

# Maryland Lottery and Gaming Control Agency

Martin O'Malley, Governor • Stephen Martino, Director



Montgomery Park Business Center  
1800 Washington Blvd., Suite 330  
Baltimore, Maryland 21230

Tel: 410-230-8800  
TTY users call Maryland Relay  
www.mdlottery.com

TO: Maryland Lottery and Gaming Control Commission  
Stephen Martino, Director

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: April 14, 2014

SUBJECT: Report for the April 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 **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 2/28/2014	YTD 07/1/13 to 2/28/2014	March 2014	March 2014	YTD 07/01/13 to 3/31/14	YTD 07/01/13 to 3/31/14
	Count	Amount	Count	Amount	Count	Amount
Baltimore	4,534	\$8,323,361.75	404	\$876,463.00	4,938	\$9,199,824.75
Lanham	1,138	\$5,174,981.48	158	\$766,294.75	1,296	\$5,941,276.23
Agent Plus	29,284	\$61,320,384.00	4,161	\$8,592,557.75	33,445	\$69,912,941.75

**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 3/31/2014– 9,150

	<b>YTD February 2014 Count</b>	<b>March 2014 Count</b>	<b>YTD 07/1/13 to 3/31/14 Count</b>
New Applications	970	101	1,071
Internet	471	40	511
Renewal	7,242	606	7,848

**Mega Millions** As of 07/01/12 24,937 As of 3/31/2014 17,359

	<b>YTD February 2014 Count</b>	<b>March 2014 Count</b>	<b>YTD 07/1/13 to 3/31/14 Count</b>
New Applications	5,345	340	5,685
Internet	1,131	127	1,258
Renewal	4,294	791	5,085

	<b>YTD February 2014 Amount</b>	<b>March 2014 Amount</b>	<b>YTD 07/1/13 to 3/31/14 Amount</b>
Child Support	\$94,663.11	\$14,909.47	\$109,572.58
CCU Debts	\$873,181.16	\$78,360.44	\$951,541.60

**Agent Resource**

	<b>07/01/2013</b>	<b>3/31/2014</b>
# OF AGENTS	4,422	4,465
# OF AGENT TERMINALS	5,170	5,184
# 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 2014 deficiencies:**
  - \$485,000 in advertising for increased advertising fees and new sponsorships.
  - \$620,000 for instant tickets due to the contract change.
  - \$92,500 to support eight new Gaming positions, three casino compliance representatives, four licensing positions and one Assistant Director for Enforcement.
- **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 next month.

- **FISCAL YEAR 2014**

The budget is as follows:

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

**VLT Program:**

Special Funds \$ 13,462,265

General Funds \$ 86,476,648

Total Budget \$155,887,359

Amounts will be updated next month to include the deficiencies noted above.

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.

#### IV. PROCUREMENT

- During March a total of 66 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. It is anticipated that this Contract will be submitted to the Commission for review/approval at its April 21 meeting and then, subject to Commission approval, 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, 2013 – November 30, 2015 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. It is anticipated that 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, 2013 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. These contracts are presently in the third and final renewal option period which expires 5/6/2014. The addition of a sixth VLT Facility in Prince George's County was not anticipated at the time that the Commission entered into this Contract. Although the Commission has developed a significant in-house capability to conduct investigations, the Contractor's services may now be required beyond the expiration date of the third and final Renewal Option to assist with the additional investigations needed for the Prince George's County Facility. Dependent upon the actual volume and timing of the investigations that are required, the Commission will determine whether to conduct the investigations in-house or assign some of them to the Contractor. This Modification was previously approved by the Commission at its March 27 meeting and has been submitted to DBM to appear on the 4/16/2014 BPW Agenda for review/approval.
- MBE/SBR Activities:

I. Procurement/MBE staff attended/are scheduled to attend the following events:

- 1) MBE University Conference to be held in Baltimore City at the Reginald F.

Lewis Museum on May 20, 2014, which will include conference, workshops and MBE networking events.

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:

- Lottery Representative III- Corporate Accounts Representative recruitment completed. Candidate starts April 23.
- Lottery Representative III - Veteran Service Organizations. Interviews scheduled for April 11.
- Lottery Representative III - Assistant Regional Manager posted, closes April 21.
- Lottery Representative I for the Eastern Shore. Applications being certified.
- Casino Compliance Officer Recruitment posted for Maryland Live. Closes April 16.
- VLT- Licensing Specialist - Recruitment closed. (One Candidate starts April 16.)
- Office Secretary II – Recruitment Closed Candidate started April 2.
- Office Secretary I - Recruitment Closed Candidate started April 2.
- Internal Auditor II - Travel and Ocean Downs Casino- Recruitment Closed Candidate started April 2.
- Administrative Officer II, Marketing - Closes April 15.
- Director of Human Resources - Job Posting Closes April 17. Interviews were held.
- Accountant Advanced - AFO Department. Job Posting Closed – Internal Candidate Selected.
- Other recruitments in progress – Gaming Audit Manager, IT Staff Specialist-Gaming, Contractual Part-Time Drawing Official, Contractual Publications Specialist I, IT Staff Specialist-IT, Administrative Aide-VLT, Casino Compliance Officers-Statewide.

## 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 March 2014</b>	<b># of packs March 2014</b>	<b>YTD orders 7/1/13– 3/31/14</b>	<b>YTD packs 7/1/13 – 3/31/14</b>
14,609	144,481	120,666	1,115,883

## **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 update the suggestions for the upcoming Lottery Central System RFP as ideas are submitted by MLGCA employees.
- The new Extrema terminal release to support Keyless Validation of instant tickets was deployed to the retailer network on Thursday, April 3, 2014 without issue.
- Full deployment of OnePlace, the new sales force automation tool was completed during the week of March 10, 2014. Suggestions for upcoming releases are being collected from the sales team. These suggestions will be submitted to the vendor, Hudson Alley for review.
- User Acceptance testing of the new Racetrax bet enhancements has begun. No significant issues have been found. Testing will continue until full deployment of the changes which is currently scheduled for Monday, April 21, 2014.
- The requirements gathering for the development of an RFP for Document Imaging continues. This process is expected to take several months.
- Options for an off the shelf software package that the MLGCA could use to replace the current paper Time and Attendance process are being reviewed.
- 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 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) – The process of defining business requirements is almost complete. We will begin preparing for user acceptance testing which will be performed on an ITLM system located in the Lottery’s testing lab.
- The surveillance cameras in the new office space are in place, and the surveillance system refresh for the remaining office will be completed by 4/18.
- The access control install in the new office space, and refresh of the existing system should be completed by 4/18.
- The low voltage wiring for central system connectivity to the VLTs at Caesars will start on 4/14.