

# Maryland Lottery and Gaming Control Agency

Martin O'Malley, 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: November 17, 2014

SUBJECT: Report for the November Commission Meeting

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## **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 244 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 9/30/2014	YTD 07/1/14 to 9/30/2014	October 2014	October 2014	YTD 07/01/14 to 10/31/14	YTD 07/01/14 to 10/31/14
	Count	Amount	Count	Amount	Count	Amount
Baltimore	1,538	\$2,206,742.48	443	\$703,081.70	1,981	\$2,909,824.18
Lanham	353	\$1,533,977.50	173	\$684,221.40	526	\$2,218,198.90
XCAP	10,036	\$20,994,192.70	3,393	\$7,038,988.55	13,429	\$28,033,181.25

**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 9/29/2014 – 8,535

	<b>YTD September 2014 Count</b>	<b>October 2014 Count</b>	<b>YTD 07/1/14 to 10/31/14 Count</b>
New Applications	226	88	314
Internet	110	39	149
Renewal	2,470	829	3,299

**Mega Millions** As of 07/04/14- 17,649      As of 09/26/2014 – 15,615

	<b>YTD September 2014 Count</b>	<b>October 2014 Count</b>	<b>YTD 07/1/14 to 10/31/14 Count</b>
New Applications	660	186	846
Internet	331	96	427
Renewal	2,352	1,488	3,840

	<b>YTD September 2014 Amount</b>	<b>October 2014 Amount</b>	<b>YTD 07/1/14 to 10/31/14 Amount</b>
Child Support	\$67,094.93	\$20,832.70	\$87,927.63
CCU Debts	\$251,363.63	\$90,193.51	\$341,557.14

**Agent Resource**

	<b>07/01/2014</b>	<b>10/31/2014</b>
# OF AGENTS	4,492	4,477
# OF AGENT TERMINALS	5,225	5,212
# XCAP RETAILERS	231	244

## II. BUDGET

- **FISCAL YEAR 2015**

See attached spending report

- **Fiscal Year 2015 Budget:**

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

- **FISCAL YEAR 2014**

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

## III. ACCOUNTING/FINANCE

We are working on completing the CAFR which is due at the end of December. The August and September financial statements will be provided at the Commission meeting.

## IV. PROCUREMENT

- During October a total of 57 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.
- Video Lottery Terminals and Related Services Master Contract (#2009-12) with nine VLT manufacturers/Master Contractors for the five-year term 4/9/2010 – 3/31/2015 in the total NTE amount of \$400 million to provide the lease or purchase, installation, implementation, support and maintenance of VLTs for the Facilities specified in the gaming law. This 5-year Renewal Option for the Ocean Downs and Rocky Gap Facilities, which was approved by the Commission at its September 25, 2014 meeting, was approved by the BPW at its October 15, 2014 meeting.
- Sports, Venue and Event Sponsorship Services (#2015-03): RFP for a new contract to provide sports marketing media services to the Lottery. This contract is anticipated to be for a term of approximately 1.5 years, tentatively beginning on or about December 19, 2014, and with a NTE amount of approximately \$3 million. This RFP, which was approved by the Commission at its September 25, 2014 meeting, was issued on October 1, 2014 and the Pre-Proposal Conference was held on October 9 with 9 individuals representing 5 companies in attendance. On October 24, 2014 this RFP was cancelled. It is anticipated that the specifications and pricing structure will be revised and the RFP will be reissued at a future date.

- Lottery Central Monitoring and Control System (#2015-01): RFP to provide the design, development, implementation, lease, 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. The Lottery's existing Contract for On-Line Gaming System (#2005-11) with Scientific Games International, Inc. expires on June 26, 2016. This replacement Contract is anticipated to be for a term of approximately five years, tentatively beginning on or about July 1, 2015. The period of time from the start date of this Contract until the expiration date of the existing Contract, which is anticipated to be the period from July 1, 2015 through June 26, 2016, shall be the Conversion Period during which the Contractor shall install the Systems and Terminals necessary and prepare the System to be fully operational by June 27, 2016. This RFP is currently in preparation and is anticipated to be submitted to the Commission for review/approval at its December 2014 meeting.

- MBE/SBR Activities:

I. Procurement/MBE staff attended the following events:

- 1) 2014 Minority Enterprise Development Week – Promoting Supplier Diversity and Inclusion in Baltimore, City of Baltimore Procurement Fair, held October 20, 2014 at the Hilton Baltimore.
- 2) MBE University & Prince George's County Conference & Expo, held November 12, 2014 at the College Park Marriott & Conference Center.

II. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

## V. HUMAN RESOURCES

- The Human Resources department has been continuing its efforts with the Department of Budget and Management to prepare all employees for the State Personnel System's (SPS) November 14<sup>th</sup> go live date. All Human Resources members have completed the required training to assist all employees with transitioning to the new personnel system.
- The Human Resources department is continuing its efforts to work with the Labor Management Committee to address labor related issues and enhance employee relations.
- Human Resources with the assistance of the Maryland Commission on Civil Rights has begun employee professional enhancement training beginning at the management and supervisory levels. The targeted training covers areas related to conflict resolution, evaluating employees, the disciplinary process, and employee development.

- Human Resources will be working with the Executive and Management levels to assess the agency’s workforce to determine the possibility of telework options for suitable positions throughout the agency.
- Employee training and assistance continues with regard to the open enrollment process for health benefits. Employees are provided with information to assist them with understanding the benefits available to them. Additional presentations have been conducted to provide employees with an overview of the upcoming Wellness program to be implemented next year.

**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 October 2014	# of packs October 2014	YTD orders 7/1/14– 10/31/14	YTD packs 7/1/14 –10/31/14
14,153	144,890	55,686	543,628

**VII. FACILITIES**

- On-going monitoring of building service issues.

**VIII. CONTRACT MANAGEMENT**

- Contract Management and the Director of Procurement continue to work on the draft copy of the Draw Games RFP. This RFP will include the input and recommendations provided by MLGCA staff.
- SGI is developing the Software Requirements Specifications document for the PowerBall changes approved in October. This change is scheduled to go live on April 15, 2015. Adjustments to the Software Development and Testing Schedule have been made based PowerBall going live on April 15<sup>th</sup>.

- Scientific Games continues to work with Tabcorp on the improvement to Racetrax graphics, making them HD. At this time there is no date set for this change to take place.
- The additional software reporting changes required by Wawa will be included in the upcoming Software Maintenance Release scheduled for January, 2015.
- Monopoly Millionaires Club sales started in October.
- All PATs in the field are now able to validate and cash Instant Tickets. These changes were completed in October.
- 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 first round of questions from vendors has been received and answered. Due to the upcoming PowerBall change scheduled to deploy on April 15, 2015, the target date for deployment of this add on has been moved to July 15, 2015.
- SGI and the Lottery are testing several minor software fixes to address issues on the Extrema terminals that became evident after the deployment of the Monopoly Millionaires game. These fixes will address an intermittent ticket scanning issue and the placement of the bar code on longer tickets.

## **INFORMATION TECHNOLOGY**

- Monopoly Draw Game – The first 3 drawings occurred without any operational deficiencies. The third drawing produced a top-tier winner and a Monopoly Millionaires Club winner, this event allowed operations to exercise multiple processes for each type of win.
- Initiated internal discussions and planning with the Agency's accounting team to upgrade the Agency's general ledger application; Microsoft Dynamics SL. The tentative date for the upgrade is the first quarter of 2015.
- Procuring Cisco next generation firewall which will provide the latest technology, and improve network security.