

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • John Martin, Director



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TO: Maryland Lottery and Gaming Commission
John Martin, Director

FROM: James Nielsen, Deputy Director/COO

DATE: August 13, 2021

SUBJECT: Report for the August 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			
07/31/20	4,349	07/31/21	4,400	07/31/20	6,459	07/31/21	6,956	07/31/20	386	07/31/21	413
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
06/30/20	4,349	06/30/21	4,404	06/30/20	6,446	06/30/21	6,932	06/30/20	378	06/30/21	413

(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 1,654 full-service (PHD and PHDL) and 209 draw game-only (PEX) self-service terminals installed as of July 31.
- New releases for gemOffice (Sales Force tool) and terminals were installed.
- A failover test, to operate from a different data center, was conducted.

- Testing began for the new Powerball changes – three drawings a week and a new feature called Double Play.
- Contract Management staff are now working a hybrid status, with most testing again being done in person.
- **eLicensing system updates:**
 - Staff have identified the changes needed to utilize the Gaming eLicensing system for sports wagering applicants. The AAG's have reviewed the forms and MST is making the changes and putting them into the UAT system for our testing. 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.
 - MST continues to handle day-to-day issues with the system / applicants.

FACILITIES

- 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.
- New vehicles are on backorder due to shortage of new vehicles.
- 95% complete with agency inventory.
- Instant ticket warehouse continues to push out orders on schedule.

INFORMATION TECHNOLOGY

- Completed the upgrade of the Agency's network connection for our remote office at Hollywood Casino.
- Preparing operations for the launch of Powerball Double Play.
- Submitted a technical support RFP recommendation for award to DoIT and DGS for review and approval.
- Looking into ways to enhance our meeting spaces to better support virtual gatherings in the future.

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. This new Contract (Primary & 2 Alternates) was approved by the BPW at its 7/7/2021 meeting by a 2 to 1 vote, with Comptroller Franchot voting “No”.

- Procurement staff are working with other departments to implement 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.
- Licensing and Dunning Systems Additions, Enhancements and Maintenance Task Order Agreements (#2015-08) with MS Technologies Corporation. Contract for VLT E-Licensing services with term 6/18/2015 – 6/30/2022 in NTE amount \$710,123, was modified by Modification 3 to include \$639,000 to provide MLGCA with the necessary capabilities to implement background investigations and licensing for Sports Wagering in accordance with HB 490 (Emergency Bill). It was also extended for three additional years through 6/30/2025 at an additional cost of \$150,000. At the request of the BPW the extension period has been removed, and a new emergency modification (Modification 4) will be presented at the August 26, 2021 Commission meeting for the sports wagering system changes only. The contract will then, subject to Commission approval, be required to be reported to the BPW within 45 days.
- 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
July 2021		07/01/21 – 07/31/21	
16,647	184,277	16,647	184,277