

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Commission
Gordon Medenica, Director

FROM: James Nielsen, Deputy Director/COO

DATE: March 16, 2021

SUBJECT: Report for the March 2021 Commission Meeting

GAMING

See separate report from James Logue, Managing Director

REGULATORY OVERSIGHT

See separate report from John Mooney, Managing Director

AGENT ADMINISTRATION

The following table presents retailer and terminal counts according to the Lottery's Agent Administration database.

Total Retailers				Total Retailer Terminals				XCAP Retailers (1)			
Date	Count	Date	Count	Date	Count	Date	Count	Date	Count	Date	Count
Current				Current				Current			
02/29/20	4,375	02/28/21	4,410	02/29/20	6,441	02/28/21	6,806	02/29/20	380	02/28/21	402
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
03/31/19	4,384	03/31/20	4,364	03/31/19	5,842	03/31/20	6,453	03/31/19	362	03/31/20	373
06/30/19	4,385	06/30/20	4,349	06/30/19	6,131	06/30/20	6,446	06/30/19	362	06/30/20	378
9/30/19	4,379	9/30/20	4,341	9/30/19	6,347	9/30/20	6,492	9/30/19	377	9/30/20	397
12/31/19	4,375	12/31/20	4,355	12/31/19	6,453	12/31/20	6,636	12/31/19	379	12/31/20	402

(1) Expanded Cashing Authority Program (XCAP) locations are authorized to cash prizes of up to \$5,000. W2Gs for these winners are subsequently printed and mailed by CRC staff.

Note – Last month's terminal count was under reported by 108 terminals and should have been 6,723

CONTRACT MANAGEMENT

- There are 1,531 full-service (PHD and PHDL) and 187 draw game-only (PEX) self-service terminals installed as of February 28.
- Walmart installations (47 stores) were completed on March 4th.
- Debit card reader installations have been progressing well with 210 completed as of February 28. Transaction volumes are growing significantly each week.

- Contract Management staff continue to telework. Lottery system testing staff continue to test via video conferencing with the assistance of Scientific Games staff.
- **eLicensing system updates:**
 - MST has been asked to review and provide estimates to make two changes required to comply with new Federal guidelines:
 - The FBI is requiring that a new privacy notice be signed by all individuals being fingerprinted.
 - The IRS has modified one of the forms used in our Principal application (IRS 4506-C) and this needs to be in production by May 1, 2021.
 - MS Technologies published converted data for the company/facility level cases (Manufacturer, Contractor, Principal Entity and Institutional Investors) to Production systems. Staff is working to identify missing data and correcting errors with the imported data.
 - We continued conversations about modifying the eLicensing system to use it for Sports Wagering applicants.
 - MST continues to handle the daily maintenance issues of the system as they are notified of matters.

FACILITIES

- Facilities staff continue to limit time on-site while performing necessary duties.
- Replenishment of PPE continues for staff in the Customer Service Center, Sales, the Warehouse and Casino Compliance. We continue using the sanitizing “foggers” in our office and warehouse space twice each week.
- POS items are being shipped to retailers through UPS when requested by Sales staff.
- Agency wide inventory has been completed for most areas.
- Painters have started painting the columns throughout the agency. This will continue for two weeks.
- Carpet cleaning was completed for common areas.
- Plexiglas was installed above some cubicles in Finance.

INFORMATION TECHNOLOGY

- A third-party assessment of the Agency’s wireless network configuration was completed in February. All four of the Agency’s annual IT security assessments are complete.
- Working with DoIT to improve our Virtual Desktop Infrastructure (VDI) environment for remote users.
- The two TORFPs submitted to DoIT and DGS for maintenance and support of our telephone system and supplemental technical support are under review.
- Began working with several departments to explore applications to improve and automate the administrative processes concerning procurements and inventory management.

PROCUREMENT

- Procurement works closely with all Divisions to support the MLGCA’s daily operations to include, but not limited to, procurement of printing of POS materials and various information sheets/brochures to support all games; promotional items, sponsorship agreements for events; and supplies/equipment for the Lottery’s internal use, as well as

the processing of all payments under \$5,000.00 using the State P-Card and monthly reconciliation of bank statement.

- Central Monitor and Control System for a Video Lottery Terminal Program RFP (#2021-06): RFP for a new replacement contract to provide the customization, development, implementation, operation, and maintenance of a complete turnkey Central Monitor and Control System. This new Contract with IGT Global Solutions Corporation for the term 4/30/2021 – 10/1/2028, approved by the Commission at its February meeting, has been submitted to and approved by the Department of Information Technology and the Department of General Services, and is now pending review and approval by the BPW for inclusion (tentatively) on its 4/7/2021 BPW Agenda.
- Instant Ticket Games and Related Services RFP (#2019-05): RFP for a new replacement contract (including Primary and Alternate contracts) to provide Instant Ticket Games and related services to include: ticket design, production, security and delivery to the MLGCA's warehouse; delivery of tickets to Retailers; and marketing and sales support for Instant Ticket Games. Best and Final Offers were requested from all Offerors in order to clarify certain items that have arisen during the evaluation process and to allow Offerors an opportunity to make any updates to their Proposals that may be appropriate due to the long delay caused by the pandemic. Best and Final Offers were received from all Offerors on 3/3/2021 and Proposals are now in the final stages of evaluation with a recommendation for contract award anticipated within the next few weeks.
- Procurement staff are working with other departments to discuss options and tools available to modernize our procurement processes with a goal of reducing paper handling and allowing users more visibility into the status of requests. We hope to also integrate an inventory system for consumables and fixed assets.
- MBE/VSBE/SBR Activities: A summary of the MLGCA's MBE/VSBE participation is attached.

WAREHOUSE

The instant ticket warehouse is responsible for packing all of the instant tickets shipped to lottery retailers. Orders are placed through the Tel Sell operation, which is operated by our central system vendor. Once an order is placed, it is sent to the warehouse for fulfillment. Additionally, as each new instant game is launched, the majority of retailers receive an initial allocation of the new games to assure the tickets are available across the State. Fulfilled orders are shipped via UPS for next day delivery to retailer locations. In addition to filling the orders, the warehouse is responsible for monitoring UPS to ensure proper billing and timely delivery. During the pandemic, UPS has often been struggling to make timely deliveries. This appears to be an issue for shippers across the country.

# of Orders	# of Packs	YTD Orders	YTD Packs
February 2021		7/1/20 – 02/28/21	
15,635	187,222	140,691	1,617,711

YTD represents a 5.3% increase in packs shipped year over year.