

# 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: March 20, 2014

SUBJECT: Report for the March 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 207 agent plus 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 07/1/13 to 1/31/2014	YTD 07/1/13 to 1/31/2014	Feb. 2014	Feb. 2014	YTD 07/01/13 to 2/28/14	YTD 07/01/13 to 2/28/14
	Count	Amount	Count	Amount	Count	Amount
Baltimore	4,078	\$7,486,097.75	456	\$837,264.00	4,534	\$8,323,361.75
Lanham	1,017	\$4,612,934.98	121	\$562,046.50	1,138	\$5,174,981.48
Agent Plus	26,035	\$54,920,589.00	3,249	\$6,399,795.00	29,284	\$61,320,384.00

**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 07/1/13 – 8,736 As of 2/28/2014– 9,126

	<b>YTD January 2014 Count</b>	<b>February 2014 Count</b>	<b>YTD 07/1/13 to 2/28/14 Count</b>
New Applications	818	152	970
Internet	409	62	471
Renewal	6,338	904	7,242

**Mega Millions** As of 07/01/12 24,937 As of 2/28/2014 17,231

	<b>YTD January 2014 Count</b>	<b>February 2014 Count</b>	<b>YTD 07/1/13 to 2/28/14 Count</b>
New Applications	4,909	436	5,345
Internet	969	162	1,131
Renewal	3,283	1,011	4,294

	<b>YTD January 2014 Amount</b>	<b>February 2014 Amount</b>	<b>YTD 07/1/13 to 2/28/14 Amount</b>
Child Support	\$93,397.19	\$1,265.92	\$94,663.11
CCU Debts	\$768,159.33	\$105,021.83	\$873,181.16

**Agent Resource**

	<b>07/01/2013</b>	<b>2/28/2014</b>
# OF AGENTS	4,422	4,462
# OF AGENT TERMINALS	5,170	5,181
# AGENT PLUS LOCATIONS	203	207

## II. BUDGET

- **FISCAL YEAR 2015**

The Fiscal Year 2015 Budget Hearings were held.

The Department of Legislative Services recommended cutting five of our new licensing positions that we requested. In addition they recommended increasing our turnover rate for the new positions. This would still allow for the creation of 24 new gaming positions. We disagreed with the recommendation stating that these positions are necessary to prevent a further backlog of license investigations. The Senate adopted the cuts but the House rejected the cuts. It will now go to Conference.

- **FISCAL YEAR 2014**

The final approved budget was as follows:

**Lottery Program:** \$ 55,948,446

**VLT Program:**

Special Funds \$ 13,462,265

General Funds \$ 86,476,648

Total Budget \$155,887,359

The attachment for year to date spending will be sent separately.

- **FISCAL YEAR 2013**

See the attachment for year to date spending.

## III. ACCOUNTING/FINANCE

We are beginning to prepare for closeout.

## IV. PROCUREMENT

- During February a total of 59 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.

- Veterans” Organization Instant Ticket Lottery Machines and Related Services (#2014-02): RFP to provide Instant Ticket Lottery Machines (“ITLM”), an ITLM central monitor and control system (“ITLM Central System”), and other related services for Veterans’ Organizations specified in the Lottery Law. The award of this 5 year contract in the amount of \$57 million to Diamond Game Enterprises, which was approved by the Commission at its January 23 meeting, was approved by the BPW at its February 19 meeting.
- On-Line Gaming System Contract (#2005-11) with Scientific Games International, Inc.: Modification in the amount of \$4,900,000 for the remaining 2 years 4 months of the Contract to provide additional technical enhancements - specifically the Contractor shall expand the Loyalty Rewards Program currently being provided for Instant Ticket Games to also include On-Line Games. This Modification, which was approved by the Commission at its February 27 meeting, was approved by the BPW at its March 5, 2014 meeting.
- Investigative Services for Video Lottery Terminal Licensing Contract (#2009-07S) with Manuel, Daniels, Burke International, LLC and Spectrum Gaming Group, LLC: Modification #1 will extend the term of each contract for one additional year and will increase the not to exceed amount by \$1,000,000.00. It is anticipated that this Modification will be presented to the Commission for review/approval at its March 27 meeting and, subject to Commission approval, then to the BPW for review/approval at its April 16, 2014 meeting. Attached is the signed contract for MDBI. We anticipate having the signed contract from Spectrum returned by Tuesday, March 25.
- MBE/SBR Activities:  
  
A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

## V. HUMAN RESOURCES - Recruitment Report

The following activities occurred regarding Personnel:

- Lottery Representative III- Posted. Closed March 12.
- Lottery Representative III-Veteran Service Organizations. Job Posting Closes on March 26.
- Lottery Representative I for the Eastern Shore. Job Posting Closes on March 25.
- Lottery Training Manager. Candidate selected. Starts April 2.
- VLT- Licensing Specialist (1contractual offer accepted, start date March 26). 4 permanent offers accepted with various start dates: March 19 – April 16.
- Office Secretary II – Closed. Offer made. Start date pending background check.

- Office Secretary I - Front Desk Receptionist. Pending background check and offer.
- Internal Auditor II- Travel and Ocean Downs Casino. Ocean Downs closed, 1<sup>st</sup> round interviews held on March 14. Travel position, Offer made and accepted, start date April 2.
- Director of Human Resources. Job Posting Closes April 17.
- Accountant Advanced-AFO Department. Job Posting Closes March 27
- Other recruitments in progress – Gaming Audit Manager, IT Staff Specialist-Gaming, Administrative Officer II-Creative Services, Contractual Part-Time Drawing Official, Contractual Publications Specialist I.

**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:

<b># of orders February 2014</b>	<b># of packs February 2014</b>	<b>YTD orders 7/1/13– 2/28/14</b>	<b>YTD packs 7/1/13 – 2/28/14</b>
13,097	124,256	106,057	971,402

**VII. FACILITIES**

- On-going monitoring of building service issues. A major initiative has been undertaken to clean out old records.

**VIII. CONTRACT MANAGEMENT**

- The list of employee suggestions for the upcoming On-Line RFP has been compiled and categorized by area. The review of these suggestions by the management team is scheduled to begin in March.

- The deployment of a new Extrema terminal release to support Keyless Validation of instant tickets is scheduled for March 31. This release will have no impact on the network at this time.
- The full training and deployment of the OnePlace sales force automation tool was completed during the week of March 10. Users are providing favorable feedback on the application which runs on the i-Pad. Training for those who were out of the office during the scheduled training period will be held on March 27.
- Testing of the new Racetrax bet enhancements has begun. SGI is doing Operations testing. The Lottery is scheduled to start full regression testing on March 20.
- The requirements gathering for the development of an RFP for Document Imaging continues. This process is expected to take several months.
- Full testing of the coupons that will be produced by the Bonus Crossword Instant Ticket application has been completed.
- A search has been started for a possible off the shelf software package that the MLGCA could use to replace the current paper time and attendance process.
- Contract Management is reviewing the processes in the Lottery for new retailer installations. There continues to be an issue with retailers not being ready when SGI arrives to do the installations at some retail locations. We are working on a process to assure that all requirements for installation are met before SGI dispatches the installation team. The delays in installation are impacting other work that SGI could be performing if they did not have to reschedule multiple installs.

## **IX. INFORMATION TECHNOLOGY**

- Instant Ticket Lottery Machine (ITLM) – System/process integration requirements were provided to Diamond Games for review. In the process of further refining user requirements, and planning for the implementation.
- Implemented (in production) a new Help Desk application to better support and track agency IT related issues.
- Working with Creative Services to migrate the Lottery's website to a new environment. Per the request of Creative Services, the website switch will occur on March 24 at 10:00 am.
- Investigating the removal of Locum from the mainframe, Locum is a third party software that manages user accounts. Transferring this process from third party software to the built in function of the mainframe will result in an annual savings of 8k per year.

- Procured a vendor to install the surveillance cameras in the new space. The install will also include a partial refresh of existing equipment.
- Solicitation for an access control vendor to install equipment in the new space is active and an award should be made the week of March 17. The schedule for the install is still to be determined. The plan is to schedule the access control and surveillance install at the same time.
- ICS software release installed. The updates were performed to support the new Keno Sprinkler promotions.