

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Commission

FROM: James Nielsen, Deputy Director/COO

DATE: June 15, 2021

SUBJECT: Report for the June 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			
05/31/20	4,359	05/31/21	4,406	05/31/20	6,455	05/31/21	6,903	05/31/20	373	05/31/21	412
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
03/31/20	4,364	03/31/21	4,410	03/31/20	6,453	03/31/21	6,841	03/31/20	373	03/31/21	405

(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.

CONTRACT MANAGEMENT

- There are 1,607 full-service (PHD and PHDL) and 199 draw game-only (PEX) self-service terminals installed as of May 31.
- Debit card reader installations have been completed. All self-service terminals installed moving forward will have readers.
- 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:**

- We continue working with MST to identify all changes needed so we can utilize the Gaming eLicensing system for sports wagering applicants. This is a significant effort but it will help us process the new applications in a timely manner.
- MST continues making corrections to applicant records following their data conversion efforts.

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.
- Ordered 4 new Ford Transit Cargo Van AWD for Sales
- 75% complete with agency inventory
- Selected 2 new staff members to start around July 1 2021

INFORMATION TECHNOLOGY

- The LiveScan (fingerprinting machines) procurement was approved by DGS, and we're actively working with the vendor on the installation process and schedule.
- Completed the upgrade of the Agency's network connection for our remote office at Rocky Gap.
- Finalized contract documents for e-signature, fixed assets, and procurement workflow applications. Contracts are currently under review by the vendors, and expect to issue a PO by the end of the June.

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 using the State P-Card and monthly reconciliation of the card statement.
- Instant Ticket Games and Related Services RFP (#2019-05): RFP for a new replacement contract 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 was approved by the Commission at its April 2021 meeting and has been moved by DGS to the July 7, 2021 BPW meeting.
- Licensing Contract (#2021-11) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$288,030 for the 2.5 year term 6/17/2021 – 12/31/2023 to provide 1) a license to use the Ravens NFL team marks and logos for two Instant Ticket Lottery Games and 2) Ravens and NFL football related prizes was approved by the BPW at its 6/2/2021 meeting.
- Auditing and Accounting Services Contract (#2015-04) with Stout, Causey & Horning, P.A.: Contract with a Certified Public Accounting firm to provide auditing, accounting, and management services to include technical advice and assistance on various aspects of operations for both Lottery games and the VLT program. Modification #3 to extend the Contract for a period of 1-year was approved by the BPW at its 6/2/2021 meeting.

- 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
May 2021		7/1/20 – 05/31/21	
18,040	239,005	197,924	2,346,160

YTD represents a 12.2% increase in packs shipped year over year.