

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: May 14, 2014

SUBJECT: Report for the April 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 212 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 3/31/2014	YTD 07/1/13 to 3/31/2014	April 2014	April 2014	YTD 07/01/13 to 4/30/14	YTD 07/01/13 to 4/30/14
	Count	Amount	Count	Amount	Count	Amount
Baltimore	4,938	\$9,199,824.75	456	\$805,644.35	5,394	\$10,005,469.10
Lanham	1,296	\$5,941,276.23	136	\$575,177.90	1,432	\$6,516,454.13
Agent Plus	33,445	\$69,912,941.75	4,094	\$8,136,893.00	37,539	\$78,049,834.75

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 07/1/13 – 8,736 As of 4/30/2014– 9,567

	YTD March 2014 Count	April 2014 Count	YTD 07/1/13 to 4/30/14 Count
New Applications	1,071	116	1,187
Internet	511	48	559
Renewal	7,848	996	8,844

Mega Millions As of 07/01/12 24,937 As of 4/30/2014- 17,147

	YTD March 2014 Count	April 2014 Count	YTD 07/1/13 to 4/30/14 Count
New Applications	5,685	290	5,975
Internet	1,258	130	1,388
Renewal	5,085	1,482	6,567

	YTD March 2014 Amount	April 2014 Amount	YTD 07/1/13 to 4/30/14 Amount
Child Support	\$109,572.58	\$22,635.11	\$132,207.69
CCU Debts	\$951,541.60	\$104,353.74	\$1,055,895.34

Agent Resource

	07/01/2013	04/30/14
# OF AGENTS	4,422	4,462
# OF AGENT TERMINALS	5,170	5,183
# AGENT PLUS LOCATIONS	203	212

II. BUDGET

- **FISCAL YEAR 2015**

The Session has ended. Highlights of the FY 2015 budget are as follows:

- **Fiscal Year 2015 highlights:**

Additional 22 Gaming PINS as follows:

- Fifteen casino compliance officers to include supervisors.
- One auditor for Baltimore City
- Six licensing positions

Final budget amount will be provided once posted in FMIS (i.e., the state system).

- **FISCAL YEAR 2014**

The budget is as follows:

Lottery Program: \$ 57,053,446

VLT Program:

Special Funds \$ 13,462,265

General Funds \$ 86,569,148

Total Budget \$157,084,859

The year to date spending report will be sent separately.

III. ACCOUNTING/FINANCE

We are beginning to prepare for closeout.

We continue to define our business requirements for the ITLMS.

The January 2014 financial statements are included in your package. The February financial statements will be provided at the Commission meeting.

IV. PROCUREMENT

- During April a total of 68 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.

- 2014 Maryland State Fair - Sponsorship Agreement (#2014-10) with SponsorSource, Inc.: New sole source contract in the amount of \$50,500 for the term August 22, 2014 – September 1, 2014 for the Lottery's rental of space and other sponsorship amenities for the 2014 Maryland State Fair. This contract is very similar to the contracts done over the past several years for prior State Fair events. This Contract, which was previously approved by the Commission at its April 21 meeting, has been submitted to DBM for its review/approval.
- Licensing Contract (#2014-11) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$596,900 for the 2.5 year term May 31, 2014 – November 30, 2016 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. This Contract is similar to the Raven's Contracts done for the past four years. This contract will be submitted to the Commission for review/approval at its May 22 meeting and, subject to Commission approval, to DBM for inclusion on the May 28, 2014 BPW Agenda.
- Investigative Services for Video Lottery Terminal Licensing Contract (#2009-07) with Spectrum Gaming Group (Primary Contract) and MDB International (Secondary Contract) for the term 5/7/2009 – 5/6/2011 in the total amount of \$5million. Modification in the amount of \$1,000,000 to extend the Contract for the one year period 5/7/2014 – 5/6/2015 to assist with the additional investigations needed for the Prince George's County Facility, which was previously approved by the Commission at its March 27 meeting, was approved by the BPW at its 4/16/2014 meeting.
- Auditing and Accounting Services Contract (#2009-14) with Stout, Causey & Horning, P.A. for the term 7/1/2009 – 6/30/2012 in the total amount of \$484,500: Three 1-year renewal options were available on the original Contract. The first renewal option in the amount of \$169,500 for the term 7/1/2012 – 6/30/2013 and the second renewal option in the amount of \$182,500 for the term 7/1/2013 – 6/30/2014 have been previously exercised. It is anticipated that the third and final renewal option in the amount of \$174,500 for the term 7/1/2014 – 6/30/2015 will be submitted to the Commission for review/approval at its May 22 meeting and, subject to Commission approval, will then be submitted to DBM for its review/approval.
- MBE/SBR Activities:
 - I. Procurement/MBE staff attended/are scheduled to attend the following events:
 - 1) 5th Annual MBE University Conference to be held at the Reginald F. Lewis Museum, Baltimore on May 20, 2014, which is being sponsored by GOMA and will include conference, workshops and MBE networking events.
 - 2) Minority Outreach Fair sponsored by Maryland Live! Casino to be held on June 26, 2014.

II. 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:

- Administrative Officer I – AFO. Closed May 9.
- Fiscal Accounts Clerk Manager – CRC. Closed May 15.
- IT Technical Support Specialist – IT. Closed May 16.
- Lottery Security Specialist – Enforcement. Posted job announcement on May 13.
- Casino Compliance Officer. Interviews held on May 14.
- Administrative Aide – VLT. Interviews held May 14.
- Administrative Officer II – Marketing. Interviews pending.
- IT Staff Specialist. Interviews held May 13.
- Internal Auditor II - Travel and Ocean Downs Casino. Offers rejected; job to be reposted.
- Director of Human Resources. Offer pending.
- Lottery Representative III - Veteran Service Organizations. Interviews held; internal candidate selected.
- Lottery Representative III - Assistant Regional Manager. Offers pending
- Lottery Representative I for the Eastern Shore. Offer pending background check.
- Other recruitment activity in progress – Internal Auditor Program Supervisor, Program Manager Senior III Responsible Gaming, 2014 and 2015 PINS released and being finalized for recruitment.

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 2014	# of packs April 2014	YTD orders 7/1/13– 4/30/14	YTD packs 7/1/13 – 4/30/14
15,310	186,366	135,981	1,304,570

VII. FACILITIES

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

VIII. CONTRACT MANAGEMENT

- Contract Management continues to hold meetings with different groups in MLGCA to discuss the suggestion list for the On-Line RFP.
- Contract Management continues to support the deployment of OnePlace, the sales force automation application. Hudson Alley and Scientific Games continue to work on a couple of lingering issues. The format of several of the reports in OnePlace has been updated over the last several weeks based on feedback from the Sales Division. Weekly calls are held with Hudson Alley and Scientific Games to discuss the status of open issues and upcoming releases.
- The new release of Racetrax was deployed on Monday, April 21, 2014 without issue. We continue to monitor the performance of the changes in bet types. We have been working with Scientific Games to develop a timeframe for the release of the enhanced graphics for Racetrax. These changes are currently scheduled for release in July or August, 2014.
- The requirements gathering for the development of an RFP for Document Imaging continues. This process is expected to take several months.
- Contract Management has reviewed the new agent application process. Since this review started, the Agent Administration Division reports that the process seems to be moving much more smoothly and that there have been no complaints.
- The Software Requirements Specification documents for the implementation of My Lottery Rewards for terminal generated tickets are under review. This functionality is scheduled to be implemented in late June 2014.
- Contract Management has been working with Scientific Games and the Sales Division on the development of the Software Requirements Specification documents to support

Wawa as a corporate retailer. The target date for having this reporting functionality and terminal software changes to be fully deployed is September 1, 2014.

IX. INFORMATION TECHNOLOGY

- Instant Ticket Lottery Machine (ITLM) Project –
 - Tentative Schedule:
 - 5/19-6/13: Software Release/DGE QA
 - 6/17-7/22: MLGCA / GLI UAT
 - 7/02-8/05: GLI Product Certification
- ICS software releases 15.0 and 15.1 were installed. The releases included an update to the Racetrax bet types, changes to the e-mail notification process, and platform updates.
- Move to new space occurred between 5/8 – 5/12. Supported IT functions, and coordinated the telephone extension moves with the Maryland Department of the Environment IT department.
- IT Support Specialist II position was posted on 5/3. The position will support Business Analyst and Project Coordination functions for the department and agency as it relates to Technology.
- Noteworthy ongoing work – Replace all of the agency blackberrys with smart mobile devices, migrate all systems utilizing the MS exchange server to Gmail, upgrade/replace the agency's domain controller, and process refinement.