

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor



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TO: Maryland Lottery and Gaming Control Commission

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: April 16, 2015

SUBJECT: Report for the April Commission Meeting

I. CUSTOMER RESOURCE CENTER

This is a status update of ongoing and special projects in Administration, Finance and Operations.

The Customer Resource Center is responsible for processing winner claims. The Lottery has two claim centers, one in Baltimore at the headquarters location and one in Lanham. In addition to processing winner claims, the claim centers are responsible for processing the W-2G paperwork for claims that were cashed by the agent plus locations. The Lottery has approximately 260 Expanded Cashing Authority Program (XCAP) locations that are authorized to cash up to \$5,000 in winnings. These locations, in turn submit completed claim forms to the Lottery so that the related W-2G can be processed. Data concerning the number of winners claims processed by the Lottery and the number of agent plus claim forms processed by the Lottery is noted below:

Location	YTD 07/1/14 to 02/28/2015	YTD 07/1/14 to 02/28/2015	March 2015	March 2015	YTD 07/01/14 to 03/31/15	YTD 07/01/14 to 03/31/15
	Count	Amount	Count	Amount	Count	Amount
Baltimore	3,800	\$5,925,800.88	363	\$699,172.10	4,163	\$6,624,972.98
Lanham	1,058	\$4,603,966.20	124	\$523,651.70	1,182	\$5,127,617.90
XCAP	27,549	\$58,793,800.90	4,017	\$8,403,947.50	31,566	\$67,197,748.40

SUBSCRIPTIONS PROCESSED:

The Lottery’s Customer Resource Center is also responsible for processing subscriptions for Multi-Match and Mega Millions. Multi-Match subscriptions can be purchased for 26, 52 or 104 weeks for one to 3 games. Mega Millions subscriptions can be purchased for 26, 52 or 104 weeks for \$1 or \$2 per game. Data concerning subscriptions processed is noted below:

Multi-Match As of 07/1/14 – 8,316 As of 03/30/2015 – 8,407

	YTD February 2015 Count	March 2015 Count	YTD 07/1/14 to 3/31/15 Count
New Applications	815	117	932
Internet	1,118	81	1,199
Renewal	6,603	729	7,332

Mega Millions As of 07/04/14- 17,649 As of 03/27/2015 – 17,455

	YTD February 2015 Count	March 2015 Count	YTD 07/1/14 to 03/31/15 Count
New Applications	2,222	273	2,495
Internet	2,290	143	2,433
Renewal	9,358	1,111	10,469

	YTD February 2015 Amount	March 2015 Amount	YTD 07/1/14 to 03/31/15 Amount
Child Support	\$153,101.47	\$20,893.92	\$173,995.39
CCU Debts	\$704,645.20	\$110,114.26	\$814,759.46

Agent Administration

	07/01/2014	3/31/2015
# OF AGENTS	4,492	4,535
# OF AGENT TERMINALS	5,225	5,263
# XCAP RETAILERS	231	260

II. BUDGET

- **FISCAL YEAR 2015**

The spending report will be distributed at the April 23, 2015 meeting.

- **Fiscal Year 2015 Budget:**

- Lottery - \$56,251,625
- VLT General Fund - \$71,204,643
- VLT Special Fund - \$14,403,175

- **FISCAL YEAR 2014**

Continuing to monitor encumbrances so that they can be liquidated back to the proper fiscal year.

III. ACCOUNTING/FINANCE

The February financial statements will be given out at the April 23, 2015 meeting.

IV. PROCUREMENT

- During March a total of 64 new small procurements (up to \$25k) were initiated. Procurement works closely with all Divisions to support the Lottery'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.
- Lottery Central Monitoring and Control System (#2015-01): RFP to obtain a Lottery Central Monitoring and Control System, and its implementation, operation and maintenance. Still under review/revision in coordination with DoIT. It is impossible to establish a schedule for this project at this time and until final approval by DoIT.

- Auditing and Accounting Services (#2015-04): RFP for a new replacement Auditing and Accounting Services contract, which was approved by the Commission at its February 26, 2015 meeting, has been approved by DBM and was issued on April 6, 2015. A Pre-Proposal Conference was held on April 16, 2015 and Proposals are due by May 1, 2015.
- Televised Drawings of the Lottery's On-Line Games and Related Services Contract (#2010-07) with Hearst-Argyle Stations, Inc. d/b/a WBAL-TV 11: The exercise of the single 2-year Renewal Option on the contract with the term 7/1/2015 – 6/30/2017 in the amount of \$3,305,610, which was approved by the Commission at its March 26, 2015 meeting, and was approved by BPW on April 15, 2015.
- Central Monitor and Control System for a Video Lottery Terminal Program (#2009-11) with GTECH Corporation: The exercise of the single 5-year Renewal Option on the contract with the term 9/27/2015 – 9/26/2020 in the amount of \$17,400,000 and the Modification to the contract in the amount of \$2,761,786 for the term 4/30/2015 – 9/26/2020 to add the services and equipment necessary to start-up and operate a sixth VLT Facility in Prince George's County, which were approved by the Commission at its March 26, 2015 meeting, is scheduled to appear on the April 29, 2015 BPW Agenda.
- 2015 Maryland State Fair - Sponsorship Agreement (#2015-11) with SponsorSource, Inc.: New sole source contract in the amount of \$50,500 for the term August 28, 2015 – September 7, 2015 for the Lottery's rental of space and other sponsorship amenities for the 2015 Maryland State Fair. This contract is very similar to the contracts done over the past several years for prior State Fair events. It is anticipated that this Contract will be submitted to the Commission for review/approval at its April 23 meeting and then, subject to Commission approval, to DBM for its review/approval.
- Licensing Contract (#2015-09) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$347,160 for the 2.5 year term May 8, 2015 – November 30, 2017 to provide 1) a license to use the Ravens NFL team marks and logos for an Instant Ticket Lottery Game and 2) Ravens and NFL football related prizes. This Contract is similar to the Raven's Contracts done for the past six years. It is anticipated that this contract will be submitted to the Commission for review/approval at its April 23 meeting and then, subject to Commission approval, to DBM for inclusion on the April 29, 2015 BPW Agenda.
- MBE/SBR Activities:
 - I. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. HUMAN RESOURCES

Workforce Planning:

- HR is working with managers to complete recruitments to fill 22 open positions throughout the agency with the most viable candidates.
- HR is assisting the executive team with reviewing and assessing employee applications for participation in the Voluntary Separation Program (VSP).
- HR is assisting managers in various departments with reviewing and modifying employee position duties in order to enhance productivity, efficiency, and accountability.

Human Resources Development:

- HR is continuing its efforts to provide training to supervisors and managers regarding personnel matters.
- HR staff is receiving internal training to enhance the unit's efficiency and ensure compliance with laws and regulations related to personnel matters.

Employee Relations:

- Through the Labor Management Committee the Agency is working with MPEC and AFSCME to address labor concerns. Recently an agreement was reached regarding the recently implemented Telework program.

VI. WAREHOUSE

The instant ticket warehouse is responsible for packing all of the instant tickets that are shipped to lottery retailers. Orders are placed through our Tel Sell operation which is run by our on-line vendor. Once the order is placed, it is sent to the warehouse for fulfillment. Once fulfilled, the orders are shipped out through UPS for overnight delivery to the agent locations. In addition to fulfilling the orders, the warehouse is responsible for monitoring UPS to ensure proper billing and delivery. Instant ticket shipping activity is as follows:

# of orders March 2015	# of packs March 2015	YTD orders 7/1/14- 3/31/15	YTD packs 7/1/14 -3/31/15
14,972	173,523	111,651	1,290,907

VII. FACILITIES

- On-going monitoring of building service issues.

VIII. CONTRACT MANAGEMENT

- Contract Management continues to work with the Department of Information Technology (DoIT) on the Draw Games RFP and associated documents. DoIT has returned the RFP to the Lottery for final review and updating.
- The impacts of a possible matrix change to Powerball have been discussed. The tentative date for this change to occur is January of 2016.
- The Software Requirements Specifications for the My Lottery Rewards App for smartphones is in the second round of revisions. The current launch date for the App is scheduled for July 10, 2015.
- Scientific Games and Tabcorp to work on the graphics enhancements for Racetrax. The test graphics contained some issues that Tabcorp is working on. Latest updated graphics are to be delivered to SGI Maryland on Friday 4/10/15.
- Wawa and SGI have resolved the issue with the automated file transfers. There are still several minor software changes scheduled in the upcoming SGI maintenance software release.
- MLGCA continues to work with Michigan, Ohio, Georgia lotteries and the Multi-State Lottery Association (MUSL) on the development of a multi-state progressive add on to the Keno game. The contract is in the second round of review and comment.
- The CATS+ task order for additional work and maintenance on the e-Licensing system and Dunning systems is at DoIT for review and comment. It will be released as soon as we get sign off from DoIT.
- The OnePlace sales force automation tool used by Lottery sales staff was upgraded to version 5.0. Additional functionality in the release included fleet management, which allows the sales staff to electronically track their vehicle mileage, eliminating the previous paper mileage tracking paperwork.

IX. INFORMATION TECHNOLOGY

- The Agency's firewall is scheduled to be upgraded the week of 4/18/15. The new firewall will provide additional features and security enhancements. In addition, the effort required to implement the firewall also included addressing OLA audit findings.
- Interviews for the System Administrator position have been completed. HR is in the process of verifying references and preparing an offer.

- DoIT approved the Agency's PORFP for a new voicemail system and it is open for bids. The implementation of the new system is tentatively scheduled for mid-May.
- The Agency's Unisys vendor completed the work required to address OLA audit findings related to the Libra 460.
- The procurement for a vendor to update the Agency's general ledger system is complete. The kickoff meeting for the project is on 4/16/15, and the upgrade will be completed by 7/1/15.