

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Stephen Martino, Director



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TO: Maryland Lottery and Gaming Control Commission
Stephen Martino, Director

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: February 19, 2015

SUBJECT: Report for the February 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 **248** 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 12/31/2014	YTD 07/1/14 to 12/31/2014	January 2015	January 2015	YTD 07/01/14 to 01/31/15	YTD 07/01/14 to 01/31/15
	Count	Amount	Count	Amount	Count	Amount
Baltimore	2,870	\$4,324,851.28	525	\$735,670.30	3,395	\$5,060,521.58
Lanham	791	\$3,387,839.50	153	\$697,086.20	944	\$4,084,925.70
XCAP	20,858	\$44,740,520.40	3,655	\$7,938,096.85	24,513	\$52,678,617.25

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 01/26/2015 – 8,169

	YTD December 2014 Count	January 2015 Count	YTD 07/1/14 to 01/31/15 Count
New Applications	527	161	688
Internet	809	194	1,003
Renewal	4,219	1,628	5,847

Mega Millions As of 07/04/14- 17,649 As of 01/30/2015 – 18,381

	YTD December 2014 Count	January 2015 Count	YTD 07/1/14 to 01/31/15 Count
New Applications	1,496	425	1,921
Internet	1,979	134	2,113
Renewal	6,391	1,771	8,162

	YTD December 2014 Amount	January 2015 Amount	YTD 07/1/14 to 01/31/15 Amount
Child Support	\$120,220.26	\$10,327.04	\$130,547.30
CCU Debts	\$512,034.51	\$132,724.42	\$644,758.93

Agent Administration

	07/01/2014	1/31/2015
# OF AGENTS	4,492	4,534
# OF AGENT TERMINALS	5,225	5,264
# XCAP RETAILERS	231	248

II. BUDGET

- **FISCAL YEAR 2016**

House Budget Hearing – February 25, 2015

Senate Budget Hearing – March 6, 2015

- **FISCAL YEAR 2015**

- **Fiscal Year 2015 Budget:**

- Lottery - \$56,251,625
- VLT General Fund - \$69,780,551
- 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 Agreed-Upon Procedures for PowerBall, PowerPlay, Megaplier and Mega Millions for the period from April 1, 2013 through March 31, 2014 are included in your package. The December financial statements will be given out at the February 26, 2015 meeting.

IV. PROCUREMENT

- During January a total of 61 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 provide the design, development, implementation, operation, and maintenance of a Lottery Central Monitoring and Control System, including a Central Site System, Retailer Terminals, Software, and a Telecommunications Network to connect the Retailer Terminals to the Central Site System. This RFP, which was approved by the Commission at its December 16, 2014 meeting, was submitted to DBM for review/approval in accordance with a prior determination by DoIT that this is a Services contract to be processed under DBM oversight. Upon submission of the RFP, DoIT has reversed its position and now determined this to be an IT contract which must be processed under DoIT oversight. DoIT has determined that this contract will be classified as a Major

Information Technology project. As a result, the estimated schedule contained in the RFP will not be met and a new schedule will need to be established upon the completion of the RFP review.

- E-Licensing System for Casinos, Casino Employees and Vendors (#2015-05) with The Consultant's Consortium, Inc., dba TCC Software Solutions ("TCC"): New sole source contract in the NTE amount of \$569,025 for the 1 year term approximately January 9, 2015 – January 8, 2016 to provide the deployment and enhancement of the Lottery's E-Licensing System to include all licensing processes and all gaming applications for Principals, Vendors, Renewals, Manufacturers and Contractors. This Contract, which was approved by the Commission at its December 16, 2014 meeting, was submitted to DoIT for inclusion on the January 7, 2015 BPW Agenda. DoIT has disapproved the sole source determination and removed this contract from the BPW Agenda. The Lottery therefore will need to reconfigure this project as a competitive procurement and move forward as a Task Order RFP under the Statewide CATS Plus master contract.
- Auditing and Accounting Services Contract (#2009-14) with Stout, Causey & Horning, P.A.: This Contract is currently in its third and final Renewal Option period which expires June 30, 2015. An RFP for a new replacement Auditing and Accounting Services is submitted with this report for approval.
- MBE/SBR Activities:
 - I. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. HUMAN RESOURCES

- Human Resources department is continuing its efforts to assist employees with getting acclimated to the new State Personnel System (SPS) and the new learning management system (The HUB).
- Human Resources is working closely with management, employees, and union representatives regarding the implementation of a Telework Program within the agency.
- Follow-up efforts will begin to disseminate information regarding the newly implemented Wellness Program. HR is coordinating with Health Benefits to conduct an onsite informative seminar on February 27, 2015.
- Human Resources will be continuing its focus on enhancing our recruitment process to attract the best candidates for open positions within the agency. The selection process has begun to fill several key vacancies with the most promising candidates.
- Continued training has been conducted to enhance our agencies leaders and improve employee relations.

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 January 2015	# of packs January 2015	YTD orders 7/1/14– 1/31/15	YTD packs 7/1/14 –1/31/15
13,160	132,081	83,409	969,509

VII. FACILITIES

- On-going monitoring of building service issues.

VIII. CONTRACT MANAGEMENT

- The Lottery has been working with SGI to test all upcoming promotions. The goal is to have all promotions tested before they are scheduled on the promotions calendar. Contract Management has worked with Product Development to create a standard template to be used for all On-Line promotions. This template reflects required and optional fields and will be used to both set up the test and production versions of the promotions.
- The Software Requirements Specifications document for the upcoming scheduled Powerball changes is nearly complete. We are waiting on any last minute changes that may be made to the specifications before signing off on the document. The new target date for the Powerball changes to go live is July 15, 2015.
- The Draft Software Requirements Specifications for the My Lottery Rewards App for smartphones has been approved. SGI is working on the development of the Apps.
- Scientific Games and Tabcorp have worked on the graphics enhancements for Racetrax. The enhanced graphics were delivered to the SGI Maryland team on Monday, 2/9/15. SGI and the Lottery will begin testing and evaluating the graphics.

- The additional software reporting changes required by Wawa will be included in the upcoming Software Maintenance Release.
- MLGCA continues to work 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.
- Contract Management is tracking the movement of Video Lottery Terminals between Ocean Downs and Maryland Live and Rocky Gap and Maryland Live to assure that vendor invoicing agrees with the scheduled moves taking place.

IX. INFORMATION TECHNOLOGY

- The State's Department of Information Technology (DoIT) has implemented a two factor authentication process for accessing e-mail and several other state applications (change in the way employees' sign into e-mail). The soft launch occurred on 2/6/15, and the final migration is scheduled for 2/20/15. The MLGCA IT staff has been working closely with DoIT and Agency staff to set up user accounts and provide training. The goal is to have all users onboard and familiar with the new process prior to 2/20/15
- Working with the Gaming Division to set up the VLT testing area. Additional central system equipment, server hardware, and infrastructure to connect to the central system test environment are required.
- The System Administrator position is open and the job will be posted early next week; it will be several weeks before interviews can occur but we will be aggressive moving through the recruitment process. As previously reported, the position will allow the IT division to address issues more quickly, be more proactive in system maintenance activities, and resolve a business continuity concern.
- Preparing to issue a PORFP for a new voice mail system. Other changes in regard to call flow and additional features will be implemented with the system to improve the way the Agency manages incoming calls.
- The Keno and Racetrax web and mobile application development is in progress. The go-live date is tentatively scheduled for May; it is a joint effort of Creative Services, IT, SGI, and HelloWorld.
- Working with the Communications Department to upgrade the IT equipment at WBAL which is used by the drawing officials. Equipment will be upgrade as well as a refinement in process to make better use of technology.