



COMMISSION MEETING MINUTES
January 26, 2004

The Commissioners of the Texas Alcoholic Beverage Commission met in Regular Session on Monday, January 26, 2004, at the Texas Alcoholic Beverage Commission, 5806 Mesa Drive, Suite 185, Austin, Texas.

PRESIDING: John T. Steen, Jr., Chairman

PRESENT: Gail Madden, Commissioner

STAFF PRESENT: Alan Steen, Administrator

David Alexander, Captain, Region 2
Administration

Mona Appling, Acting Information Resources
Department Director

Glenda Baker, Captain, Region 5
Administration

Carolyn Beck, Public Information Officer

Lou Bright, General Counsel

Byron Bush, Captain, Region 4 Administration

Charlie Cloud, Sergeant, Fort Worth District
Office

Keith Coleman, Captain, Region 6
Administration

Dan Cullers, Captain, Region 1 Administration

Tom Dickson, Lieutenant, Austin District Office

Debbie Dixon, Seller Training Coordinator

Buck Fuller, Compliance Division Director

Roy Hale, Program Specialist/Grants

Coordinator, HQ Enforcement
Amy Harrison, Director of Licensing Division
Gary Henderson, Information Resources
Department
Linda Hubbard, Administrative Assistant

Denise Hudson, Director of Resource
Management Division
James Irvin, Radio Shop Telecommunications
Specialist
Renee Johnston, Executive Assistant
Charlie Kerr, Director of Business Services
Section
Joel Moreno, Captain, Region 3 Administration
James Sam Smelser, Acting Chief of
Enforcement
Karen Smith, Lieutenant, Fort Worth District
Office
Marcus Stokke, Agent, Laredo Outpost
Gloria Villaseñor, Administrative Assistant,
Enforcement/Grants
Jimmy Zuehlke, Sergeant, Human Resources/
Training

GUESTS PRESENT:

Doyne Bailey, Former TABC Administrator
Wes Davis, Representing Texas Safety
Network
Rick Donley, President, Beer Alliance of Texas
Doug Dubois, Jr., Texas Petroleum Marketers
and Convenience Store Association
Margo Frasier, Sheriff, Travis County
Glen Garey, Texas Restaurant Association
Alan Gray, Licensed Beverage Distributors, Inc.
Russell Gregorczyk, Jansen and Gregorczyk,
CPAs
Stacy Gunkel, Policy Analyst, Lieutenant
Governor's Office
Gregory Hamilton, Former TABC Chief of
Enforcement

Maize Hamilton
Fred Marosko, Texas Package Stores
Association
Mike McElhaney, Office of the Governor
Charles E. McGrigg, Wine Institute
Lindsay Meche, Republic Beverage Company
Valerie Onyett, Legislative Budget Board
Alfonso Royal, III, Analyst, Legislative Budget
Board
Robert Sparks, Licensed Beverage Distributors,
Inc.
Alfred Stanley
Scott Van Osdol, Van Osdol, Photographer
Don Walden, Attorney
Frederic C. Warner, Jr., Representing DIAGEO
Randy Yarbrough, Wholesale Beer Distributors
of Texas

Chairman Steen announced his reappointment by Governor Rick Perry as Chair of the Texas Alcoholic Beverage Commission. Before calling the meeting to order, Chairman Steen was administered the oath of office by Commissioner Madden.

CALL TO ORDER

Chairman John T. Steen, Jr., called the meeting of the Texas Alcoholic Beverage Commission (TABC) to order.

APPROVAL OF DECEMBER 15, 2003, COMMISSION MEETING MINUTES

Chairman Steen called for a motion to approve the meeting minutes of December 15, 2003. Ms. Madden moved to approve the minutes. Chairman Steen seconded the motion. The motion carried.

ADMINISTRATOR'S REPORT

Chairman Steen called upon Administrator Alan Steen to provide the Administrator's Report.

Mr. Steen recognized special guests and out-of-town staff in attendance that came to honor former Chief of Enforcement Gregory Hamilton.

Meetings

Mr. Steen reported that he met with various legislative leadership staff, state representatives, state senators, and others to discuss a wide variety of issues affecting TABC, including the upcoming Sunset Review, homeland security issues, and automation enhancements. Mr. Steen also met with Houston area staff and Amarillo area staff to discuss TABC's direction and to have open question-answer sessions. He is planning to visit other regions in the upcoming months. Mr. Steen reported that an exit interview conference was held with the internal audit contractors and staff on the internal audit conducted on the General Services Section. Mr. Steen stated that the report would be presented to the Commissioners at their February meeting.

Hirings

Mr. Steen swore in 14 new agents on January 20; 18 more agents have been interviewed for the April hire. Mr. Steen announced the hiring of TABC's new Information Technology Director, Garry Sitz. Mr. Sitz currently works at GalleryWatch.com as Director of Development. Mr. Steen explained that GalleryWatch.com is a legislative information management service. Mr. Sitz comes on board effective February 15.

Automation

Mr. Steen reported that Executive Management staff spent a great deal of time this past month in reviewing various automation options for updating or replacing obsolete network equipment. Mr. Steen, Amy Harrison, and Mona Appling are planning to travel to Florida to review Florida's automated licensing system by VERSA Management Systems to determine if the system would benefit TABC.

State Employee Charitable Campaign

Mr. Steen announced that TABC received an award for the highest percentage of participation in the Capital Area for the 2003 State Employee Charitable Campaign. TABC's participation was 87.2%, a tremendous increase from prior years of less than 5% participation. Mr. Steen expressed appreciation of staff for their generosity.

APPROVAL OF RESOLUTION HONORING GREGORY HAMILTON

After Ms. Madden read the resolution honoring Gregory Hamilton (Attachment 1), **she made a motion that the TABC Commissioners approve the resolution honoring Gregory Hamilton. Chairman Steen seconded the motion. The motion carried.** Chairman Steen and Ms. Madden presented the resolution to Mr. Hamilton. Chairman Steen announced that a reception would be held to honor Mr. Hamilton following the meeting.

FISCAL STEWARDSHIP OF AGENCY REPORT

Chairman Steen called upon Denise Hudson, Director of Resource Management, to report on the fiscal stewardship of the agency (Attachment 2).

Ms. Hudson reported on the first quarter key performance measures. Of the ten key performance measures, eight attained or exceeded the Legislative Budget Board's allowable range of performance. Two measures—average cost per license/permit processed and average cost per compliance activity—had unusually high costs in the first quarter due to retirement incentives and judgment payments. Ms. Hudson reported on Internet usage, with the website usage increasing 233% from fourth quarter 2003 to first quarter 2004.

APPROVAL OF INTERNAL AUDIT ON TRAINING AND STAFF DEVELOPMENT

Russell Gregorczyk, Certified Public Accountant, highlighted the conclusions and recommendations of the internal audit on Training and Staff Development (Attachment 3), noting that the report was reviewed in depth earlier at the Audit Committee meeting. Some of the audit recommendations included:

- TABC management should develop a set of “core” courses that address the philosophy, mission, and values of the agency.
- TABC management, in conjunction with Human Resources, should develop and implement an agency-wide training plan.
- The Human Resources Department should make the use of inter-agency training an integral part of the agency’s overall training program.
- The Human Resources Department should seek to find appropriate computer-based training courses for use as an integral part of the agency’s training program.

Chairman Steen noted that management concurred with all of the recommendations made in the report, and the responsibilities and timelines have been established for implementing all recommendations.

Ms. Madden moved that the TABC Commissioners approve the internal audit on Training and Staff Development. Chairman Steen seconded the motion. The motion carried.

APPROVAL OF RESOLUTION FOR SUBMISSION OF GRANTS

Chairman Steen called upon Roy Hale, Grants Coordinator. Mr. Hale requested Commissioner approval of the resolution for submission of the grant application for the TABC FY 2004 Mardi Gras/Spring Break Project to the Office of the Governor, Criminal Justice Division (Attachment 4). He explained that the resolution is required by the Governor’s Office. The total amount of the grant is \$149,000.

Ms. Madden moved that the TABC Commissioners approve the resolution for the submission of the grant application for the TABC FY 2004 Mardi Gras/Spring Break Project of the Criminal Justice Division of the Office of the Governor. Chairman Steen seconded the motion. The motion carried.

PROGRESS ON STRATEGIC PLAN GOALS

Chairman Steen called upon Buck Fuller, Director of Compliance, and Sam Smelser, Acting Chief of Enforcement, to discuss the progress on strategic plan goals.

Messrs. Fuller and Smelser discussed the progress of the eight opportunities or goals that were identified in the strategic plan for 2003-2007, that are in addition to the regular duties and responsibilities of staff:

1. Education provided to the industry. In order that there would not be a loss of focus on TABC's core mission, it was agreed that educational efforts would be limited to no more than 15% of enforcement agent and compliance officer work time. Currently, the Compliance Division devotes 10% of its time with educational efforts, and the Enforcement Division devotes 10.04%.
2. Education efforts concentration. The second goal is that the educational time of the staff would be concentrated on efforts of instruction or interaction with wholesale and retail levels of the industry, instruction to school-aged children that would have the most immediate effect, and college-aged students. Town hall meetings have been held throughout the state; TABC has conducted college symposiums involving 3,921 college students; TABC has reached 103,446 school-aged children through the Project SAVE (Stop Alcohol Violations Early) and the Shattered Dreams programs; and 3,088 retailers, wholesalers, and distributors have been trained through Project SAVE.
3. Seller training programs. Another goal is for the agency to find ways to encourage retailers to avail themselves of the benefits of seller training programs. TABC has focused awareness efforts in the Houston market, as the Houston area had the lowest percentage of retailers in the state requiring their employees to attend seller training. TABC's Houston market initiative included: training of Houston licensing technicians, partnership with the Beer Alliance of Texas, and seeking ways to translate pamphlets and other information into Hindi and Vietnamese. Mr. Fuller stated that since the initiative began, there has been an increase in participation in the Houston market from 29% in 2001 to the current 34%. The next area of focus will be the El Paso market. TABC will partner with the Wholesale Beer Distributors in this initiative. Mr. Smelser discussed the efforts of the Enforcement Division, explaining that agents can discuss the benefits of the server training while conducting their inspections.

4. Sale of alcoholic beverages to intoxicated persons. A best practices program is being developed, in which locations of potential problems of sales of alcoholic beverages to intoxicated persons are identified through DWI reports generated by local police departments.
5. Strong enforcement efforts. Messrs. Fuller and Smelser discussed the various STING operations for both the sale to intoxicated persons and sale to minors.
6. Upper tiers of industry/methods of operations. The sixth goal is for the agency to stay current with methods of operations with and between the upper tiers of the industry to ensure compliance with the Alcoholic Beverage Code. The marketing practices director will focus on these strategies with an emphasis on training of agents and compliance officers. Also, a new label approval system is being developed.
7. Staff training. Another goal identified is that the agency will continue to be challenged in bringing effective and comprehensive training to staff. Administrator Steen has challenged a team representing a cross section of agency employees to identify training needs for each employee. A report of the work group's progress will be given at a later date.
8. Expanded communications. The final goal identified is that the agency needed expanded internal and external communications. Mr. Smelser noted that the Survey of Organizational Excellence indicates progress in this area for the agency; however, the agency needs to continue seeking better methods for information distribution and feedback.

PUBLIC COMMENT

Chairman Steen asked if anyone wished to provide public comment. Rick Donley of the Beer Alliance of Texas stated that the Beer Alliance was delighted to partner with TABC in the initiative to encourage seller training in Houston. Also, he thanked the Hispanic delegation from the Gulf Coast area in this initiative. Doug Dubois of the Texas Petroleum Marketers and Convenience

Store Association (TPMCSA) expressed appreciation for recently held town hall meetings and stated that these meetings have been of great value to the members of the TPMCSA as well as members of the Texas Restaurant Association.

EXECUTIVE SESSION

Chairman Steen announced that the regular open session of the Texas Alcoholic Beverage Commission would be recessed, the time being 2:18 p.m. on January 26, 2004, and an executive session would be held to deliberate the duties of the administrator, pursuant to Texas Government Code, Section 551.074, and to consult with Legal Counsel regarding rulemaking authority and personnel matters, pursuant to Texas Government Code, Section 551.071.

Chairman Steen announced that the Texas Alcoholic Beverage Commission had concluded its executive session and was in open session, the date being January 26, 2004, and the time, 4:58 p.m. He stated that no final action, decision, or vote was made in the executive session, and no matters required Commission action at this time.

ADJOURNMENT

Ms. Madden moved that the Texas Alcoholic Beverage Commission meeting be adjourned. Chairman Steen seconded the motion. The motion carried, and the meeting adjourned.