

## Agency Strategic Plan

## Virginia Racing Commission (405)

3/14/2014 2:28 pm

Biennium: 2010-12 ▼

## Mission and Vision

**Mission Statement**

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

**Vision Statement**

We envision the Virginia Racing Commission (VRC) to be a model that other racing commissions aspire to, 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 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 over another and that all horses are free of substances affecting 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 1,450 in 2008.

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 4,448 in 2008.

- 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 within reason to assist Colonial Downs to obtain approvals to advance the growth in the satellite wagering facilities, which may 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 79 in 2008.

The second objective is to increase the pari-mutuel tax revenue to the Commonwealth and the localities in which the wagering facilities operate. The Commonwealth and the localities each receive a percentage of the handle generated by the wagering which takes place 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 2008, this revenue was \$3.9 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 and agricultural industries. Financial incentives to owners and breeders of Virginia bred horses encourage horse owners and breeders to locate in the Commonwealth.

The objective is to grow 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 2008, 750 awards totaling \$1.7 million were distributed.

- *Summary of current productivity*

VRC productivity has increased steadily over time. Over the past six 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 2009 there will be 76. The number of satellite wagering facilities has increased from two in 1997 to eight in 2009. The tax revenue from pari-mutuel wagering to the Commonwealth and the localities has increased by 22% from 2001 to 2008.

## **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 2008 and 2009:

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 had 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 one again receives appropriation for this program.

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 has a reputation for having a very low tolerance for any illegal activities involving horse racing with 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 eight satellite wagering facilities. 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 two more facilities if a referendum were to be passed in a 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. Advanced deposit wagering will account for approximately 21% of the total wagered by Virginia residents for the calendar year 2009.

The aging of the population in Virginia will have minimal impact on the VRC's 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 may become full-time positions if Colonial Downs reaches 100 live race days, at which time it may 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 8 full-time people. This means little opportunity for cross-training and limited backup. Also, there are few opportunities for career advancement within the agency.

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 Equine Medical Director is responsible for recruiting enough associate vets to cover the live race meets at Colonial Downs. It is difficult for the Equine Medical Director to find vets with horse experience that are willing to work nights and weekends for 8 or 9 straight weeks out of a year. The other problem is that the hourly rate earned by the associate vets is 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)	9	11
Horsemen and other participants	4,800	5,000
Racetrack Owners and Operators	1	1

*Anticipated Changes To Agency Customer Base*

[Nothing entered]

**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 relating to all license applications to own and operate pari-mutuel wagering facilities.

Officiating – Stewards/Judges 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/judges 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 horse racing with pari-mutuel wagering.

Drug Testing – Commission veterinarians take blood, urine and other samples from selected horses. These samples are submitted to an approved laboratory for testing by a chief racing chemist for any illegal or foreign substances that might 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.

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.

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

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

If the number of live race days were to increase, so would the workload of the VRC's small staff to provide the above products and services. The cost for drug testing and officiating would increase, as well as the costs of safety and security, as these services would 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 too will the number of monthly inspections the VRC staff would have to perform.

Any change in the amount of pari-mutuel wagering will impact the amount of awards issued to Virginia bred horse owners and breeders, which will impact the horse breeding industry and the economy in Virginia.

- *Anticipated Changes in Products or Services:*

If the live race days increase, so too 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 a chief steward rather than on a part-time basis.

**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 2011		FY 2012	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$0	\$3,310,644	\$0	\$3,310,644

Change To Base	\$0	\$0	\$0	\$0
Agency Total	\$0	\$3,310,644	\$0	\$3,310,644

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

**Human Resources**

● *Overview*

As of September 1, 2009, the VRC has an authorized FTE level of 10 with 8 positions filled and 2 vacant. If the wagering at the racetrack, the satellite wagering facilities, and advanced deposit wagering increases, the number of live race days may be increased. Therefore, these positions have remained vacant and may have to be filled.

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 contractual employees.

● *Human Resource Levels*

Effective Date	9/1/2009	
Total Authorized Position level	10	
Vacant Positions	-2	
<b>Current Employment Level</b>	<b>8.0</b>	
Non-Classified (Filled)	1	breakout of Current Employment Level
Full-Time Classified (Filled)	7	
Part-Time Classified (Filled)	0	
Faculty (Filled)	0	
Wage	24	
Contract Employees	6	
<b>Total Human Resource Level</b>	<b>38.0</b>	= Current Employment Level + Wage and Contract Employees

● *Factors Impacting HR*

The VRC currently has a very small staff of only 8 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/or experience in horse racing with pari-mutuel wagering.

● *Anticipated HR Changes*

We are not anticipating any significant changes to our agency's work force in the near future.

**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 the downloading of permit applications. 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 increase in the number of live race days may require the agency to increase the time VITA staff is available during critical times, especially on weekends and during evening hours.

The VRC was 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 worked with Oracle and VRC staff towards a successful completion. However, the VRC is currently in a dispute with Oracle over the cost of the project as billed and is in the process of exploring other options which may include purchasing a new system from the Texas Racing Commission. 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.

Alternative solutions are being considered which would give participants the option of being licensed on-line through VRC's website.

- *Proposed IT Solutions:*

The VRC does not anticipate substantial changes to our agency's business functions, or the services delivered by the VRC, that will require any major IT investments in the 2010-2012 biennium.

- *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	Non-general	General	Non-general

	Fund	Fund	Fund	Fund
Current IT Services	\$0	\$103,423	\$0	\$104,974
Proposed IT Investments	\$0	\$105,704	\$0	\$105,704
<b>Total</b>	<b>\$0</b>	<b>\$209,127</b>	<b>\$0</b>	<b>\$210,678</b>

[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 honesty and integrity in racing.

#### Goal Summary and Alignment

Ensuring that pari-mutuel wagering and racing are free of any illegal activities is critical to the horseracing industry. This goal directly aligns to VRC's mission to prescribe regulations and conditions that command and promote excellence and 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 does everything possible within reason to assist Colonial Downs to obtain approvals to advance the growth in the satellite wagering facilities, which may increase the number of live race days. 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 advanced deposit wagering. This goal aligns with VRC's mission to grow the 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 the 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 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 2:28 pm

Biennium: 2010-12 ▼

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 the 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	750	2,000

**Anticipated Changes To Agency Customer Base**

The number of horse breeders and owners in Virginia may decrease due to competition from surrounding states. Delaware, West Virginia, and Pennsylvania have slot machines. This additional revenue enables these states to pay much larger purses and breeders' awards and as a result draw horses away from Virginia. Maryland was successful in passing the necessary slots legislation this past Fall and should be up and running by November of this year. In addition, Delaware recently passed legislation allowing for sports betting, which will further increase the purses offered in this nearby state.

The total dollar amount paid to owners and breeders in Virginia is directly affected by the wagering at the racetrack, the satellite wagering facilities, and from advanced deposit wagering by Virginia residents. Any change in the amount wagered will have a direct impact on the amount the Virginia Breeders' Fund can pay in awards.

**Partners**

Partner	Description
[None entered]	

**Products and Services**

- *Factors Impacting the Products and/or Services:*  
The growth or decline 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 breeder and owner awards will rise or fall in accordance with the total wagering at the racetrack, satellite wagering facilities, and advanced deposit wagering by Virginia residents.
- *Listing of Products and/or Services*
  - Awards – Bonus checks that 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 fiduciary responsibility for these funds. The VRC awards contracts to the Virginia Thoroughbred Association in Warrenton and the Virginia Harness Horse Association in

New Kent to administer the funds on our behalf. Section 59.1-369 was amended on July 1, 2009 which provides for a 1% contribution to the Breeders' Fund from advanced deposite account waging by Virginia Residents.

● *Financial Breakdown*

	FY 2011		FY 2012		FY 2011	FY 2012	FY 2011	FY 2012
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund				
Base Budget	\$0	\$1,400,000	\$0	\$1,400,000				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$0	\$1,400,000	\$0	\$1,400,000				
Base Budget	\$0	\$1,400,000	\$0	\$1,400,000				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$0	\$1,400,000	\$0	\$1,400,000				
Base Budget	\$0	\$1,400,000	\$0	\$1,400,000				
Change To Base	\$0	\$0	\$0	\$0				
Service Area Total	\$0	\$1,400,000	\$0	\$1,400,000				

**Human Resources**

● *Human Resources Overview*

This service area does not require any human resources of the VRC.

● *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**

- Increase and sustain the horse breeding industry in Virginia by awarding financial incentives to owners and breeders of 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.

#### 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 the 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

- Ensure 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 725 by 2011.

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 \$1,000,000 by 2011.

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.





Service Area Strategic Plan

**Virginia Racing Commission (405)**

3/14/2014 2:28 pm

Biennium: 2010-12 ▼

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. The VRC conducts proceedings for the issuing of licenses to racetracks and wagering facilities. This agency 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 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 honesty and integrity.

**Customers**

Agency Customer Group	Customer	Customers served annually	Potential annual customers
Governments (state and local)	Governments (state and local)	10	12
Horsemen and other participants	Horsemen and other participants	4,800	5,100
Racetrack Owners and Operators	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 decreased to eight. Current statute allows for an unlimited licensee to have 10 satellite wagering facilities.

If 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 decrease as total wagering decreases through the end of the calendar year 2009. After 2009, without additional satellite wagering facilities, revenue may reach its maximum potential and become flat or even show a downward trend in future years. However as account wagering increases, some of these effects may be mitigated.

The number of horse breeders and owners in Virginia may decrease because of competition from the surrounding area. Delaware, West Virginia, Pennsylvania and now Maryland have slot machines, which enables these states to pay much larger purses and breeders' awards and thus draw horses from Virginia.

**Partners**

Partner	Description
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[None entered]

**Products and Services**

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

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

If more localities approve additional 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 had to perform, as we try and perform inspections at each facility on a bi-monthly basis.

- *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 license applications to own and operate a pari-mutuel wagering facility.
- Officiating – Stewards/Judges 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 and urine samples from selected 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 also performs random drug testing on participants in horseracing. During live race meets, there is 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.
- 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, from the amounts provided for in the Appropriation Act, which are non-general funds generated from pari-mutuel wagering.

- *Financial Breakdown*

	FY 2011		FY 2012		FY 2011	FY 2012
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund		
Base Budget	\$0	\$1,910,644	\$0	\$1,910,644		
Change To Base	\$0	\$0	\$0	\$0		
Service Area Total	\$0	\$1,910,644	\$0	\$1,910,644		

Base Budget	\$0	\$1,910,644	\$0	\$1,910,644
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$0	\$1,910,644	\$0	\$1,910,644

**Human Resources**

● *Human Resources Overview*

Please refer to the Human Resources section in the Executive Progress Report of this plan for details.

● *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 licensed by the VRC. In order to obtain a license, 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 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 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 2004 is the base measurement for this objective. In 2004, 4,421 permits were issued and renewed.

Measure Target Value:  Date:

Measure Target Description: 4,750 permits issued and renewed in calendar year 2011

Long-range Measure Target Value:  Date:

Long-range Measure Target Description: 4,800 permits issued and renewed in calendar year 2014

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.

- The Cost of Each Permit Issued or Renewed

Measure Class:  Measure Frequency:  Preferred Trend:

Measure Baseline Value:  Date:

Measure Baseline Description: The actual cost per permit for FY2008

Measure Target Value:  Date:

Measure Target Description: The actual cost per permit for FY2011

Data Source and Calculation: A cost analysis will be performed to determine the total of all costs that are associated with the permitting department of the Virginia Racing Commission. The analysis will include costs such as labor, materials, and equipment. The total of these costs will then be divided by the number of permits processed for each calendar year to yield the cost of each permit issued or renewed by the Virginia Racing Commission.

- 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 not allowed to compete if it 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 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 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 honesty and integrity.

**Objective Strategies**

- For each live horse race that is conducted, typically at least two horses are selected by the stewards to be tested for illegal substances. Usually, 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 2003, there were 1,186 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 on a random basis. 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 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 honesty and integrity in racing.

**Objective Strategies**

- To random 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 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 2001, 2,450 alcohol and drug tests were performed.

Measure Target Value:  Date:

Measure Target Description: To perform 450 random drug and alcohol tests in calendar 2011.

Data Source and Calculation: An intoxilyzer data bank collects the information 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 and also the amount wagered through account wagering by Virginia residents so that total 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 the 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

- In order for the number of race days to grow, Colonial Downs needs to expand the satellite wagering facility network into Northern Virginia and also the amount wagered through account wagering by Virginia residents so that total wagering will grow sufficiently to support additional live race days.

#### 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: 76 live race days in calendar year 2011

Long-range Measure Target Value:  Date:

Long-range Measure Target Description: 76 live race days in calendar year 2014

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, satellite wagering facilities operating in Virginia, and the amount wagered through account wagering 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: \$2.87 million in calendar year 2011

Long-range Measure Target Value:  Date:

Long-range Measure Target Description: \$2.5 million in calendar year 2014

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 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 administrative measures marked as "meets expectations" (green indicator) for the agency

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

Measure Baseline Description: not available at this time

Measure Target Value:  Date:

Measure Target Description: 85% of measures marked as green

Data Source and Calculation: There is a different data source for each of the 13 administrative measures that are organized into 5 categories. We will select the appropriate color for each measure, depending on results. The agency administration measure is the percent of 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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Service Area Strategic Plan

Virginia Racing Commission (405)

3/14/2014 2:28 pm

Biennium: 2010-12 ▼

Service Area 3 of 3

Promote the Horse Industry (405 558 02)

Description

A Marketing Committee was established for the purpose of awarding contracts and distributing grants to qualified equine related entities to promote the Virginia horse industry. The Marketing Committee is leading a statewide marketing initiative and form a network for marketing and promoting Virginia's horse racing and breeding industry in order to maximize the full marketing and economic development potential of all the stakeholders in Virginia's horse industry. The Marketing Committee establishes priorities and recommends to the Commission proposals for the marketing and promotion of Virginia's horse industry.

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 the native horse racing industry with pari-mutuel wagering in Virginia.
- *Describe the Statutory Authority of this Service*  
Chapter 847 of the 2007 Virginia Acts of Assembly, Section 1-47, Item 124 appropriates funds for promoting and marketing the Virginia horse industry.

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
	Racetrack Owners and Operators	1	2

Anticipated Changes To Agency Customer Base

It is envisioned that this service area will increase attendance at the racetrack and the satellite wagering facilities. It will also help with the economic growth and development of the horse racing and breeding industry, as well as tourism and horse-related agricultural activities.

Partners

Partner	Description
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[None entered]

Products and Services

- *Factors Impacting the Products and/or Services:*  
Funding for this service area is dependent upon the VRC being able to transfer the amount specified in the Appropriations Act to the general fund at the end of the fiscal year. If the VRC incurs expenditures that reduce this balance, then the amount of funds available for marketing will also be reduced.
- *Anticipated Changes to the Products and/or Services*  
This is a new service area and it is difficult to anticipate any changes to the products and services at this time other than the fact that funding for this area depends entirely on the wagering activity in Virginia.
- *Listing of Products and/or Services*
  - Grants – The marketing committee will award grants and contracts to worthy entities for marketing and promoting the horse industry in Virginia.

Finance

- *Financial Overview*  
There is currently no appropriation for marketing.
- *Financial Breakdown*

	FY 2011		FY 2012	
	General Fund	Nongeneral Fund	General Fund	Nongeneral Fund
Base Budget	\$0	\$0	\$0	\$0
Change To Base	\$0	\$0	\$0	\$0
Service Area Total	\$0	\$0	\$0	\$0

**Human Resources**

- *Human Resources Overview*  
This service area does not require any human resources of the VRC.
- *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:  Measure Type:  Measure Frequency:  Preferred Trend:

Frequency Comment: Calendar year

Measure Baseline Value:  Date:

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:  Date:

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.