

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Control Commission
Gordon Medenica, Director

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: May 19, 2016

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 305 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 07/1/15 to 03/31/2016	YTD 07/1/15 to 03/31/2016	April 2016	April 2016	YTD 07/01/15 to 04/30/16	YTD 07/01/15 to 04/30/16
	Count	Amount	Count	Amount	Count	Amount
Baltimore	4,198	\$ 7,239,116.30	401	\$728,792.75	4,599	\$7,967,909.05
Lanham	1,041	\$ 4,832,831.90	141	\$561,175.90	1,182	\$5,394,007.80
XCAP	33,448	\$65,785,699.20	3,223	\$6,222,347.55	36,671	\$72,008,046.75

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 07/6/15 – 7,657 As of 04/25/2016 – 8,191

	YTD March 2016 Count	April 2016 Count	YTD 07/1/15 to 04/30/16 Count
New Applications	962	83	1,045
Internet	680	78	758
Renewal	6,903	849	7,752

Mega Millions As of 07/03/15- 16,438 As of 04/29/2016 – 16,072

	YTD March 2016 Count	April 2016 Count	YTD 07/1/15 to 04/30/16 Count
New Applications	2,289	165	2,454
Internet	1,188	153	1,341
Renewal	9,859	1,264	11,123

Withholdings

	YTD March 2016 Amount	April 2016 Amount	YTD 07/1/15 to 04/30/16 Amount
Child Support	\$124,469.58	\$10,578.59	\$135,048.17
CCU Debts	\$698,157.29	\$91,611.35	\$789,768.64

II. BUDGET

- **FISCAL YEAR 2015**

The majority of the FY 15 encumbrances and accruals have been moved back to FY 2015.

- **FISCAL YEAR 2016**

- **Fiscal Year 2016 Budget**

- Lottery - \$68,725,549
- VLT Special Fund - \$9,558,000
- VLT General Fund - \$24,861,449

- **FISCAL YEAR 2017**

- Our fiscal year 2017 budget was successfully passed with an additional \$4 million in advertising. The budget is as follows:

Lottery: \$68,320,140
VLT Special Fund: \$9,132,860
VLT General Fund: \$21,770,000

- Promotion Fund (Unclaimed Prizes)

Balance as of March, 2016	\$5,256,122
Estimated increase in April, 2016	\$3,500,000
Estimated usage in April, 2016	<u>\$1,175,000</u>
Estimated balance as of April, 2016	\$7,581,122

III. ACCOUNTING/FINANCE

- The March financial statements will be distributed at the May meeting.
- The Agreed-Upon Procedures for PowerBall, PowerPlay, Megaplier and Mega Millions for the period from April 1, 2014 through March 31, 2015 will also be distributed at the May meeting.

IV. PROCUREMENT

- During April a total of 47 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. Proposals were received by the Due Date for Receipt of Proposals on April 28, 2016. Proposals are in the evaluation process.
- Licensing Contract (#2016-03) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$360,100 for the 2.5 year term May 27, 2016 – November 30, 2018 to provide 1) a license to use the Ravens NFL team marks and logos for two Instant Ticket Lottery Games and 2) Ravens and NFL football related prizes. This Contract is similar to the Raven's Contracts done for the past seven years. This contract, approved by the Commission at its April meeting, was approved by the BPW on May 11, 2016.
- Advertising, Digital, Web & Social Media, and Research Services Contract (#2013-02) for four Functional Areas ("FA") with GKV Communications, Inc. (FA #I – Creative and FA #III - Digital/Web); Media Works, Ltd. (FA #II – Media); and The Key Group (FA #IV – Research) for the term 8/1/2013 – 7/31/2016 contains 2 one-year renewal options. The Lottery intends to: (1) continue existing services by exercising the first of two available one-year renewal options as contained in the original contract for each Contractor in Functional Areas ("FA") I, II and III; (2) increase the Not to Exceed amount for the renewal option period for FA I, II and III to correspond to the MLGCA's increased advertising budget for FY 2017; and (2) increase the Not to Exceed amount for the renewal option period for FA I to provide enhanced research services. This Renewal/Modification will be submitted to the Commission for review/approval at the May meeting and then, subject to Commission approval, to DBM for inclusion on the June 22, 2016 BPW Agenda.
- MBE/SBR Activities:
 - I. Procurement/MBE staff attended the following events:
 - 1) MCCC GovConNet Procurement Conference to be held at University of Shady Grove, Rockville, on May 12, 2106.
 - 2) Maryland Washington Minority Companies Association 13th Annual 2016 Spring Breakfast held May 13, 2016
 - II. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. HUMAN RESOURCES

- The electronic timekeeping process was scheduled to go-live statewide on May 25, 2016. The Human Resources department is still working with employees to ensure a smooth transition.
- HR is working with hiring managers to recruit and fill available open positions throughout the agency.

VI. INFORMATION TECHNOLOGY

- Evaluating responses to the Splunk TORFP. Vendor presentations occurred on May 17, 2016, and we will send our award recommendation to DoIT for approval on May 24, 2016.
- Finalizing the Livescan set up with the Department of Public Safety and Correctional Services for MGM. Installed at the MGM HR facility the week of May 17, 2016.
- Upgrading the VLT licensing badging system has been completed.
- Continuing to work with the procurement department to purchase hardware and renew maintenance and service contracts.