

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, 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
Gordon Medenica, Director

FROM: Gina M. Smith, Deputy Director/CFO

DIVISION: Administration, Finance and Operations

DATE: September 17, 2015

SUBJECT: Report for the September 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 283 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 07/31/2015	YTD 07/1/15 to 07/31/2015	August 2015	August 2015 Amount	YTD 07/01/15 to 08/31/15	YTD 07/01/15 to 08/31/15
	Count	Amount	Count		Count	Amount
Baltimore	496	\$998,674.15	491	\$848,786.30	987	\$1,847,460.45
Lanham	167	\$830,932.80	111	\$548,694.30	278	\$1,379,627.10
XCAP	3,958	\$8,205,011.10	3,363	\$6,576,652.35	7,321	\$14,781,663.45

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 08/31/2015 – 7,420

	YTD July 2015 Count	August 2015 Count	YTD 07/1/15 to 8/31/15 Count
New Applications	69	68	137
Internet	32	61	93
Renewal	1,194	568	1,762

Mega Millions As of 07/03/15- 16,438 As of 08/31/2015 – 15,682

	YTD July 2015 Count	August 2015 Count	YTD 07/1/15 to 8/31/15 Count
New Applications	211	174	385
Internet	80	101	181
Renewal	1,054	701	1,755

	YTD July 2015 Amount	August 2015 Amount	YTD 07/1/15 to 08/31/15 Amount
Child Support	\$8,547.35	\$9,762.08	\$18,309.43
CCU Debts	\$98,891.87	\$69,830.81	\$168,722.68

Agent Administration

	07/01/2015	8/31/2015
# OF AGENTS	4,536	4,557
# OF AGENT TERMINALS	5,262	5,287
# XCAP RETAILERS	275	283

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 2016**

Working on the Fiscal Year 2017 Budget which is due to DBM by September 25, 2015.

III. ACCOUNTING/FINANCE

Working on completing the April, May and June financial statements and converting to GAAP. GAAP statements are due October 1, 2015. We have completed the closing on the state side.

IV. PROCUREMENT

- During August 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.
- Foreign Language Interpretation Services (#2016-01): Task Order from the DBM Statewide Master Contract for Telephonic Foreign Language Interpretation Services

on a 24/7/365 per year basis for the term of 2 years in the amount of \$10,000. For use by the VLT Division for Compliance Officers at the casinos and the Responsible Gaming Program Director/VEP Program.

- 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 Contract presently expires on June 26, 2016. Preparation of an RFP and planning for a competitive sealed proposals procurement process for a new replacement contract was begun in the 2nd quarter of 2014. The target date for award of the new contract was July 1, 2015 to allow for the necessary approximately one-year transition period to facilitate the system conversion and transition process from the existing contract to the new contract. Subsequently it was determined that it was necessary to extend the Contract for an additional period of twelve months until June 25, 2017 to allow adequate time to accomplish the procurement, conversion and transition process to a follow-on System contractor. The Lottery plans that the RFP for the new replacement contract will be issued prior to the end of this year. The target award date will be July 1, 2016, with a start-up date for the new system of June 26, 2017, after the one-year conversion and transition period.

The need for this Modification was previously presented to the Commission at its March 2015 meeting and approved by the Commission. The Modification has been submitted to DBM for inclusion on the October 7, 2015 BPW meeting agenda.

- MBE/SBR Activities:
 - I. A summary of the Lottery's MBE participation including both Lottery and VLT operations is attached.

V. HUMAN RESOURCES

Training and Development:

- HR staff is coordinating with the Sales Department training staff to put together in-service supervisory and staff training. Some specific topics from the most recent Labor Management Committee meeting will be included in the upcoming training to be scheduled this fall.

Workforce Planning:

- Continued efforts are being made with Hiring Managers to fill existing vacancies with the best qualified candidates. We are underway in filling 8 vacancies within the Gaming Division.

Upcoming initiatives:

- HR is continuing its efforts along with the Employee Benefits Division regarding the new state employees Wellness Program. The deadline for employee health assessments has been extended to December 31, 2015.

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
August 2015	August 2015	7/1/15 – 8/31/15	7/1/15 – 8/31/15
14,036	142,934	28,539	298,753

VII. FACILITIES

- On-going monitoring of building service issues.

VIII. CONTRACT MANAGEMENT

- Lottery personnel continue to review and refine the On-Line RFP.
- Lottery testing of upcoming Powerball matrix change is underway. No issues have been detected so far in testing.
- The My Lottery Rewards App is now live for Apple and Android devices. This App offers players new functionality which includes checking both Draw Game and Instant tickets for winners.
- 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 has been sent back to the Contractor for another round of reviews.

- MS Technologies continues to work on e-Licensing Systems. The Phase 1 work is complete with Phase 2, renewals for Gaming and Non-Gaming licenses near completion. Only the early notification reports need to be completed. We are scheduling the requirements gathering sessions for Phase 3 within the next two weeks.
- The Lottery and SGI have done a page turn review of the Cash4Life Systems Requirements Specification (SRS) document. SGI is making the requested changes and will have version 1.1 of the SRS for Lottery review on Monday, 9/14/15. Target launch date is January 25, 2016, pending approval of the Legislative Policy Committee.
- Version 7 of the Sales Force Automation tool OnePlace is currently being tested by the Lottery. Pending the outcome of testing, Version 7 will be released to the Sales team in early October. One of the major new features in Version 7 will be the ability to create forms to be used in collecting information from Retailers and being able to generate reports off of that data.
- The Lottery and SGI are working together to develop a check list of the functionality on all of the SmartPhone Apps. This checklist will be used to determine what testing, if any needs done on which Apps as SGI software changes are made.

IX. INFORMATION TECHNOLOGY

- Evaluating new IT security and event monitoring applications to aggregate, and analyze system log data to proactively identify suspicious network and system events.
- Working with the procurement and facilities departments to draft and issue a PORFP for the renewal of support and maintenance of our IVR system.
- Discussing ways to implement a better solution to support our VEP application process, access, reporting, and the storage of data with the gaming division staff. The plan is to define requirements, and issue a small procurement for the development of an application.
- Continued effort and collaboration with the licensing and contract management teams to develop the gaming license renewal process into the e-licensing application. The application renewal process has been implemented.
- Evaluating the implementation of VDI (virtual desktop infrastructure) for use by our remote staff located at the state's casinos. The change would reduce network costs, and increase network/system security.