

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 21, 2015

SUBJECT: Report for the May 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 265 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 04/30/2015	YTD 07/1/14 to 04/30/2015	April 2015	April 2015	YTD 07/01/14 to 04/30/15	YTD 07/01/14 to 04/30/15
	Count	Amount	Count	Amount	Count	Amount
Baltimore	4,163	\$6,624,972.98	419	\$890,407.70	4,582	\$7,515,380.68
Lanham	1,182	\$5,127,617.90	143	\$657,141.30	1,325	\$5,784,759.20
XCAP	31,566	\$67,197,748.40	3,412	\$6,508,363.30	34,978	\$73,706,111.70

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 04/27/2015 – 8,670

	YTD March 2015 Count	April 2015 Count	YTD 07/1/14 to 4/30/15 Count
New Applications	932	62	994
Internet	1,199	71	1,270
Renewal	7,332	856	8,188

Mega Millions As of 07/04/14- 17,649 As of 04/24/2015 – 16,888

	YTD March 2015 Count	April 2015 Count	YTD 07/1/14 to 04/30/15 Count
New Applications	2,495	166	2,661
Internet	2,433	99	2,532
Renewal	10,469	1,276	11,745

	YTD March 2015 Amount	April 2015 Amount	YTD 07/1/14 to 04/30/15 Amount
Child Support	\$173,995.39	\$21,604.14	\$195,599.53
CCU Debts	\$814,759.46	\$72,194.73	\$886,954.19

Agent Administration

	07/01/2014	4/30/2015
# OF AGENTS	4,492	4,539
# OF AGENT TERMINALS	5,225	5,266
# XCAP RETAILERS	231	265

II. BUDGET

- **FISCAL YEAR 2015**

- **Fiscal Year 2015 Budget:**

- Lottery - \$59,246,313
- VLT General Fund - \$71,380,551
- 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 March financial statements will be given out at the May 28, 2015 meeting.

IV. PROCUREMENT

- During April, a total of 51 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.
- Auditing and Accounting Services (#2015-04): RFP for a new replacement Auditing and Accounting Services contract was issued on April 6, 2015, a Pre-Proposal Conference was held on April 16, 2015 which was attended by 11 individuals representing 9 firms. The original proposal due date was May 1, 2015 but was changed to May 5 due to the problems in Baltimore. On May 5 proposals were received and are now in the evaluation process.

- 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 July 1, 2015 – June 30, 2017 in the amount of \$3,305,610 was approved by the BPW at its April 15, 2015 meeting.
- 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 September 27, 2015 – September 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 April 30, 2015 – September 26, 2020 to add the services and equipment necessary to start-up and operate a sixth VLT Facility in Prince George’s County was originally scheduled to appear on the April 29, 2015 BPW Agenda but was moved to the May 13, 2015 BPW meeting due to the problems in Baltimore and was subsequently approved by BPW.
- 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 was originally scheduled to appear on the April 29, 2015 BPW Agenda but was moved to the May 13, 2015 BPW meeting due to the problems in Baltimore and was subsequently approved by BPW.
- MBE/SBR Activities:
 - I. Procurement/MBE staff attended/are scheduled to attend the following events:
 - 1) 12th Annual 2015 Spring Breakfast Meeting/Business Showcase Expo sponsored by the Maryland Washington Minority Companies Association held on May 8, 2015 at Martins West.
 - II. 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 18 open positions throughout the agency with the most viable candidates.

Human Resources Development:

- HR will be conducting supervisory coaching and training to assist managers with conducting semi-annual performance evaluations for their employees.

Upcoming initiatives:

- HR is coordinating with Agency managers and the Baltimore City’s Summer Youthworks program coordinators to provide employment and mentoring to young adults living in Baltimore City between the ages of 16 and 22 during the summer months. The program is budgeted through local government so there is no cost to the Agency.
- HR will be participating in a statewide employee campaign to have all employees logged into and acclimated with the new Workday State Personnel System (SPS). During the past recent months, the HR staff has been receiving training on Workday to be better able to assist employees with the transition.
- HR will be coordinating informative seminars with the Employee Benefits Division regarding the new state employees Wellness Program to ensure employees comply with taking required actions before the September 30, 2015 deadline.

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 April 2015	# of packs April 2015	YTD orders 7/1/14– 4/30/15	YTD packs 7/1/14 –4/30/15
14,729	163,657	126,380	1,454,564

VII. FACILITIES

- On-going monitoring of building service issues.

VIII. CONTRACT MANAGEMENT

- The Department of Information Technology (DoIT) has provided feedback on the Draw Games RFP and associated documents. After meeting with the Deputy State CIO,

MLGCA has made the recommended changes to the RFP. The latest version of the RFP is under review by MLGCA personnel.

- A matrix change to Powerball has been approved. The go live date for this change is Sunday, October 4, 2015. SGI is working on the first draft of the Software Requirements Specifications document.
- The Software Requirements Specifications for the My Lottery Rewards App has been approved. Development of the App is underway with a launch date set for July, 10, 2015. MLGCA is holding weekly calls with SGI to discuss the status of the development and to answer any questions.
- Scientific Games continues to work with Tabcorp to work on the graphics enhancements for Racetrax. The goal is to have these HD graphics in place in early June 2015.
- 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. The contract is back in the vendor's hands for review. The MUSL group is working on drafting the game rules at this time. The launch date for this was late September or early October. With the Powerball change scheduled to be implemented on October 4, 2015, the launch date for this remains to be determined.
- The first PCT has been installed at Royal Farms location. There will be nine more Royal Farms getting PCTs in the pilot program.
- The Task Order RFP for the e-Licensing system and Dunning systems has been distributed to the vendors. Responses are due back to MLGCA on Tuesday, May 26, 2015.

IX. INFORMATION TECHNOLOGY

- The Agency's firewall was replaced in April as scheduled.
- The new Keno and Racetrax web and desktop applications went live the morning of May 19.
- The recently hired system administrator started on May 13.
- The voicemail PORFP award recommendation was provided to DoIT for review and approval. Once approved, the work can be scheduled.
- Issued several PORFPs to update/replace equipment required to support Agency applications, databases, etc...
- Working with the gaming and accounting divisions to define requirements for phase 2 of the ITLM/Diamond system.
- Review of the accounting RFP responses with a focus on the IT related sections.