

# 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: December 9, 2014

SUBJECT: Report for the December 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 246 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 10/31/2014	YTD 07/1/14 to 10/31/2014	November 2014	November 2014	YTD 07/01/14 to 11/30/14	YTD 07/01/14 to 11/30/14
	Count	Amount	Count	Amount	Count	Amount
Baltimore	1,981	\$2,909,824.18	363	\$538,265.60	2,344	\$3,448,089.78
Lanham	526	\$2,218,198.90	108	\$512,288.20	634	\$ 2,730,487.10
XCAP	13,429	\$28,033,181.25	3,272	\$6,954,404.80	16,701	\$34,987,586.05

**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 11/24/2014 – 7,414

	<b>YTD October 2014 Count</b>	<b>November 2014 Count</b>	<b>YTD 07/1/14 to 11/30/14 Count</b>
New Applications	314	41	355
Internet	149	549	698
Renewal	3,299	463	3,762

**Mega Millions** As of 07/04/14- 17,649 As of 11/28/2014 – 15,570

	<b>YTD October 2014 Count</b>	<b>November 2014 Count</b>	<b>YTD 07/1/14 to 11/30/14 Count</b>
New Applications	846	112	958
Internet	427	1,226	1,653
Renewal	3,840	1,251	5,091

	<b>YTD October 2014 Amount</b>	<b>November 2014 Amount</b>	<b>YTD 07/1/14 to 11/30/14 Amount</b>
Child Support	\$87,927.63	\$20,409.30	\$108,336.93
CCU Debts	\$341,557.14	\$81,736.73	\$423,293.87

**Agent Resource**

	<b>07/01/2014</b>	<b>11/30/14</b>
# OF AGENTS	4,492	4,530
# OF AGENT TERMINALS	5,225	5,264
# XCAP RETAILERS	231	246

## **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**

Continuing 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 September and October financial statements will be provided at the Commission meeting.

## **IV. PROCUREMENT**

- During November a total of 62 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. The Lottery's existing Contract for On-Line Gaming System (#2005-11) with Scientific Games International, Inc. expires on June 26, 2016.
- 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. TCC implemented the financial management system for the Lottery under a CATS II TORFP initiated in October 2009, as well as provided the definition, design, and implementation of

additional functionality that included licensing data, billing, and investigation for the Licensing Division. TCC is the only vendor with extensive institutional knowledge of the Lottery's business processes and e-Licensing system and is the only vendor that can assist the Lottery with the maintenance of the system. TCC has verified that it can meet the required delivery time, which is a critical factor since the usefulness of the deliverables is date-sensitive in order to meet the requirements of the Licensing Division for the opening of the sixth VLT Facility in Prince George's County and the timely processing of license renewals for the five existing VLT Facilities. It is anticipated that this Contract will be submitted to the Commission for review/approval at its December 16, 2014 meeting and, subject to Commission approval, submitted to DoIT for inclusion on the January 7, 2015 BPW Agenda.

- MBE/SBR Activities:

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 conducting an employee campaign to get everyone signed into and acclimated with the new Workday 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.
- The Human Resources department is continuing its efforts along with management to assess the agency's workforce to determine the possibility of telework options for suitable positions and employees throughout the agency.
- The Human Resources department is continuing its training efforts for newly promoted supervisory employees on evaluating employees. The training has a specific focus on evaluating employee performance, proper counseling, strategies to obtain improvement, and the Performance Evaluation Process.

## 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 November 2014	# of packs November 2014	YTD orders 7/1/14– 11/30/14	YTD packs 7/1/14 –11/30/14
13,010	128,135	55,686	671,753

**VII. FACILITIES**

- On-going monitoring of building service issues.

**VIII. CONTRACT MANAGEMENT**

- The Draft Software Requirements Specifications document for the PowerBall changes scheduled to go live on April 15, 2015 have been distributed for review. Adjustments to the Software Development and Testing Schedule have been made based PowerBall going live on April 15<sup>th</sup>.
- The Draft Software Requirements Specifications for the My Lottery Rewards App for smartphones and tablets has been distributed. SGI continues to work internally to finalize this document. Deployment of the App will be determined once all requirements have been defined and reviewed by software development.
- 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.
- 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. We have received and responded to two rounds of questions from the potential vendors.
- The software fixes to address issues on the Extrema terminals that became evident after the deployment of the Monopoly Millionaires game have been deployed with no issue.

## **IX. INFORMATION TECHNOLOGY**

- Developing requirements to procure on-going supplemental technical support to be utilized on an as-needed basis. The procurement is intended to contract services with a single company to provide network and systems support.
- Continued effort to implement a Cloud data backup solution using a co-operative agreement with Western States Contracting Alliance. The change in process requires a complete overhaul of our backup process.
- Preparing for the Agency to adopt the State's telework program. The IT department is assessing how it can better support remote users.
- The contract execution between GKV and HelloWorld (HW) to develop a Racetrax and Keno web application is still in progress. Creative services, GKV, and IT are still working with HW to finalize the master service agreement, and scope of work.