

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: October 12, 2021

SUBJECT: Report for the October 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			
09/30/20	4,341	09/30/21	4,401	09/30/20	6,492	09/30/21	7,008	09/30/20	397	09/30/21	426
Quarterly Comparisons				Quarterly Comparisons				Quarterly Comparisons			
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
9/30/20	4,341	9/30/21	4,401	9/30//20	6,492	9/30/21	7,008	9/30/20	397	9/30/21	426

(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 1690 full-service (PHD and PHDL) and 223 draw game-only (PEX) self-service terminals installed as of September 30
- On 9/21/2021 a new release was installed which enabled auto-activation of packs on the PHD, PHDL, and PEX. This helps retailers avoid selling tickets from self-service terminals that have not been activated for sale.

- Completed design discussions for new Pick 5 game, including a new play slip design.
- Contract Management staff continue working a hybrid status, with all testing being done in person.
- **eLicensing system updates:**
 - Staff have continued working with the Attorney General staff and MS Technology to further customize the eLicensing system and required applications as we begin processing Sports Wagering applicants.
 - MST continues to handle day-to-day issues with the system / applicants.

FACILITIES

- As a result of the ongoing delays with fleet vehicle orders, we have no spare vans for Sales staff and are using whatever cars are available.
- There has been another update to the Vehicle Contract list. General Motors announced the cut-off of orders for the Chevrolet Express Van (passenger and cargo), so we need to find alternatives.
- Facilities is working with IT and Procurement to get the inventory system, AssetWorks, up and operational. We sent raw data to the company for testing. Staff currently scrubbing data to update for the new system.
- Interviewing candidates for Fleet for Manager on 10/13.
- Continue to fog warehouse and office areas and supply units with PPE to include casino staff.

INFORMATION TECHNOLOGY

- Our annual IT security assessments are underway. There are several different types of assessments, and the completion date is early next year.
- Working with SGI and our ICS vendor on software changes required to implement the Pick 5 game.
- The OLA exit meeting focused on IT is scheduled for the third week of October.
- Continue reviewing ways to enhance our meeting spaces to better support virtual gatherings in the future.

PROCUREMENT

- Licensing and Dunning Systems Additions, Enhancements and Maintenance Task Order Agreement (#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 #4 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). Emergency Modification #4, approved by the Commission at its August 26, 2021 meeting, was reported to the BPW at its September 15, 2021 meeting. The Report of Emergency Modification was accepted by the BPW without further discussion.
- Televised Drawings of Lottery Draw Games and Related Services Contract (#2017-02) with Hearst Stations, Inc., WBAL Division: The original 3-year term of this Contract expired 12/10/2020 and the first of two available 1-year renewal options was previously exercised extending the term to 12/11/2020 – 12/10/2021. The MLGCA now desires to

exercise the Second (and final) Renewal Option for the term 12/11/2021 – 12/10/2022 in the amount of \$1,403,004, as specified in the original contract. It is anticipated that, subject to Commission approval, this Renewal will be submitted to DGS to be included for review/approval on the 11/3/2021 BPW Agenda.

- Design & Manufacture of Pick 5 Drawing Machines Contract (#2022-05) with Garron Lottery Products, Inc.: Sole Source contract for the design, manufacture and maintenance of two new “Sloop Model” drawing machines for the new Pick 5 game. The machines will be used for the daily live Televised Drawings adjacent to the existing Pick 3 & 4 machines and therefore must be compatible in design, appearance and operation. The contract amount is \$49,000, provides for delivery of the machines by December 15, 2021, and the amount is within the MLGCA’s delegated authority of \$50,000 so may be approved in-house.
- 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.
- 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.
- 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
September 2021		07/01/21 – 09/30/21	
17,331	177,343	54,074	589,311