

# 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: February 14, 2017

SUBJECT: Report for the February 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
<b>Current Month</b>											
01/31/16	4,548	01/31/17	4,519	01/31/16	5,277	01/31/17	5,448	01/31/16	301	01/31/17	337
<b>Quarterly Comparisons</b>											
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		03/31/16	5,281	03/31/17		03/31/16	303	03/31/17	

## 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 Lottery is now working to finish a contract with the successful offeror for submission to DoIT and the Board of Public Works (BPW) for review and approval. We are also preparing an extension to the existing contract for submission to DBM and BPW to allow time for the conversion to the new system.

- Functionality for e-playslips, the retailer locator and ticket scanning are now operational on both the core Maryland Lottery App and My Lottery Rewards.
- A specification has been completed for a new promotional feature for Keno involving selection of an additional winning number to generate more and some prizes to increase the player base. The feature should be available later this fiscal year.
- MS Technologies continues to work on e-Licensing Systems improvements. Priority 5 testing should begin this week and additional enhancements are being developed as part of Priority 6.

**FACILITIES**

- A meeting was held with Agency staff, building management and DGS to resolve continuing complaints about the building. A list of issues was provided and building management is developing a timeline to address our needs. A number of windows have been replaced and they are trying to minimize temperature swings which has been the major concern of staff.
- Staff is working with IT to develop the capability to use bar-coded labels and a scanner to automate our equipment inventory process. A manual equipment inventory is being finished now.

**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 about 30,000 packs (3.17%) over last year.

<b># of Orders January 2017</b>	<b># of Packs January 2017</b>	<b>YTD Orders 7/1/16 – 1/31/17</b>	<b>YTD Packs 7/1/16 – 1/31/17</b>
15,459	172,991	101,940	1,153,873

**STAFFING**

Resumes have been received and we hope to begin the interview process shortly to fill the vacancy for the Director of Contract Management who will oversee the LCMCS conversion and ongoing operation.