

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: June 11, 2015

SUBJECT: Report for the June 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 267 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 07/1/14 to 04/30/2015	YTD 07/1/14 to 04/30/2015	May 2015	May 2015	YTD 07/01/14 to 05/31/15	YTD 07/01/14 to 05/31/15
	Count	Amount	Count	Amount	Count	Amount
Baltimore	4,582	\$7,515,380.68	422	\$776,042.20	5,004	\$8,291,422.88
Lanham	1,325	\$5,784,759.20	113	\$548,684.20	1,438	\$6,333,443.40
XCAP	34,978	\$73,706,111.70	4,001	\$8,075,757.70	38,979	\$81,781,869.40

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 07/1/14 – 8,316 As of 05/25/2015 – 7,458

	YTD April 2015 Count	May 2015 Count	YTD 07/1/14 to 5/31/15 Count
New Applications	994	52	1,046
Internet	1,270	45	1,315
Renewal	8,188	561	8,749

Mega Millions As of 07/04/14- 17,649 As of 05/29/2015 – 16,262

	YTD April 2015 Count	May 2015 Count	YTD 07/1/14 to 05/31/15 Count
New Applications	2,661	135	2,796
Internet	2,532	100	2,632
Renewal	11,745	1,408	13,153

	YTD April 2015 Amount	May 2015 Amount	YTD 07/1/14 to 05/31/15 Amount
Child Support	\$195,599.53	\$17,803.23	\$213,402.76
CCU Debts	\$886,954.19	\$73,403.43	\$960,357.62

Agent Administration

	07/01/2014	5/31/2015
# OF AGENTS	4,492	4,540
# OF AGENT TERMINALS	5,225	5,266
# XCAP RETAILERS	231	267

II. BUDGET

- **FISCAL YEAR 2015**

- **Fiscal Year 2015 Budget:**

- Lottery - \$59,246,313
- VLT General Fund - \$71,380,551
- VLT Special Fund - \$14,403,175

- **FISCAL YEAR 2014**

Continuing to monitor encumbrances so that they can be liquidated back to the proper fiscal year.

III. ACCOUNTING/FINANCE

The March financial statements will be given out at the June 18, 2015 meeting.

IV. PROCUREMENT

- During May a total of 52 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.
- Auditing and Accounting Services (#2015-04): RFP for a new replacement Auditing and Accounting Services contract was issued on April 6, 2015, a Pre-Proposal Conference was held on April 16, 2015 which was attended by 11 individuals representing 9 firms. The original proposal due date was May 1, 2015 but was changed to May 5 due to the problems in Baltimore. On May 5 proposals were received and are now in the evaluation process; oral presentations by the Offerors were held on June 5, 2015.

- Central Monitor and Control System for a Video Lottery Terminal Program (#2009-11) with GTECH Corporation: The exercise of the single 5-year Renewal Option on the contract with the term 9/27/2015 – 9/26/2020 in the amount of \$17,400,000 and the Modification to the contract in the amount of \$2,761,786 for the term 4/30/2015 – 9/26/2020 to add the services and equipment necessary to start-up and operate a sixth VLT Facility in Prince George’s County was originally scheduled to appear on the April 29, 2015 BPW Agenda but was moved to the May 13, 2015 BPW meeting due to the problems in Baltimore and the BPW approved on May 13, 2015.
- Licensing Contract (#2015-09) with the Baltimore Ravens Limited Partnership: New sole source contract in the NTE amount of \$347,160 for the 2.5 year term May 8, 2015 – November 30, 2017 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 was originally scheduled to appear on the April 29, 2015 BPW Agenda but was moved to the May 13, 2015 BPW meeting due to the problems in Baltimore and the BPW approved on May 13, 2015.
- MBE/SBR Activities:
 - I. Procurement/MBE staff attended/are scheduled to attend the following events:
 - 1) 12th Annual 2015 Spring Breakfast Meeting/Business Showcase Expo sponsored by the Maryland Washington Minority Companies Association held on May 8, 2015 at Martins West.
 - II. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. HUMAN RESOURCES

Human Resources Development:

- HR will be conducting supervisory coaching and training to assist managers with conducting semi-annual performance evaluations for their employees.

Workforce Planning:

- Additional training is being provided to agency Hiring Managers / Subject Matter Experts on the recruitment process for skilled and professional service positions. This training will assist with attracting, identifying, and hiring the best suitable candidates for open positions.

Upcoming initiatives:

- The agency will be employing 12 temporary employees through the Baltimore City's Summer Youthworks program. These employees will be working in various departments throughout the agency where they will receive training and mentoring by our employees to help prepare them for future employment opportunities. The program will run from June 29, 2015 through July 31, 2015.
- HR is continuing its efforts along with the Employee Benefits Division regarding the new state employees Wellness Program to ensure employees comply with taking required actions before the September 30, 2015 deadline.

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 May 2015	# of packs May 2015	YTD orders 7/1/14- 5/31/15	YTD packs 7/1/14 -5/31/15
13,063	141,128	139,443	1,595,692

VII. FACILITIES

- On-going monitoring of building service issues.

VIII. CONTRACT MANAGEMENT

- The State Department of Information Technology recommended changes have been incorporated into the Lottery Central Monitoring System RFP. The latest version of the RFP is under review by MLGCA personnel.

- A matrix change to Powerball has been approved. The go live date for this change is Sunday, October 4, 2015. The playslip redesign is under review. SGI has completed the draft Software Requirements Document which is undergoing internal SGI review.
- Development of the My Lottery Rewards App is underway. Testing is scheduled to be completed by July, 10, 2015. MLGCA working on the rollout plan and training requirements for the App.
- Scientific Games continues to work with Tabcorp to work on the graphics enhancements for Racetrax. Sample graphics are running in the SGI test environment. A few minor changes are being worked on with an anticipated rollout in June.
- 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 is back in the vendor's hands for review.
- The rollout of 10 PCTs to Royal Farms continues. To date three PCTs have been deployed.
- The vendor responses to the Task Order RFP for the e-Licensing system and Dunning systems are under review. Oral presentations have been completed. It is anticipated that an award will be made prior to June 30th.

INFORMATION TECHNOLOGY

- DoIT approved the voicemail PORFP award; planning for the install is in progress.
- The award recommendation for the procurement of enterprise hardware (hyperconverged system) was sent to DoIT for review and approval.
- DoIT will implement two-factor authentication (SecureAuth) on Wednesday, June 17th. All users will be required to use SecureAuth to access their State e-mail as of this date.
- Investigating ways to upgrade our network connection between Lottery headquarters and the Lanham claim center, as well as reducing costs for network connectivity between headquarters and the casinos.
- The MS Dynamics SL (Agency general ledger application) upgrade is on schedule to be completed the week of 6/15.