

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 Commission
Gordon Medenica, Director

FROM: James Nielsen, Assistant Deputy Director/COO

DATE: April 17, 2018

SUBJECT: Report for the April 2018 Commission Meeting

GAMING

See attached report from James Logue, 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			
Date	Count	Date	Count
Current			
03/31/17	4,500	03/31/18	4,454
Quarterly Comparisons			
06/30/16	4,539	06/30/17	4,496
09/30/16	4,532	09/30/17	4,492
12/31/16	4,512	12/31/17	4,485
03/31/17	4,500	03/31/18	4,454

Total Retailer Terminals			
Date	Count	Date	Count
Current			
03/31/17	5,434	03/31/18	5,375
Quarterly Comparisons			
06/30/16	5,274	06/30/17	5,427
09/30/16	5,260	09/30/17	5,431
12/31/16	5,241	12/31/17	5,444
03/31/17	5,434	03/31/18	5,375

XCAP Retailers			
Date	Count	Date	Count
Current			
03/31/17	342	03/31/18	372
Quarterly Comparisons			
06/30/16	307	06/30/17	345
09/30/16	322	09/30/17	355
12/31/16	335	12/31/17	363
03/31/17	342	03/31/18	372

CONTRACT MANAGEMENT

- Preparations continue for conversion to the new Lottery Central System, scheduled for April 30. Retailer installations are complete except for some locations requiring additional signage or where types of terminals must be changed. Random Number Generators for quick-pick bets and Keno/Racetrax drawings are complete. Staff training has begun. MUSL reviewed our new system and we are waiting for their report. User Acceptance Testing of system functionality

continues with staff from the Lottery, SGI and GLI. We hope to have all software needed for go-live “frozen” as of April 23, with final minor adjustments made in May. Rollout of new self-service terminals will begin in May.

- MS Technologies continues to work on e-Licensing Systems improvements. Another group of Priority 6 changes are being tested by staff and we will be meeting with MST to discuss the results.

FACILITIES

- Carpet replacement is ongoing.
- Agency wide inventory is to be completed by April 30. Inventory Control Assistant training was held on April 4
- A new forklift and pallet jack were received and are operational.
- We received four 2018 Nissan NV200 vans, and two 2018 Ford Focus for our fleet.'

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.

We are preparing to upgrade the warehouse with new pallet racks and an automated sorting system. We believe this will improve our efficiency and accuracy to meet rising orders as instant ticket sales continue to grow. Our schedule for installing new pallet racks in the warehouse has slipped due to unanticipated delays in DGS’ award of a contract to procure and install the racks.

Over the past 60 days we have shredded 166 skids of inactive instant tickets. This will assist in our efforts to reorganize the warehouse.

# of Orders	# of Packs	YTD Orders	YTD Packs
March 2018		7/1/17 – 03/31/18	7/1/17 – 03/31/18
16,094	209,353	137,264	1,743,162

Year to date, we have shipped 190,000 more packs than last fiscal year.