

Maryland Lottery and Gaming Control Agency

Larry Hogan, Governor • Gordon Medenica, Director



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TO: Maryland Lottery and Gaming Commission
Gordon Medenica, Director

FROM: James Nielsen, Assistant Deputy Director/COO

DATE: April 11, 2017

SUBJECT: Report for the April 2017 Commission Meeting

GAMING

See attached report from Charles LaBoy, Managing Director

REGULATORY OVERSIGHT

See attached report from John Mooney, Managing Director

AGENT ADMINISTRATION

The following table presents retailer and terminal counts according to the Lottery's Agent Administration database.

Total Retailers				Total Retailer Terminals				XCAP Retailers			
Date	Count	Date	Count	Date	Count	Date	Count	Date	Count	Date	Count
Current Month											
03/31/16	4,549	03/31/17	4,500	03/31/16	5,281	03/31/17	5,434	03/31/16	303	03/31/17	342
Quarterly Comparisons											
06/30/15	4,536	06/30/16	4,539	06/30/15	5,262	06/30/16	5,274	06/30/15	275	06/30/16	307
09/30/15	4,564	09/30/16	4,532	09/30/15	5,293	09/30/16	5,260	09/30/15	300	09/30/16	322
12/31/15	4,560	12/31/16	4,512	12/31/15	5,290	12/31/16	5,241	12/31/15	301	12/31/16	335
03/31/16	4,549	03/31/17	4,500	03/31/16	5,281	03/31/17	5,434	03/31/16	303	03/31/17	342

CONTRACT MANAGEMENT

- The RFP for the Lottery central system was issued on December 10, 2015. The Pre-Proposal Conference was held on January 7, 2016 with all three of the major vendors as well as a number of MBEs attending. In February 2016 we increased the minority business participation goal from 15% to 20% and extended the proposal due date by eight weeks to April 28, 2016, to allow bidders time to adjust their proposals. The Evaluation Committee made its recommendation to award the contract to the Director on August 11 and the selection was approved at the August 17 Commission meeting. Subsequently, both losing offerors protested the award. Following Agency denial of the protests, on January 6, one bidder filed an Appeal with the Board of Contract Appeals. On February 1 a Joint

Stipulation of Dismissal was filed ending the challenge. The contract with the successful offeror has been submitted to DoIT and is under review. A preliminary briefing was held on April 6, 2017 and the contract is scheduled to be presented to the Board of Public Works (BPW) for review and approval on May 10. We also prepared an extension to the existing contract for submission to DBM and BPW to allow time for the conversion to the new system.

- A new promotional feature for Keno involving selection of an additional winning number to generate more and some larger prizes to increase the player base has been developed and is now being tested. The feature should be available in late May.
- MS Technologies continues to work on e-Licensing Systems improvements. Priority 5 testing continues and additional enhancements are being developed as part of Priority 6.

FACILITIES

- Another meeting was held with Agency staff, building management and DGS to resolve continuing complaints about the building. Building management is implementing some short term fixes to address HVAC issues, and has a consultant identifying longer term improvements to the existing system. Painting and carpet replacement are being scheduled for the coming months.
- Staff is working with IT to develop the capability to use bar-coded labels and a scanner to automate our equipment inventory process.

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 operated by our central system vendor. Once an order is placed, it is sent to the warehouse for fulfillment. Additionally, as each new instant game is launched, the majority of retailers receive an initial allocation of the new games to assure the tickets are available across the State. Fulfilled orders are shipped via UPS for next day delivery to the retailer locations. In addition to filling the orders, the warehouse is responsible for monitoring UPS to ensure proper billing and timely delivery.

Instant ticket shipping activity is as follows. Year to date shipments are nearly 100,000 packs (6.88%) over last year. The 218,626 packs shipped in March appears to be a new record for a single month.

# of Orders March 2017	# of Packs March 2017	YTD Orders 7/1/16 – 3/31/17	YTD Packs 7/1/16 – 03/31/17
17,208	218,626	134,804	1,553,272

STAFFING

Interviews to fill the vacancy for the Director of Contract Management who will oversee the LCMCS conversion and ongoing operation were conducted in March. The successful candidate has been identified.