Wage and Contract Employees

• *Factors Impacting HR*

[Nothing entered]

• *Anticipated HR Changes*

[Nothing entered]

**Service Area Objectives**

- Increase and sustain the horse breeding industry in Virginia by awarding financial incentives to Virginia bred horses.

### Objective Description

Growing the breeding industry in Virginia is of critical importance to the horse racing industry in Virginia. Financial incentives to owners and breeders of Virginia bred horses should encourage more horse owners and breeders to locate here. History was made when Secretariat was bred and foaled in Virginia.

### Alignment to Agency Goals

- Agency Goal: Provide Financial Incentives to Owners and Breeders of Virginia Bred Horses.

Comment: This objective directly aligns to VRC's mission to grow a native horse racing industry with pari-mutuel wagering in Virginia. It meets the requirements of Section 59.1-372 of the Code of Virginia which requires that a fund be established to provide financial incentives to Virginia bred horse owners and breeders.

### Objective Strategies

- Make sure that the VTA and the VHHA meet the obligations of their contract to promote and market their breeds and that fair and prompt payment of awards are made from the Breeders' Fund.

### Link to State Strategy

- nothing linked

### Objective Measures

- Number of Breeders Awards

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Calendar year

Measure Baseline Value:  Date:

Measure Baseline Description: The number of awards issued in 2006 is the base measurement for this objective. In 2006, 394 awards were issued to breeders and owners of Virginia bred horses.

Measure Target Value:  Date:

Measure Target Description: Increase the number of awards to 700 by 2009.

Data Source and Calculation: Data is collected from the horsemen's bookkeeper at Colonial Downs and the Virginia Thoroughbred and Harness Associations on the number of awards issued to owners and breeders of Virginia bred horses. Comparisons are made to the annual changes in the number of awards issued.

- Dollar Amount of Breeders Awards

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Calendar year

Measure Baseline Value:  Date:

Measure Baseline Description: The total dollars in awards issued in 2006 is the base measurement for this objective. In 2006, \$1,311,012 in awards were issued to breeders and owners of Virginia bred horses.

Measure Target Value:  Date:

Measure Target Description: Increase the dollar amount of awards to \$1,500,000 by 2009.

Data Source and Calculation: Data is collected from the horsemen's bookkeeper at Colonial Downs and the Virginia Thoroughbred and Harness Associations on the dollar amount of awards issued to owners and breeders of Virginia bred horses. Comparisons are made to the annual changes in the dollar amount of awards issued.





Service Area Strategic Plan

**Virginia Racing Commission (405)**

3/14/2014 2:29 pm

Biennium: 2008-10 ▼

Service Area 2 of 3

**License and Regulate Horse Racing and Pari-mutuel Wagering (405 558 01)**

**Description**

This service area regulates and oversees all aspects of pari-mutuel wagering and live racing. It conducts proceedings for issuing licenses to racetracks and wagering facilities. It also issues permits to all participants of live horse racing and employees at racetracks and wagering facilities.

**Background Information**

**Mission Alignment and Authority**

- *Describe how this service supports the agency mission*  
This service area directly aligns to VRC's mission to prescribe regulations and conditions that command and promote excellence and complete honesty and integrity in racing and wagering.
- *Describe the Statutory Authority of this Service*  
Section 59.1-364 of the Code of Virginia states that the VRC is vested with the responsibility to prescribe regulations and conditions for racing and wagering that maintain horse racing of the highest quality and free of any corrupt, incompetent, dishonest or unprincipled practices and to maintain in such racing complete honesty and integrity.

**Customers**

Agency Customer Group	Customer	Customers served annually	Potential annual customers
	Governments (state and local)	10	11
	Horsemen and other participants	4,900	5,200
Governments (state and local)	Racetrack Owners and Operators	1	2

**Anticipated Changes To Agency Customer Base**

It is anticipated that the number of racetracks and satellite wagering facilities will remain stable over the next few years. Colonial Downs has an unlimited license to have both Thoroughbred and harness racing with pari-mutuel wagering. Oak Ridge, in Lovington, VA., had a limited license to conduct harness racing, which means they could not exceed 14 live race days in any calendar year. Only one live race meet was held at Oak Ridge in 2001. It is possible that Oak Ridge might apply for another limited license sometime in the future, although currently there are not any plans to do so. The number of satellite wagering facilities has increased to nine. Current statute allows for an unlimited licensee to have 10 satellite wagering facilities. If a tenth satellite wagering facility were to open in a new locality, assuming a referendum was passed, that would bring the total of state and local governments served by the VRC to eleven.

As the number of live race days increase, it is anticipated that the number of horsemen and participants in racing will also increase. However, if purses are not competitive with surrounding states, Virginia may attract horses of a lesser quality.

It is expected that the pari-mutuel tax that is paid to the Commonwealth and the revenue to local governments that have wagering facilities and racetracks will increase as total wagering increases through the end of the calendar year 2007. After 2007, without additional satellite wagering facilities, revenue may reach its maximum potential and become flat or even show a downward trend in future years.

The number of horse breeders and owners in Virginia may decrease because of competition from the surrounding area. Delaware, West Virginia, and Pennsylvania have slot machines, which enables these states to pay much larger purses and breeders' awards and thus draw horses from Virginia. Maryland is actively pursuing slot machines and the same will apply if it is successful in passing the necessary legislation to do so.

**Partners**

Partner	Description
[None entered]	

**Products and Services**

- *Factors Impacting the Products and/or Services:*

Increasing the number of live race days will increase the workload of the VRC's small staff to provide the above products and services. The cost for drug testing and officiating will increase, as well as safety and security, as these services will be provided over a longer period of time as the number of racing days increase.

If more localities approve wagering facilities, more fiscal oversight will be required to ensure that revenue to the state and localities is properly accounted for and distributed. Also, if the number of facilities increases, so will the number of monthly inspections the VRC staff has to perform, as we perform inspections at each facility on a bi-monthly basis.

The amount of pari-mutuel wagering impacts the amount of awards issued to Virginia bred horse owners and breeders. The amount of money paid in purse bonuses and awards will have a positive impact the horse breeding industry and the economy in Virginia.

- *Anticipated Changes to the Products and/or Services*

If the number of live race days increases, so will the number of drug samples submitted to the laboratory for testing.

If the number of race days approaches 100, it may be more cost effective for the Commission to hire some employees full-time rather than on a part-time basis.

- *Listing of Products and/or Services*

- License Racetracks and Wagering Facilities – The VRC conducts public hearings, facility inspections and background investigations on all applications for a license to own and operate pari-mutuel wagering facilities.
- Officiating – Stewards appointed by the VRC oversee and officiate live racing, certify the results of all races, conduct hearings and issue rulings where disputes or violations occur. The stewards also ensure that those individuals participating in horseracing adhere to all of the rules and regulations of the VRC.
- Regulations – Regulations are maintained, developed, and amended to ensure the highest standards of racing and wagering that are consistent with the racing industry in the United States.
- Drug Testing – Commission veterinarians take blood, urine and other samples from horses. These samples are submitted to an approved laboratory for testing by a chief racing chemist for any illegal or foreign substances that may affect the performance of a horse and/or the outcome of a race.
- Permitting - All persons who participate in racing, including employees at the track and satellite wagering facilities, must complete a VRC application giving pertinent information about themselves as well as any criminal history. Fingerprints are taken for each person every five years and submitted to the State Police and the FBI for criminal histories. The VRC issues a photo identification badge to the individual that allows them to access the premises and to participate in racing.
- Safety and Security – The VRC ensures that sufficient staff is available to provide a secure and safe environment for horses and those involved in racing and wagering, including the general public. Security staff performs random drug testing on participants in horseracing. During live race meets, there is continuous surveillance of the grounds and activities involving horse racing.
- Monitor deposits of the license tax to the Commonwealth and localities –The VRC staff ensures that deposits are made in a timely fashion and in the correct amount as required by the Code of Virginia.
- Awards – Bonus checks are issued to owners and breeders of Virginia bred horses based on the race performance of their horses at races run in Virginia.
- Economic Development - Increase the number of breeding farms in Virginia by providing financial incentives to the owners and breeders of Virginia-bred horses. This should benefit the local economy by providing additional employment opportunities and help to grow the agriculture industry in Virginia.

**Finance**

- *Financial Overview*

Section 59-1-370.1 states that the total costs for the operation and administration of the VRC shall be funded from the State Racing Operating Fund, in the amount provided in the Appropriation Act. It is a non-general fund generated from pari-mutuel wagering.

- *Financial Breakdown*

FY 2009		FY 2010		FY 2009	FY 2010
General	Nongeneral	General	Nongeneral		

	Fund	Fund	Fund	Fund
Base Budget	\$0	\$2,247,817	\$0	\$2,247,817
Change To Base	\$0	\$0	\$0	\$0
<b>Service Area Total</b>	<b>\$0</b>	<b>\$2,247,817</b>	<b>\$0</b>	<b>\$2,247,817</b>
Base Budget	\$0	\$2,247,817	\$0	\$2,247,817
Change To Base	\$0	\$0	\$0	\$0
<b>Service Area Total</b>	<b>\$0</b>	<b>\$2,247,817</b>	<b>\$0</b>	<b>\$2,247,817</b>

**Human Resources**

- *Human Resources Overview*  
[Nothing entered]
- *Human Resource Levels*

Effective Date		
Total Authorized Position level	0	
Vacant Positions	0	
<b>Current Employment Level</b>	<b>0.0</b>	
Non-Classified (Filled)		} breakout of Current Employment Level
Full-Time Classified (Filled)		
Part-Time Classified (Filled)		
Faculty (Filled)		
Wage		
Contract Employees		
<b>Total Human Resource Level</b>	<b>0.0</b>	= Current Employment Level + Wage and Contract Employees

- *Factors Impacting HR*  
[Nothing entered]
- *Anticipated HR Changes*  
[Nothing entered]

**Service Area Objectives**

- We will ensure that all participants in racing are permitted.

**Objective Description**

Keeping pari-mutuel wagering and racing free of any illegal activities or even the perception of illegal activities is critical to the survival of the industry. Therefore, every person participating in horse racing or wagering or employees of any activity associated with racing or wagering must be permitted by the VRC. In order to obtain a permit, a criminal history is obtained on each individual as their fingerprints are submitted to the State Police and the FBI.

**Alignment to Agency Goals**

- Agency Goal: Maintain horse racing in the Commonwealth of Virginia of the highest quality, free of corrupt, incompetent, dishonest or unprincipled practices by maintaining complete honesty and integrity in racing.

Comment: Section 59.1-371 requires fingerprints and background investigations on all persons associated with racing. This objective is consistent with VRC’s mission to promote complete honesty and integrity in horse racing and wagering.

**Objective Strategies**

- The VRC permitting staff reviews the official track program race by race and checks to see that everyone listed in the program as an owner, trainer, or jockey has a current permit issued by the VRC.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Number of Permits Issued and Renewed

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Calendar year

Measure Baseline Value:  Date:

Measure Baseline Description: The number of permits issued in 2006 is the base measurement for this objective. In 2006, 4,911 permits were issued and renewed.

Measure Target Value:  Date:

Measure Target Description: 5,200 permits issued and renewed in calendar year 2009

Data Source and Calculation: Data is collected from the TRAC's V database which is a VRC internal permitting system. Each time an individual applies for a permit, the information is entered into the TRACs V system. This system automatically calculates the number and types of permits issued as well as the fees paid for the permit.

- Ensure that all horses are free of substances that could affect the outcome of a race.

**Objective Description**

One of the principle objectives of the VRC is to protect the integrity of horse racing by ensuring that no horse has an unfair advantage by using illegal substances, such as stimulants, tranquilizers, or painkillers. Horses are inspected prior to racing to eliminate any horse that is not fit to perform to its charted ability. Horses are eliminated from racing if racing would be dangerous to the horse's health, safety of the jockey, or be inhumane. Also, the veterinarian oversees the health and welfare of horses on the grounds.

**Alignment to Agency Goals**

- Agency Goal: Maintain horse racing in the Commonwealth of Virginia of the highest quality, free of corrupt, incompetent, dishonest or unprincipled practices by maintaining complete honesty and integrity in racing.

Comment: This service area directly aligns to VRC's mission to prescribe regulations and conditions that command and promote excellence and complete honesty and integrity in racing and wagering. Section 59.1-364 of the Code requires horse racing of the highest quality and free of any corrupt, incompetent, dishonest or unprincipled practices and to maintain in such racing complete honesty and integrity.

**Objective Strategies**

- For each live horse race that is conducted, at least two horses are selected by the stewards to be tested for illegal substances. The winner of the race is tested along with at least one other horse.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Number of Samples Taken and Submitted to the Laboratory for Analysis

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Calendar year

□ □

Measure Baseline Value:  Date:  Measure Baseline Description: In 2006, there were 1,473 samples taken and tested.

Measure Target Value:  Date:

Measure Target Description: Increase the number of samples tested to 1,600 by the end of 2009.

Data Source and Calculation: The state veterinarian and his assistant maintain a log of all samples submitted to a laboratory for analysis.

- Ensure that all participants in horse racing, especially those directly involved in the sport, are free of illegal substances and alcohol.

#### Objective Description

Protection of the public safety and horses is of critical importance. Those directly involved in the sport who can affect the outcome of a race are tested for alcohol daily. The VRC also performs random drug and alcohol tests on other individuals during live horse racing meets.

#### Alignment to Agency Goals

- Agency Goal: Maintain horse racing in the Commonwealth of Virginia of the highest quality, free of corrupt, incompetent, dishonest or unprincipled practices by maintaining complete honesty and integrity in racing.

Comment: This objective supports the agency's goal to regulate horse racing in the Commonwealth to ensure it is of the highest quality, free of corrupt, incompetent, dishonest or unprincipled practices by maintaining complete honesty and integrity in racing.

#### Objective Strategies

- To perform daily alcohol tests on individuals that are directly involved in the sport as well as those that could possibly affect the outcome of a race. The VRC will also perform random drug and alcohol tests on other individuals if warranted.

#### Link to State Strategy

- nothing linked

#### Objective Measures

- Number of Random Drug Tests Performed on Individuals During Live Horse Racing Meets

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Calendar year

Measure Baseline Value:  Date:

Measure Baseline Description: In 2006, 4,200 alcohol and drug tests were performed.

Measure Target Value:  Date:

Measure Target Description: Increase the number of drug and alcohol tests to 4,600 by the end of 2009.

Data Source and Calculation: An intoxilyzer data bank collects the data daily and it is downloaded into the Enforcement Director's personal computer where spreadsheets and records are maintained for up to three years.

- We will increase the number of live race days.

#### Objective Description

In order for the number of race days to grow, Colonial Downs needs to expand the satellite wagering facility network into Northern Virginia so that wagering will grow sufficiently to support additional live race days. When appropriate, VRC will support legislation favorable to racing that will help to remove obstacles that stand in the way of advancing the horse racing industry.

**Alignment to Agency Goals**

- Agency Goal: Assist in the growth of the pari-mutuel horse racing industry in Virginia.

Comment: This objective is consistent with the VRC's mission to promote, sustain, grow, and control a native horse racing industry with pari-mutuel wagering and its goal to assist in the growth of the pari-mutuel horse racing industry in Virginia.

**Objective Strategies**

- By increasing the number of satellite wagering facilities operating in Virginia, the total amount wagered in Virginia will increase and as a direct result the number of live race days will increase accordingly.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Number of Live Race Days

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: calendar year

Measure Baseline Value:  Date:

Measure Baseline Description: There were 78 live race days in 2006.

Measure Target Value:  Date:

Measure Target Description: 86 live race days by calendar year 2009

Data Source and Calculation: Actual number of days raced

- We will increase the tax revenue to the Commonwealth and local governments from pari-mutuel wagering.

**Objective Description**

The Commonwealth and its localities that host satellite wagering facilities and a racetrack currently share in the tax revenue derived from pari-mutuel wagering. By growing the industry, more revenue will be available to the Commonwealth and to the local governments.

**Alignment to Agency Goals**

- Agency Goal: Assist in the growth of the pari-mutuel horse racing industry in Virginia.

Comment: This objective is consistent with VRC's goal to assist in the growth of pari-mutuel horse racing in Virginia.

**Objective Strategies**

- By increasing the number of live race days and satellite wagering facilities operating in Virginia, the total amount wagered in Virginia will increase and as a direct result the tax revenue received by the Commonwealth and localities that host the satellite wagering facilities will increase as well.

**Link to State Strategy**

- nothing linked

**Objective Measures**

- Amount of Pari-Mutuel Tax Revenue Received by the Commonwealth and Localities

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Calendar year

Measure Baseline Value:  Date:  Measure Baseline Description: In 2006, \$4.3 million in tax revenue was distributed to the Commonwealth and localities.

Measure Target Value:  Date:

Measure Target Description: \$4.4 million in calendar year 2009

Data Source and Calculation: Data is collected from the TRAC's database, a VRC internal system. The system automatically audits and calculates the tax revenue to be distributed to the Commonwealth and localities where wagering takes place. The data is submitted to the VRC by current racetrack owners and operators.

- To ensure that resources are used efficiently and programs are managed effectively, and in a manner consistent with applicable state and federal requirements.

#### Objective Description

To insure that all administrative functions are in compliance with all state policies and regulations to include state and federal laws, therefore keeping pari-mutuel wagering free of any illegal activities or even the perception of illegal activities.

#### Alignment to Agency Goals

- Agency Goal: Maintain horse racing in the Commonwealth of Virginia of the highest quality, free of corrupt, incompetent, dishonest or unprincipled practices by maintaining complete honesty and integrity in racing.

#### Objective Strategies

- The VRC will continue to following all administrative policies and procedures of the Commonwealth of Virginia to include state and federal laws.

#### Link to State Strategy

- nothing linked

#### Objective Measures

- Percent of Governor's Management scorecard categories marked as "meets expectations" (green indicator) for the agency

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Measure Baseline Value:  Date:

Measure Baseline Description: 83% in FY 2007

Measure Target Value:  Date:

Measure Target Description: 85% in FY 2012

Data Source and Calculation: This measure is the percentage of the administrative measures that have a green indicator.

- We will be prepared to act in the interest of the citizens of the Commonwealth and its infrastructure during emergency situations by actively planning and training both as an agency and as individuals.

#### Objective Description

To develop a detailed Agency Preparedness Plan in order to be prepared for any type of emergency or disaster that may occur in the Commonwealth so that we will be able to react in a safe and proper way both as an agency and as individuals.

#### Alignment to Agency Goals

- Agency Goal: Strengthen the culture of preparedness across state agencies, their employees and customers.

#### Objective Strategies

- We will work together as an agency to find ways to improve our 2008 Preparedness Assessment Score in the

future.

### Link to State Strategy

- nothing linked

### Objective Measures

- Agency Preparedness Assessment Score

Measure Class:  Measure Type:  Measure Frequency:  Preferred Trend:

Measure Baseline Value:  Date:

Measure Baseline Description: 2008 Agency Preparedness Assessment Results

Measure Target Value:  Date:

Measure Target Description: A score of 85% on the Agency Preparedness Assessment results for 2012

Data Source and Calculation: The Agency's Preparedness Assessment is an all-hazards assessment tool that measures agencies' compliance with requirements and best practices. The assessment has components including Physical Security, Continuity of Operations, Information Security, Vital Records, Fire Safety, Human Resources, Risk Management, and Internal Controls.

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The 2007 Virginia Acts of Assembly, Section 1-47, Item 124 states that a maximum of \$700,000 annually shall be appropriated for the promotion and marketing of the Virginia horse industry. These are nongeneral funds generated from pari-mutuel wagering.

- *Financial Breakdown*

	FY 2009		FY 2010	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$0	\$700,000	\$0	\$700,000
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$0	\$700,000	\$0	\$700,000

**Human Resources**

- *Human Resources Overview*

[Nothing entered]

- *Human Resource Levels*

Effective Date		
Total Authorized Position level	0	
Vacant Positions	0	
<b>Current Employment Level</b>	<b>0.0</b>	
Non-Classified (Filled)		} breakout of Current Employment Level
Full-Time Classified (Filled)		
Part-Time Classified (Filled)		
Faculty (Filled)		
Wage		
Contract Employees		
<b>Total Human Resource Level</b>	<b>0.0</b>	= Current Employment Level + Wage and Contract Employees

- *Factors Impacting HR*

[Nothing entered]

- *Anticipated HR Changes*

[Nothing entered]

**Service Area Objectives**

- Make grants available to qualified equine related entities that will grow the Virginia horse industry.

**Objective Description**

This objective is intended to make the public more aware of the horse industry in Virginia by funding marketing and promotional activities.

**Alignment to Agency Goals**

- Agency Goal: Assist in the growth of the pari-mutuel horse racing industry in Virginia.

**Objective Strategies**

- The VRC will promote the horse racing and breeding industries in Virginia by increasing the visibility and the economic impact of the equine industry using innovative and effective tools, activities, and programs,

**Link to State Strategy**

- nothing linked

**Objective Measures**

- The total amount of funds distributed to individuals and organizations for the promotion of the horse industry in Virginia.

Measure Class: Other Measure Type: Outcome Measure Frequency: Annual Preferred Trend: Up

Measure Baseline Value: 38483 Date: 12/31/2006

Measure Baseline Description: The total amount of funds distributed to individuals and organizations for the promotion of the horse industry in Virginia in 2006 will be the base measurement for this objective. The total distribution for 2006 was \$17,580.

Measure Target Value: 700000 Date: 12/31/2009

Measure Target Description: To distribute a total of \$700,000 in 2009.

Data Source and Calculation: Data will be collected by the VRC staff on the number and dollar amounts of the grants issued and contracts awarded.