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## STAFF AGENDA MEMORANDUM

**DATE OF MEETING:** August 28, 2025

**AGENDA ITEM:** Veteran's Organizations Instant Ticket Lottery Machines and Related Services (2014-02)

**PRESENTER:** James Nielsen, Deputy Director / COO

**ISSUE SUMMARY:** Contract (2014-02) provides Veterans' Organization Instant Ticket Lottery Machines and Related Services, to include: the design, development, installation, implementation, operation and maintenance of a central monitor and control system ("ITLM Central System"); Instant Ticket Lottery Machine ("ITLM") design, development, installation, implementation, support, supplies and maintenance at Veterans' Organization locations ("VOs") specified in the Lottery Law (State Gov't § 9-101 et seq., Ann. Code of MD); Instant Ticket design, planning, production, security and storage in the Contractor's warehouse; and delivery of Instant Tickets to the VOs.

Currently, ITLMs are required to utilize pre-printed Instant Tickets. Printing tickets "on the fly", even using predetermined results, is not permitted. During the 2025 session, legislation was proposed, but not enacted, removing the existing requirement for pre-printed tickets. The legislation also permitted ITLMs to be deployed in certain fraternal organization locations. This change permitting print on the fly devices could potentially increase the field of qualified contractors able to provide the required services. It is unclear whether similar amendments will be proposed during the 2026 legislative session, but it is not advisable to conduct a procurement requiring pre-printed tickets at this time because there is a likelihood that some legislation will be introduced. The Agency believes an RFP reflecting modifications made to the law, if any, could be issued in June 2026. If no amendments are enacted, we would be able to issue an RFP as early as April 2026.

An RFP issued in June 2026 would require approximately nineteen (19) months to complete. This timeframe includes issuing the RFP; receiving and evaluating proposals; awarding a contract and obtaining required approvals; allowing for a transition period where, under the new contract, there is software development, equipment manufacturing and equipment and communications installation. As a result, the current contract needs to remain in place until at least December 2027 so the ITLM program can continue to provide funding to the over 90 participating VOs.

The current contract with Diamond Games Enterprises is set to expire November 1, 2025. All available extensions have been exercised, including a modification that extended the contract for 1/3 of the initial contract term. (The maximum allowable under COMAR without BPW approval when there is no change to the contract value). An additional twenty-six (26) month extension will extend the contract until December 31, 2027 providing sufficient time for the 2026 legislative session, the procurement and the new system roll-out. Note that the existing contract Not To Exceed ("NTE") value has sufficient funds remaining to cover the 26 month extension and no increase to the NTE is requested.

This Contract is being submitted to the Commission for review and approval. If Commission approval is obtained, the Contract will then be presented to the Board of Public Works in October.

**COMMISSION ACTION REQUIRED/REQUESTED:** Discussion, consideration, and possible action.

**STAFF RECOMMENDATION:** Staff recommends approval.