

success story:

# How the City & County of Denver handled an unprecedented surge of retail marijuana license applications



The Department of Excise and Licenses at the City & County of Denver handles applications for a number of different business licenses, including:

- restaurants
- liquor sales
- short-term rentals
- childcare centers

In 2013, the department started accepting licenses for retail marijuana sales.

**This project spotlight shows how the department handled a huge influx of applications and prepared itself for a “new normal” in the era of legalized marijuana sales.**

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# Retail marijuana sales:

## A challenge of historic proportions

When we started accepting applications for retail marijuana licenses in October 2013, we were in completely uncharted territory.

No level of government, anywhere in the world, had ever initiated such a process.

We fully expected to be busy, but we were completely unprepared for what followed. Within a few months, applications to our department increased by ten times the normal volume.

Up to that point, our service levels had always achieved the mayor's targets for turnaround times and responsiveness to applicants. Suddenly, these standards were suffering. We were overwhelmed with an unprecedented volume of applications and requests for updates – and we needed help!

## A partner was essential

To turn the situation around, we needed to do two things. First, we needed to address the urgent backlog of applications. Then, we needed to adapt to the era of legalized marijuana by systematically redesigning our business processes.

Our “new normal” would involve a permanent increase in application volumes. And it wasn't just the number of applications – the volume of paperwork per application was rising too. Each retail marijuana license application requires a minimum of 17 different documents, including insurance, financial and regulator information, federal and state background checks and more. This is more than twice

the number of documents involved in a medical marijuana license application. On top of that, the workflows were becoming more complex, requiring the participation and support of individuals from outside departments.

We brought in TAB because we wanted to be sure we were taking a best-practice approach to overhauling our business processes. TAB has been a trusted provider to the City & County of Denver for many years, and we knew they had the expertise and experience required to handle this situation.



## First things first: dealing with the backlog

The backlog consisted of over two million documents. Most of these were retail and marijuana growing applications, but not all. The deluge of retail marijuana applications had slowed down our processing times for all types of license applications and caused several issues:

- customer service thresholds were not being met
- staff were unable to give real-time status updates for applications
- we were not realizing revenue fast enough, with many application fees sitting unprocessed

To make our way through the backlog, we started by placing each application into a standard folder and applying a date and a barcode. We then scanned each application file into our file tracking software. With that done, we could begin auditing each application for completeness.

In six weeks, we were able to sort through all of the applications and get caught up.

The keys to success at this stage were following records management best practices surrounding the management of physical collections.

## Accessing information in a timely manner.

By ensuring all current documents were filed in their proper folder or pocket and in the correct location on the shelf, it was easier to differentiate between active licenses and inactive content. The creation of an accurate inventory listing of all folders and pockets was essential and outdated information was culled from the shelves.

## Routing documents to various authorities as required.

When licensing agents would go to a facility to perform necessary inspections, they were confident they had access to all of the documents previously filed and that the most current versions of these documents were available.

## Ensuring all trailing documents (from the 17 required in an application) were compiled or met with the original application.

A simple check-list of the 17 required documents was included at the point of license initiation. We were then able to note the date a particular document was received and to clearly see which item(s) might yet be unsubmitted or unapproved. This simple process was also the framework for the digital workflow that would follow.

## Redesigning our business process

When it came to revamping our business processes, we were a little less certain on the way forward. We knew that improving our service levels and overall efficiency would involve moving toward more digital workflows. But how would we do that?

TAB guided us through a step-by-step approach that looked at different elements of the overall process. By applying best practices in each area we were able to redesign the overall business process and realize some amazing results.

Here are the six steps we took to improve the overall process:

1. Scanning our existing physical records collection
2. Relocating inactive and less-active paper records to less expensive space at a near-site storage facility
3. Converting to a more efficient filing methodology
4. Mapping workflows in our document management system
5. Managing document access to ensure regulatory compliance
6. Implementing a day-forward scanning process





### 3. Converting to a more efficient filing methodology

Despite scanning our physical files and moving some of them to a near-site facility, we still had a lot of paper to accommodate. Until now, we had always stored application files in the sequential order generated by our licensing software, Accela. TAB pointed out that this approach created bottlenecks and inefficiencies for both storage and retrieval. With a sequential numbering system, all new, active applications are filed in the same small area of the shelving system. This means that staff members had to crowd around the same area to retrieve new documents. TAB proposed a more efficient filing scheme in which each type of application had its own file numbering series and its own separate storage area. This eliminated the bottleneck by dispersing new documents into different areas of our file room. It was also a much more efficient system for staff. Some workers only deal with certain kinds of applications, so under the new system, they only have to visit one area of the file room to retrieve documents.

TAB helped us apply the new numbering system to all retained documents and re-stacked them in our mobile shelving units according to the locations specified by our new numbering system.



### 1. Scanning our existing paper collection

Most of our applications were paper-based so our department was maintaining a huge collection of physical records. These were stored in a large complex of mobile shelving units within the department.

Scanning these paper documents was key to making our overall process more efficient. It allowed us to move towards all-digital workflows and provide multiple access points to information, including offsite and field access. It also allowed us to significantly reduce our paper storage requirements.

After conducting some research, we determined that with most of our inactive records, we did not need to retain the paper copy once we had scanned it. Because we would be destroying many legacy physical records, our scanning project required 100-percent quality assurance (QA) process on every scanned document.



### 2. Relocating inactive and less-active paper records to a less expensive near-site storage facility

For inactive paper copies that needed to be retained, TAB showed us that they could be stored more cost effectively in a near-site storage facility.

The decision to digitize and move inactive paper records offsite freed a massive amount of space within our department. We were able to dismantle and remove a huge section of mobile shelving, freeing up room to accommodate desks for 12 staff members. And we needed the space – the influx of retail marijuana applications forced the city to hire a number of extra inspectors in the first year. In a city with expensive commercial real estate and very high occupancy rates, reclaiming office space for new staff was a really big win.



## 4. Mapping workflows in our document management system

Approval processes for retail marijuana licenses were more complex than those of our existing licenses. Multiple parties, both inside and outside of our department, were required to carry out document-related tasks when processing applications. For example:

- police are required to conduct fingerprint and background checks on all retail marijuana applicants
- inspectors are required to visit and assess the proposed retail premises.

To ensure that documents didn't get lost or stalled sitting on someone's desk, we needed to be able to track where documents were in the process. To do this, TAB mapped all of the workflows involved and entered those into our document management system. That way, staff would always know where a document was, who had it, and where it was in the process.



## 5. Managing document access to ensure regulatory compliance

When mapping our application workflows, TAB identified some potential issues relating to privacy and compliance.

Retail marijuana license applicants were required to submit personally identifiable information with their application, including a scan of their fingerprints. They were also required to submit detailed financial data. This meant we were not only subject to state and federal privacy laws, we also need to comply with Sarbanes Oxley regulations in the handling of the financial data.

Staying compliant meant we needed to secure all of that information and restrict access.

With their knowledge of electronic records and document management systems, TAB were able to set up our workflows so that only authorized individuals could gain access to the required documents.

For example, a worker within our department would be able to see that a fingerprint scan had been added to the application by the police department, but he or she would not be able to actually access, open or print that document. Only the investigating officer would have permission to do that.

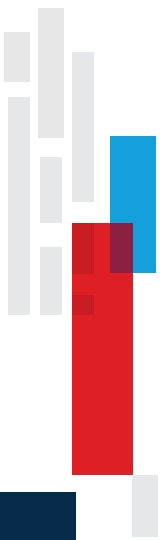


## 6. Implementing a day-forward scanning process

After scanning all of our existing paper records, we could now offer staff the option of viewing a digital copy of application paperwork from within our document management system. To continue this momentum towards all-digital workflows, it was important that we had a process for imaging all net-new paper applications.

With TAB's help, we established an internal team to take care of the scanning process on all new application paperwork. By scanning the documents, they are now immediately accessible to key staff at any time, provided they have the right level of permission. This is a great process enhancement for our team and a big time saver. In the past, if a required document was sitting on someone's desk, there was no way to fulfill a request without first tracking down that document. Today, staff can log in to our document management system and pull up the imaged version in minutes.

We continue to rely on TAB's assistance for QA on all imaged files, and when we occasionally get overwhelmed with applications, we leverage TAB's on-demand scanning services.





# So how did it all turn out?

From a business process perspective, these steps accomplished three important things for our department:

1. New document-related policies and procedures provide a solid long-term foundation for our business processes
2. Our physical documents are well organized, more secure and more easily accessible
3. We now have completely digital workflows

And the business results? They are far beyond anything we might have expected at the outset.

Our department is now efficiently processing significant volumes of applications and renewals for all license types. Our average processing time for applications and requests has been reduced **from days to hours!** Our clients and constituents are pleased with our high customer service levels and we are once again meeting the mayor's targets.

One of the main reasons we were able to achieve these amazing results is that we brought in the expertise of an experienced partner in TAB.

## TAB can help

If you are dealing with an influx of new records, or want to improve your workflows, we can help.

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