

# 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: January 21, 2016

SUBJECT: Report for the January 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 **301** 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 11/30/2015	YTD 07/1/15 to 11/30/2015	December 2015	December 2015	YTD 07/01/15 to 12/31/15	YTD 07/01/15 to 12/31/15
	Count	Amount	Count	Amount	Count	Amount
Baltimore	2,415	\$4,168,217.25	451	\$636,352.85	2,866	\$4,804,570.10
Lanham	575	\$2,888,819.10	118	\$473,842.10	693	\$3,362,661.20
XCAP	19,011	\$37,206,170.60	3,384	\$6,197,894.60	22,395	\$43,404,065.20

**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 12/28/2015 – 7,024

	<b>YTD November 2015 Count</b>	<b>December 2015 Count</b>	<b>YTD 07/1/15 to 12/31/15 Count</b>
New Applications	345	205	550
Internet	225	117	342
Renewal	3,699	717	4,416

**Mega Millions** As of 07/03/15- 16,438 As of 12/25/2015 – 15,743

	<b>YTD November 2015 Count</b>	<b>December 2015 Count</b>	<b>YTD 07/1/15 to 12/31/15 Count</b>
New Applications	895	497	1,392
Internet	485	245	730
Renewal	5,103	1,396	6,499

	<b>YTD November 2015 Amount</b>	<b>December 2015 Amount</b>	<b>YTD 07/1/15 to 12/31/15 Amount</b>
Child Support	\$70,624.02	\$12,847.28	\$83,471.30
CCU Debts	\$351,793.99	\$75,745.20	\$427,539.19

## **II. BUDGET**

- **FISCAL YEAR 2016**

See attached spending report.

- **Fiscal Year 2016 Budget**

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

- **FISCAL YEAR 2017**

Legislative Budget hearings have been scheduled for February 11<sup>th</sup> at 1:00 pm in the Senate and February 18<sup>th</sup> at 1:00 pm in the House.

## **III. ACCOUNTING/FINANCE**

- The fiscal year 2015 CAFR is included in your package.
- The November financial statements will be distributed at the January meeting.

## **IV. PROCUREMENT**

- During December a total of 48 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. This RFP was issued on December 10, 2015. A Pre-Proposal Conference was held on January 7, 2016 which was attended by 25 individuals representing 13 different business entities that signed in. The MLGCA is now in the process of responding to numerous questions that have been submitted by potential offerors. Proposals are due on March 3, 2016.
- Instant Ticket Vending Machines ("ITVMs") and Related Services Contract (#2008-26) with GTECH Corporation:

Contract to provide, distribute, install, maintain and relocate up to 1,000 new ITVMs to be located at Retailer locations throughout the State. The original Contract included five 1-year Renewal Options for maintenance and repair services. Renewal Options #1 and 2 were previously exercised with expiration February 28, 2016. The MLGCA desires to exercise the 1-year Renewal Option #3 with the term 3/1/2016 – 2/28/2017 in the amount of \$1,590,000 to provide for the continuing maintenance and repair of the ITVMs currently in operation at Retailer locations. It is anticipated that this renewal will be presented to the Commission at its January, 2016 meeting and, subject to Commission approval, submitted to DBM for inclusion on the February 10, 2016 BPW Agenda.

- MBE/SBR Activities:

I. Procurement/MBE staff attended the following events:

- 1) Minority Business Outreach Event held at Maryland Live Casino on December 2, 2015
- 2) MBE Liaison Quarterly Training sponsored by GOMA held on December 4, 2015

II. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

## V. HUMAN RESOURCES

### **Human Resources and Staff Development:**

- HR has continued its efforts to get all employees trained and acclimated to the State Personnel Workday System. The time keeping and leave approval process will be integrated into Workday on March 16, 2016. HR will be disseminating online tutorials as well as on-site training to assist employees and managers with the learning process.

### **Upcoming initiatives:**

- HR has enhanced our Agency's new employee orientation and onboarding process to allow for a more efficient and effective process using available technology.
- HR is continuing its efforts in assisting managers with evaluating their personnel and making any needed modifications to existing position duties to increase productivity and efficiency.

## VI. INFORMATION TECHNOLOGY

- Successfully replaced Lottery's uninterruptable power supply (UPS) and power distribution unit (PDU) located in the data center.

- Data circuit between Lottery HQ and the backup data center has been upgraded to better support real-time data replication between server clusters.
- Schedule change for the operations staff has been implemented to support the Cash4Life draw process. Other changes related to Cash4Life are scheduled to be implemented the week of January 25, 2016; i.e. internal control and interactive voice recognition systems.
- Met with MGM to discuss IT requirements for fingerprinting systems and connectivity to Lottery HQ.
- Completed 1099 processing and delivered printed 1099s to Support Services for delivery.