



TO: Maryland Lottery and Gaming Control Commission  
John Martin, Director

FROM: James Butler, Assistant Deputy Director, Chief of Staff

DEPARTMENTS: Government Relations, Human Resources, and Procurement

DATE: September 13, 2022

SUBJECT: Report for the September 2022 Commission Meeting

---

Following is the status update of ongoing topics in Government Relations, Human Resources, and Procurement for September.

## **I. GOVERNMENT RELATIONS MATTERS**

### ***1. Sports Wagering Application Review Commission (SWARC)***

On August 19, SWARC received the long-awaited industry analysis from the Consulting Economist, Jon Wainwright, Ph.D., regarding his evaluation of the June 2022 “*Analysis of the Sports Wagering Industry and Relevant North American Industry Classification System (NAICS) Codes*” issued by Keen Independent Research, to determine whether the State’s 2017 Disparity Study provides an evidentiary basis for applying race- and/or gender- conscious remedial measures, including the State’s Minority Business Enterprise Program to the Sports Wagering and Event Wagering Industry (SWEW). Although Dr. Wainwright opined that the 2017 Disparity Study does provide an evidentiary basis for applying the State’s MBE Program to the SWEW Industry in Maryland, he could not opine on whether the 2017 Disparity Study is sufficient to support any other type of race- and/or gender-conscious remedy in the SWEW Industry in Maryland. SWARC convened a special meeting on September 2, to consider adding a diversity plan requirement to the SWARC Application process. SWARC approved of this additional requirement; however, SWARC will not include the diversity plan as part of its evaluation criteria. Each applicant will have to attest to the submission of the diversity plan, which will occur *after the awarding of the sports wagering license to the applicant*. SWARC will hold its next virtual monthly meeting on Thursday, September 22 at 9:00 a.m.

### ***2. Regulations Update***

Below is an update of proposed regulations that were approved by the Commission:

#### ***Annual Gaming Regulatory Review***

In February, Agency staff invited our casino partners to submit proposed changes to our existing casino regulations. The Agency submitted six amended regulations to the Commission for its review and approval. Four of these changes were prepared at the request of Maryland’s casino industry and two are Staff changes. On May 26, the Commission approved the Agency’s proposed amendments to these six existing regulations, and these proposed amendments appeared in the July 29 edition of *the Maryland Register*. See <https://www.mdgaming.com/wp-content/uploads/2022/07/MD-Register-7-29-22.pdf> for more details. The public comment period ended on August 29, and no comments were received. The Agency, however, is unable to file its Notice of Final Action on these proposed amendments until after

the Division of State Documents' (DSD) moratorium ends, which is when DSD will be rolling out a new Electronic Filing System (ELF) 2.0 for processing regulations. This could happen on or after September 19.

### **SWARC Proposed Regulations**

SWARC approved its proposed sports wagering regulations on July 13, and on July 22, the Agency filed these all new regulations as both proposed and emergency actions in the ELF system on behalf of SWARC. SWARC's proposed regulations appeared in the August 26 edition of *the Maryland Register* - <https://secureservercdn.net/198.71.233.46/q0d.88c.myftpupload.com/wp-content/uploads/2022/08/SWARC-Regs-MD-Register-8.26.22.pdf>. The 30-day public comment period runs from August 26, 2022 through September 26, 2022, and all comments received will be published on swarc.org website after the 30-day public comment period has ended. See <https://swarc.org/public-comment-form/> for more details. On September 2, the Maryland General Assembly's Joint Committee on Administrative, Executive, and Legislative Review (AELR) approved SWARC's request for an emergency adoption of these proposed sports wagering regulations, which means that the emergency regulations are now in effect from September 2, 2022 and to March 3, 2023. SWARC held a public meeting on September 9 in the Montgomery Park Business Center's Auditorium at Lottery Headquarters, to receive comments on its proposed sports wagering regulations. SWARC was able to provide a live audio stream of the meeting and was able to post the audio recording of the meeting on the SWARC.org website after the meeting concluded.

## **II. HUMAN RESOURCES MATTERS**

The Human Resources (HR) Department continues to assist in the preparation of job descriptions (MS-22s) for various positions throughout the Agency. In addition, HR currently has a robust recruitment effort underway to fill vacant and sports wagering positions. HR is completing the Department of Budget and Management's (DBM) self-assessment audit of our Performance Planning and Evaluation Program (PEP) process and completion rate. For the next several months, HR will be conducting a few of its mandatory training courses, such as Sexual Harassment and Active Shooter training, which all Agency employees are required to receive. Also, HR has begun working on its FY22 Equal Employment Opportunity Report as well as its Ethnicity Report for DBM. HR welcomes our new Payroll Specialist, Sylvia Hampton, who will start on September 21. Sylvia will be involved in the processing of payroll and leave actions.

## **III. PROCUREMENT MATTERS**

The Procurement Department 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. We welcome the Agency's incoming Director of Procurement, John Lloyd, to the team. John started on September 7, and he will be shadowing the outgoing Procurement Director, Robert Howells, for a few months during this transition process.

Procurement staff are working with other departments to implement tools available to modernize the 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.

*RFP for Random Number Generator (RNG) System for MLGCA (#2022-15):* This RFP is for the acquisition of four (4) identical independent Random Number Generator Systems (2 live production Systems, a test System, and a disaster recovery back-up System) to be used to conduct MLGCA Lottery Drawings. This RFP was issued May 18, a pre-proposal conference was held May 26 with three known potential offerors attending; and, the due date for receipt of Proposals was extended to June 28. By the due date, Proposals were received from multiple Offerors and are now undergoing evaluation. Discussions with Offerors and demonstration of their RNG Systems were conducted during the period of August 16 – 23. Best & Final Offers are presently in progress and a recommendation for contract award is expected before the end of September.

*RFP for Auditing and Accounting Services for MLGCA (#2022-10):* This RFP is to obtain a Certified Public Accounting firm to provide auditing, accounting, and management services to include technical advice and assistance on various aspects of both Lottery and Gaming operations. Due to various factors including changes to the requirements of this RFP to accommodate Sports Wagering implementation and a new Random Number Generator process for Lottery Drawings, the RFP was delayed but has now completed internal review and has been submitted to Department of General Services (DGS) -Office of State Procurement for its review. DGS-OSP Initial Review was received on August 3,2022. Issuance of the RFP, subject to revisions suggested by DGS and subsequent DGS approval, is now anticipated in September.

MBE/VSBE/SBR Activities: A summary of the MLGCA's MBE/VSBE participation is attached.