

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: October 15, 2015

SUBJECT: Report for the October 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 **300** 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 08/31/2015	YTD 07/1/15 to 08/31/2015	September 2015	September 2015	YTD 07/01/15 to 09/30/15	YTD 07/01/15 to 09/30/15
	Count	Amount	Count	Amount	Count	Amount
Baltimore	987	\$1,847,460.45	569	\$1,010,710.30	1,556	\$2,858,170.75
Lanham	278	\$1,379,627.10	125	\$700,190.70	403	\$2,079,817.80
XCAP	7,321	\$14,781,663.45	3,942	\$8,118,817.10	11,263	\$22,900,480.55

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 09/28/2015 – 7,261

	YTD August 2015 Count	September 2015 Count	YTD 07/1/15 to 9/30/15 Count
New Applications	137	64	201
Internet	93	23	116
Renewal	1,762	424	2,186

Mega Millions As of 07/03/15- 16,438 As of 09/25/2015 – 15,087

	YTD August 2015 Count	September 2015 Count	YTD 07/1/15 to 9/30/15 Count
New Applications	385	169	554
Internet	181	69	250
Renewal	1,755	502	2,257

	YTD August 2015 Amount	September 2015 Amount	YTD 07/1/15 to 09/30/15 Amount
Child Support	\$18,309.43	\$18,817.78	\$37,127.21
CCU Debts	\$168,722.68	\$71,238.80	\$239,961.48

Agent Administration

	07/01/2015	9/30/2015
# OF AGENTS	4,536	4,564
# OF AGENT TERMINALS	5,262	5,293
# XCAP RETAILERS	275	300

II. BUDGET

- **FISCAL YEAR 2016**

- **Fiscal Year 2016 Budget**

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

- **FISCAL YEAR 2017**

Submitted the Fiscal Year 2017 Budget to DBM.

III. ACCOUNTING/FINANCE

Completed the April, May and June financial statements and are currently working on finalizing the July and August financial statements. GAAP statements have been completed.

IV. PROCUREMENT

- During September a total of 47 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.
- On-Line Gaming System Contract (#2005-11) with Scientific Games International, Inc.: Modification in the amount of \$25m to extend the Contract term for an additional period of twelve months until June 25, 2017 in order to facilitate the

conversion and transition process to a follow-on System contractor. This Modification was approved by the BPW at its October 7, 2015 meeting.

- MBE/SBR Activities:
 - Procurement/MBE staff attended/are scheduled to attend the following events:
 - 2015 Supplier Diversity & Inclusion/Minority Enterprise Development Week City of Baltimore Procurement Fair to be held October 29, 2015 at the Baltimore Hilton hotel.
 - A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. **HUMAN RESOURCES**

Total Rewards:

- HR staff members will be working with the Employee Benefits Division to assist all Agency employees during the open enrollment period for Health Benefits. HR is continuing to also assist agency members with the Wellness Program requirements.

Employee Relations:

- HR has continued its efforts working with management and employees through the Labor Management Committee to coordinate efforts to enhance the work environment within the Agency.

Upcoming Training Initiatives:

- HR is currently preparing the Agency's yearly supervisory and staff in service training agenda to be conducted during November. This training will cover topics to include the performance evaluation process, conflict resolution, employee relation matters, collective bargaining agreements, and fundamentals supervising employees.

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	# of packs	YTD orders	YTD packs
September 2015	September 2015	7/1/15 – 9/30/15	7/1/15 – 9/30/15
14,421	153,569	42,960	452,322

VII. FACILITIES

- On-going monitoring of building service issues.

VIII. CONTRACT MANAGEMENT

- Lottery personnel continue to review and refine the On-Line RFP.
- The Powerball matrix change went live on October 4, 2015 with no issues.
- Discussions are underway as to what functionality will be added to Phase 2 of the My Lottery Rewards App.
- SGI continues to work with Tabcorp to make additional modifications to the Racetrax graphics to make them easier to see on the screen.
- MLGCA continues to work with Michigan, Ohio, Georgia lotteries and the Multi-State Lottery Association (MUSL) on the development of a multi-state progressive add on to the Keno game. The contract was returned by the vendor and has been reviewed by the lotteries and MUSL.
- MS Technologies continues to work on e-Licensing Systems. Work Phase 2, renewals for Gaming and Non-Gaming licenses near completion. Alerts and some minor changes are being reviewed at this time. The requirements gathering session for Phase 3 was held on September 22, 2015.
- SGI has begun software development for Cash4Life. The SGI Maryland team will begin testing during the week of November 2, 2015. The Lottery will begin testing at the end of November.
- Version 7 of the Sales Force Automation tool OnePlace is currently being tested by the Lottery and is scheduled to be installed on October 30, 2015. This new version will provide the Sales team with Project Management, Forms and the ability to enter and track prospective retailers.

- Testing of IGT as an instant ticket provider will begin the week of October 12, 2015. Once the testing is successfully completed, the Lottery will then be able to use IGT as one of our instant ticket vendors.

IX. INFORMATION TECHNOLOGY

- Issued several procurements for IVR maintenance, memory, new backup and replication software, and for the replacement of the UPS/PDU within the data center.
- Evaluating visitor management software to better track and report on visitors accessing the Agency's office space.
- Met with MD Live IT staff to discuss the rollout of VDI, and their responsibilities associated with the change. There were no immediate concerns, and we will move forward with the project. We anticipate having VDI in place for the Lottery staff at MD Live early next year. The plan is to have all Lottery staff located within the casinos using VDI by June of 2016.
- Working with security to expand our video surveillance system by adding additional cameras throughout the office space as well as to the Scientific Games data centers.
- Continue to work with Network Maryland on various changes; upgrade circuit to our backup data center in Lanham, and the installation of a switch to eliminate the need for fiber convertors which will reduce potential points of failure within our network.