

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: November 12, 2013

SUBJECT: Report for the November 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 **204** 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 9/30/2013	YTD 07/1/13 to 9/30/13	Oct. 2013	Oct. 2013	YTD 07/01/13 to 10/31/13	YTD 07/01/13 to 10/31/13
	Count	Amount	Count	Amount	Count	Amount
Baltimore	1,817	\$2,857,915.00	592	\$882,077.00	2,409	\$3,739,992.00
Lanham	476	\$2,211,019.73	135	\$608,025.25	611	\$2,819,044.98
Agent Plus	11,458	\$24,751,695.25	3,760	\$7,648,016.50	15,218	\$32,399,711.75

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 10/31/2013 – 9,368

	YTD September 2013 Count	October 2013 Count	YTD 07/1/13 to 10/31/13 Count
New Applications	284	97	381
Internet	124	65	189
Renewal	2,429	1,110	3,539

Mega Millions As of 07/01/12 24,937 As of 10/31/2013 15,630

	YTD Sept. 2013 Count	October 2013 Count	YTD 07/1/13 to 10/31/13 Count
New Applications	0	2,391	2,391
Internet	0	121	121
Renewal	0	2	2

	YTD September 2013 Amount	October 2013 Amount	YTD 07/1/13 to 10/31/13 Amount
Child Support	\$66,590.23	\$3,539.58	\$70,129.81
CCU Debts	\$313,850.01	\$95,210.54	\$409,060.55

The first week of October 2013, Mega Million with the matrix changes began coming in.

Agent Resource

	07/01/2013	10/31/13
# OF AGENTS	4,422	4,471
# OF AGENT TERMINALS	5,170	5,191
# AGENT PLUS LOCATIONS	203	204

II. BUDGET

- **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

See the attachment for year to date spending.

- **FISCAL YEAR 2013**

We will begin work on the liquidation of encumbrances and accruals.

III. ACCOUNTING/FINANCE

The auditors are currently auditing July and August 2013. These Financial Statements will be included in your December report.

IV. PROCUREMENT

- During October a total of 76 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 RFP was issued on August 28, 2013; a Pre-Proposal Conference was held on September 12, 2013 which was attended by 15 individuals representing 13 organizations. Proposals were originally due on October 9, 2013 and had previously been extended to October 30, 2013, but due to the large volume of questions received from potential offerors the due date has now been extended to November 13, 2013.
- Consulting Services Related to a VLT Facility Operation License in Prince George’s County (#2014-06): RFP to provide consulting services to assist the Video Lottery Facility Location Commission with its evaluation of Proposals for the Prince George’s County VLT Operation License. This Emergency RFP, which was approved by the Commission at its September 19 meeting, was issued on September 24, 2013 and Proposals from four offerors were received by the due date of October 3, 2013. Civic Economics was ranked technically #1 and presented the best overall price. Therefore, Civic Economics was determined to be the responsible offeror offering the most advantageous offer to the State considering price and the evaluation factors set forth in the RFP and was awarded the Contract. A report of the Emergency procurement must be submitted to the BPW and is anticipated to appear on its December 18, 2013 Agenda.
- Regulations: Status of Regulations approved by the Commission at its meeting on:

1) December 13, 2012:

36.06 Electronic Gaming Devices: All new Regulations submitted to AELR as permanent regulations on January 10, 2013; published in Register on February 22; and now eligible for submission for Final Action but is on indefinite hold due to issues raised in public comments. (verified 7/23/2013)

2) April 26, 2013:

36.07 Instant Bingo Machines in Anne Arundel and Calvert Counties: All new regulations (Revised 36.07.01 - .07) submitted to AELR as both Emergency and Permanent regulations on July 17.

Permanent regulations: After required minimum 15 day approval period by AELR, submitted to DSD on August 2, 2013 for publication in Register; and published October 4, 2013. After expiration of 45 day review period, it is anticipated that regulations will be submitted for Final Action on November 18. Regulations become effective 10 days after publication of Final Action in Register.

Emergency regulations Published in Register on October 4, 2013, with effective date of August 26, 2013 and expiration date of January 25, 2014.

36.03.02.12 - .14 Gaming Provisions/Investigation and Licensing: Amendments to these regulations submitted to AELR as Permanent regulations on August 23. After the required minimum 15 day approval period by AELR, submitted to DSD on September 9 for publication in Register; and published October 4, 2013. After expiration of 45 day review period, it is anticipated that regulations will be submitted for Final Action on November 18. Regulations become effective 10 days after publication of Final Action in Register.

3) May 23, 2013: 36.03.01.02 Definitions; 36.03.10.36 Promotional Play; and 36.03.10.49 Acceptance of Tips and Gratuities: Amendments to these regulations submitted to AELR as Permanent regulations on August 23. After the required minimum 15 day approval period by AELR, submitted to DSD on September 9 for publication in Register; and published October 4, 2013. After expiration of 45 day review period, it is anticipated that regulations will be submitted for Final Action on November 18. Regulations become effective 10 days after publication of Final Action in Register.

4) June 27, 2013: 36.05.03.15 Table Game Procedures/Taxes; 36.05.09.12 Four Card Poker/Payout Odds; and 36.05.11.12 Mississippi Stud/Payout Odds: Amendments to these regulations submitted to AELR as both Emergency and Permanent regulations on July 24. Permanent regulations published in Register on September 6; after expiration of 45 day public comment period regulations were submitted for Final Action on October 22. Final Action published November 1 with effective date of November 11, 2013.

Emergency regulations Published in Register on September 20, 2013, with effective date of August 26, 2013 and expiration date of December 27, 2013.

5) August 22, 2013: 36.01.03 Voluntary Exclusion (General); 36.03.06 Voluntary Exclusion (Casino): Amendments submitted to AELR as Permanent regulations on October 2. After required minimum 15 day approval period by AELR, permanent regulations were submitted on October 18 to DSD for publication in Register anticipated in early November.

36.03.10.29 Deposit of Counter Checks; 36.05.04 Table Games Rules-Blackjack; 36.05.05 Table Game Rules-Craps: Amendments submitted to AELR as both Emergency and Permanent regulations on October 2. After required minimum 15 day approval period by AELR, permanent regulations were submitted on October 18 to DSD for publication in Register anticipated in early November.

6) September 19, 2013: 36.02.05.01 Lottery - On-Line Games - Consumer Game Information; 36.05.01.02 Table Games - General - Definitions; 36.05.02.01 Table Games Equipment - Definitions; 36.05.02.20 Table Games Equipment - Dealer Controlled Electronic Table Games - Requirements; 36.05.02.21 Table Games Equipment - Dealer Controlled Electronic Table Game System - Procedures: Pending submission to AELR as both permanent and emergency regulations.

- VLT Program:

RFP for "Video Lottery Operation License in Prince George's County #2013-0101": RFP (#2013-0101): The Location Commission conducted site visits and public hearings in Prince George's County for the three Applicants during October:

October 21; Prince George's Racing Ventures, LLC at the Rosecroft Raceway site

October 23; Maryland Casino, LLC (Parx Casino Hotel/Spa) at Kaydot Road, Ft. Washington site

October 25; MGM National Harbor, LLC at National Harbor site

The proposals received from the three Applicants continue to be under review by the Commission as well as Commission staff and Consultants.

- MBE/SBR Activities:

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

1) MBE Liason Officers meeting sponsored by GOMA held at the Department of Housing and Community Development on October 21;

2) 2013 Prince George's County Business Conference & Expo being held November 14;

3) 22nd Annual Baltimore-Washington Regional Government Procurement Fair being held November 30; and

4) MBE University event at the Reginald F. Lewis Museum being held December 10.

II. A summary of the Lottery's MBE participation including both Lottery and VLT operations will be provided to the Commission at its meeting on November 20.

V. HUMAN RESOURCES - Recruitment Report

The following activities occurred regarding Personnel:

- Contractual Lottery Representative I- Closes November 15
- IT Technical Support Specialist II- Internal Posting Only. Closed November 7
- Office Secretary II - Closed October 9. Reviewing applications
- Office Secretary I - Front Desk Receptionist. Closed October 14. Reviewing applications
- Fiscal Account Clerk II. Closed October 15. 6 candidates selected for interviews. Scheduled for November 12
- Contractual - PT Lottery Drawing Official. Closed October 15. Reviewing applications

- Contractual - Publications Spec I (Video Editor-Graphic Designer). Closed October 16. 11 candidates selected for interviews. Scheduled for November 5
- Accountant Advance Specialized - 2 positions. 10 candidates selected for interviews. Scheduled for November 4th and 7th respectively.
- Casino Compliance Officers 2 positions (Hollywood-Perryville and MD Live Locations). 3 candidates selected (2 for Perryville- 1 for MD Live). Candidates will start in November and December 2013.

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 October 2013	# of packs October 2013	YTD orders 7/1/13- 10/31/13	YTD packs 7/1/13 - 10/31/13
14,106	124,867	55,305	472,016

VII. FACILITIES

- On October 30, 2013, Fleet Management distributed to drivers who commute in State vehicles the information for the IRS Vehicle Fringe Benefit Reporting, which covers the period November 1, 2012 through October 31, 2013. The reporting forms are due back to DBM-Fleet Administration Unit by November 20, 2013.
- Inventory reports have been completed by all departments and returned to Facilities Operations to update the inventory system. Final report is being generated to be sent to DGS ISSSD.
- Meeting with MCE to discuss modular furniture for expansion area.
- New copiers installed throughout agency by UBT.
- Working with Ricoh for a time line to pick-up old copiers.
- Designated area in the warehouse to store excess slot machine parts.
- Facilities Operations continues to work on the removal of surplus property as well as replacement of broken chairs and phones throughout the agency.

- Facilities Operations working on creating Standard Operating Procedures for department.

VIII. CONTRACT MANAGEMENT

- Contract Management is conducting a series of meetings with all departments who touch or are impacted by the traditional lottery. Everyone in each department is being asked to develop a list of what they would like to see in the next Lottery On-Line RFP to help make their jobs more efficient, easier or more accurate. These requests will be compiled and become the basis for developing the technical specifications section of the upcoming RFP.
- Deployment of SGI software changes needed to support the October 19, 2013 Mega Millions changes were deployed without incident. SGI and the Lottery are also testing a new release of software for the self service PATs that addresses some of the ongoing issues we have experienced with Instant Tickets.
- The Software Requirements Specification document of the upcoming Power Ball changes has been completed. These changes to PowerBall will go into effect in January 2014. Lottery testing of the new software to support the PowerBall changes is scheduled to begin on December 16, 2013.
- The deployment of the OrderPad OnePlace software and i-Pads has been delayed several weeks due to a few data migration input issues. Customer Acceptance Testing is currently scheduled to start on November 15, 2014, with the pilot following in late several weeks later. Full deployment is scheduled before the end of December, 2013.
- The Lottery and SGI continue to adjust the software release schedule. The current plan calls for a small software release between the Mega Millions release and the Powerball release with a large release on the schedule for the beginning of May, 2014. The current plan is to implement the software to support keyless validation of instant tickets into this small software release that will be available for deployment shortly after the PowerBall changes go live.

IX. INFORMATION TECHNOLOGY

- Working with MUSL to plan for a change in the way the MLGCA reports Mega Millions sales data. The change involves using the MUSL DRS systems to input sales data in place of faxing; the change cannot be made without SGI participation/coordination.
- The daylight saving time change occurred on the agency's computer systems without issue

- The new Canon photocopiers were installed and configured on the network the week of 11/28. The fax functionality still has to be configured.
- Overhead projectors and speakers have been installed in the Studio to better support meetings and presentations.
- The IT division is involved in the construction of the new office space. We are planning for the installation of the IT infrastructure and equipment. The MLGCA has to procure a contractor for the install of the low voltage and voice data lines; requirements have been defined.
- Investigating the feasibility and cost to upgrade the agency's telephone system to Voice over Internet Protocol (VoIP). This is being considered due to the expansion of the office space.
- Internal review of all system backup policies and documentation is in progress. This is an ongoing process which is planned to occur over the next several months.
- Working with DoIT to provide agency staff and commissioners Cyber security training. The training is computer based and consists of at least 12 monthly training modules which take about 10 minutes to complete. The training is scheduled to start on 11/27.