

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: December 6, 2016

SUBJECT: Report for the December 2016 Commission Meeting

GAMING

See attached report from Charles LaBoy, Managing Director

REGULATORY OVERSIGHT

See attached report from John Mooney, Managing Director

AGENT ADMINISTRATION

	07/01/16	11/30/16
# OF RETAILERS	4,539	4,518
# OF RETAILER TERMINALS	5,274	5,247
# XCAP RETAILERS	307	332

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 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 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 and there has been some negative media coverage. The formal protest responses are expected to be issued shortly following various review and approval steps. We have not yet determined when the contract with the selected offeror will be submitted to DoIT and the Board of Public Works for review and approval, but the planned June launch of the new system is now at risk.
- Features for Phase 2 of the My Lottery Rewards App, primarily related to e-playslips and the retailer locator capabilities, have been made available to players.

- MS Technologies continues to work on e-Licensing Systems improvements. MS Technologies installed a new release with Priority 4 features involving Principal applications. They are now focused on Priority 5 work, with a targeted completion of the end of the year. Additional enhancements are being developed as part of Priority 6.
- After several discussions it was decided to delay Maryland’s participation in the multistate progressive Keno jackpot offering because of resource availability and limited sales potential. We began meetings in November to explore other Keno enhancements and the process will likely take several months, including conducting some formal player research data. Maryland could still offer the jackpot feature at a later date if group sales exceed our expectations.

FACILITIES

- Staff is working with building management to identify areas that require re-carpeting due to damage or stains.
- A number of vehicles are being acquired to replace older ones with high mileage. An updated vehicle policy is being created to assure staff are aware of all of the relevant rules of use.

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.

Staff have worked hard to keep up with orders during this very busy time of the year. Additions to the lists of retailers receiving automatic deliveries of new games has made the initial game shipments larger, but it is hoped this will get the correct amount of inventory into stores, and cut down on reorders. Instant ticket shipping activity is as follows:

# of Orders November 2016	# of Packs November 2016	YTD Orders 7/1/16 – 11/30/16	YTD Packs 7/1/16 – 11/30/16
15,000	175,241	72,100	803,075