

# Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • John Martin, Director



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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: October 14, 2022

SUBJECT: Report for the October 2022 Commission Meeting

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

## **I. GOVERNMENT RELATIONS MATTERS**

**1. *Sports Wagering Application Review Commission (SWARC)*** - SWARC will hold its next virtual monthly meeting on Wednesday, October 19. At this meeting, staff will present recommendations on the comments received to the proposed SWARC regulations. If SWARC determines that a change is needed based upon a comment received, SWARC will have to vote to amend the proposed regulation and make a determination if the change is substantive or non-substantive before filing a Notice of Final Action on these proposed regulations.

### ***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. Although the Division of State Documents' (DSD) new Electronic Filing System (ELF 2.0) is still unavailable for end-users to process regulations, DSD has developed a Word form for use in the interim so that end-users can submit their required actions. The Agency plans to file the Notice of Final Action concerning these regulations with DSD the week of October 17.

#### **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. The Joint Committee on Administrative, Executive, and Legislative Review granted emergency status for these proposed regulations beginning on September 2 and expiring on March 3, 2023. On September 9, SWARC held a public meeting to receive comments on these proposed regulations. SWARC provided a live audio stream of the meeting, posted the audio recording of the

meeting on the SWARC.org website, and posted the official meeting transcript on its website. SWARC's proposed regulations appeared in the August 26 edition of *the Maryland Register*. See <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 ran from August 26, 2022, through September 26, 2022, and we received 16 comments from the public about the proposed SWARC regulations. All comments received were published on the swarc.org website. On October 19, SWARC will review the comments received and the Agency's recommendations concerning these comments before filing its Notice of Final Action.

### **3. Mandated Reports**

Below is a listing of mandated reports that the Agency filed:

***FY22 Customer Service Report:*** The Agency's FY22 Customer Service report was completed in September and includes a detailed enumeration and analysis of efforts undertaken to ensure people who come in contact with lottery and gaming functions are treated with dignity and respect. The Customer Service report has been uploaded to our website as well as the state's Open Data Portal. See mdlottery.com on the About Us webpage at <https://www.mdlottery.com/about-us/>, and mdgaming.com on the Publicly Available Records webpage at <https://www.mdgaming.com/publicly-available-records/>.

***2022 Lottery and Gaming Play Assessment Report:*** The Lottery is required to conduct a market analysis every two years to determine the jurisdiction of residence, demographic characteristics, and annual net customer spending on lottery and gaming products of its players. On September 30, the Agency filed the results of this market analysis with the Governor, Presiding Officers (Legislative Policy Committee), and the Secretary of Health. See [http://dlslibrary.state.md.us/publications/Exec/SLGCC/SB3Ch4\(6\)\(2007\)SS\\_2022.pdf](http://dlslibrary.state.md.us/publications/Exec/SLGCC/SB3Ch4(6)(2007)SS_2022.pdf) for more details.

## **II. HUMAN RESOURCES MATTERS**

The Human Resources (HR) Department continues with its recruitment and retention efforts under the state's new enhanced recruitment and retention measures, which ultimately seeks to remove barriers and bottlenecks in recruitment, especially expediting the process for new hires. Under these new recruitment measures, our HR Recruiter has been able to complete 95% of our normal staff recruitments with this expedited process. HR will now focus on recruiting for sports wagering positions (up to 40 PINs) in preparation for the launch of mobile sports wagering.

On September 29, Governor Hogan announced that all state employees will be receiving a 4.5% Cost of Living Adjustment (COLA) increase, so HR is preparing for the implementation of COLA increases for all employees. See [Governor Larry Hogan - Official Website for the Governor of Maryland](#) for more details. HR's new Payroll Specialist is becoming acclimated to her role and is a great addition to the staff. HR has informed staff that the state's 2023 Open Enrollment period, which began on October 11 and runs until November 4 at 5:00 p.m., is their opportunity to make certain elections about health care benefits and the option to enroll in the state's Leave Bank program. On October 14, HR filed its FY22 Annual Statewide EEO report and continues to file its other required reports with the Department of Budget and Management and other departments.

### **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.

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. Best & Final Offers were received on September 12 and final rankings were completed indicating that Smartplay International, Inc. was ranked technically first and financially first, resulting in an overall rank of first. Accordingly, a Recommendation for Contract Award to Smartplay International, Inc. was made to the Director on September 14. This Contract has been submitted to the Department of General Services for review and inclusion on the next available BPW Agenda. Subject to Commission approval, it is now tentatively scheduled to be presented to the BPW at its November 16, 2022 meeting.

*Televised Drawings of Lottery Draw Games and Related Services Contract (#2017-02) with Hearst Stations, Inc., WBAL Division:* This contract is presently in its second and final Renewal Option period which expires December 10, 2022. In order to better coordinate the transition to the new Random Number Generator system, the MLGCA is modifying this contract to extend it for a period of eight additional days until December 18, 2022, at an additional amount of \$25,750. It is anticipated that the new RNG Drawings will begin on December 19, 2022.

*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, to include Sports Wagering implementation and the new Random Number Generator process for Lottery Drawings. DGS-OSP's second and final review has now been received and, subject to MLGCA addressing some final comments from DGS-OSP, it has approved MLGCA to issue the RFP, which is anticipated to occur in late October.

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