

1. **Please list all program enhancements, technical adjustments, and reductions included within the FY14 budget. Please break down these cost by program. In addition, please provide a narrative description and rationale for each, along with associated dollar amounts and FTE's (if applicable). Please explain the sustained increase for overtime pay, and fringe benefits, Energy, Comm. And Building Rentals, Rentals – Land and Structures, and Contractual Services. Please provide a copy of any contracts for the Contractual Services, and also provide job title and job description for positions being added or eliminated for Fiscal Year 2014.**

Program	FY'14	FY'13	Variance
Gaming Administration	4,203,000	4,384,000	(181,000)
Agency Management	8,014,000	7,735,000	279,000
Agency Financial Operations	1,034,000	1,057,000	(23,000)
Online Games	181,775,000	176,671,000	5,104,000
Instant Games	57,974,000	60,153,000	(2,179,000)
Total	253,000,000	250,000,000	3,000,000

Gaming Administration

The Gaming Administration Program is projected to decrease by \$181,000 to \$4,203,000 in FY'14 from the FY'13 approved budget level of \$4,384,000. Personnel costs are expected to account for the decrease due to the reduction of three (3) FTE's for FY'14.

Agency Management

The Agency Management Program is expected to increase \$279,000 to \$8,014,000 in FY'14 from the FY'13 approved budget level of \$7,735,000. Personnel costs reflect a decrease of \$164,000 representing a reduction of two (2) FTE's and Other Services reflect a decrease of \$2,600. The reductions are to offset projected increases to Telephones of \$30,000, Contractual Services of \$90,000 and Rentals of \$326,000.

Agency Financial Operations

The Agency Financial Operations Program is projected to decrease by a total of \$23,000 to \$1,034,000 in FY'14 from the FY'13 approved budget level of \$1,057,000. Fiscal Officer Operations' costs are expected to account for the entire decrease.

Online Games

Ticket sales for the Online Games Program are projected at \$191,500,000 in the FY'14 Proposed Budget. Tickets sales are forecasted to continue their decline in the Lottery's core games, DC 3 and DC 4. Powerball and Mega Millions are also expected to experience a decrease due to impact of surrounding jurisdictions being allowed to cross-sell respective products. The Keno game is also expected to experience a small sales decline as a result of continued erosion to the Race 2 Riches game; however, the two monitor games in total are generating substantially more revenue than Keno alone prior to the advent of Race 2 Riches. The offset of projected increases to ticket sales totaling \$7,000,000 for DCLB's new offerings such as DC 5, Race 2 Riches and Instant Fast Play games partially make up for losses in other core games.

Related expenditures are projected to increase \$5,105,000 representing an increase in prizes and commissions totaling \$2,985,000 in accordance with related ticket sales, \$262,000 in additional contractor gaming fees and various charges, and \$1,858,000 increase in transfer to the General Fund.

Instant games

Ticket sales for the Instant Games Program are projected to total \$61,000,000 in FY'14.

The Instant Games Program expenditures are projected to decrease \$2,180,000 due to decreases of \$2,423,000 in prizes and commissions, \$224,000 in contractor fees relative to the gaming and distribution systems, offset by an increase of \$467,000 in transfer to the General Fund.

- 2. Please provide a list of all projects for which your agency currently has capital funds available, or for which capitals funds are requested in FY14. Please include in this list a description of each project, the amount of capital funds available for each project, a status report on each project, and planned remaining spending on the project. If capital funds have been reduced for a given project, please state the affect of the reduction.**

The D.C. Lottery does not have capital fund projects.

3. **Please provide a list of all space that will be used by the Lottery, including: facility, name, location, square footage, description, leased/owned designation, rent, and other fixed costs that are included in the cost of rent (utilities, security, etc.) Please note any space changes.**

The D.C. Lottery Board currently occupies rental space in two locations;

Lottery Headquarters	2101 Martin Luther King Jr. Avenue SE Washington, DC 20020 74,260 Square Feet
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Claim Center Operations	2000 14 th Street, NW Washington, DC 20009 1825 Square Feet
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Total Costs budgeted in the FY14 are as follows:

Rent	\$2,525,470
Electricity	337,795
Security Services	17,411
Janitorial	10,762
Occupancy Fixed Cost	15,945

4. **Will the proposed FY14 budget allow you to meet all statutory mandates? If not, please explain.**

Funding requested in the FY14 Budget will allow the Lottery to meet all statutory mandates.

5. **What is the anticipated transfer from the Lottery to the General Fund in FY14?**

The anticipated transfer to the General Fund in FY14 is \$65,280,000.

6. **Are any new games expected for FY14? Are any games expected to be retired?**

Based on the research findings, the Mega Millions game will change to a 5 of 75 and 1 of 15 matrix with a graduated 30-year annuity with the goal of launching on October 20, 2013. Additionally, after much delay, a new national premium game is expected in FY14. Details are not yet available.

7. **Please provide an overview and listing of the online (kiosk-based) games offered, including examples of games and locations. How is the success of these offerings measured? Will this be the primary area of potential expansion for the Lottery going forward?**

The full-spectrum of DC Lottery online games, i.e. DC3, DC4, DC5, Powerball, Mega Millions, Hot Lotto, DC Fast Play, Keno, Race2Riches and Tap n Play, are offered on the kiosk-based terminals.

Success is measured by feedback from our retailers, players and new customers regarding the level of accessibility and convenience the terminals provide.

Yes, this is considered a primary area of expansion. Kiosk-based terminals offer a unique opportunity to reach new audiences and expand in new markets since they can be placed in locations that were previously incompatible (primarily due to space constraints.)

Please see attachment 1 for locations.

8. **What is the status of the Instant Tickets & Related Services RFP? What is the timeframe for implementation? What is the expected loss if this contract is not implemented or has to be rebid?**

The OCFO Office of Contracts is preparing the documents required to be filled for a 45-day active Council review. The anticipated award date is June 2013, pending Council approval. The Office of Contracts is awaiting DSLBD consideration/approval to modify the contract's subcontracting requirement. A short-term letter contract was awarded to Scientific Games on March 21, 2013 to provide critical services until a fully definitized contract could proceed through the Council approval process. If the contract is not implemented or has to be rebid, the DCLB will lose its ability to sell instant tickets which accounts for approximately 25% of lottery sales. Moreover, the inability to sell instant tickets will have a carryover effect that will negatively affect all other lottery sales.

9. **The office of Finance and Resource Management indicated a proposed shift of \$293,542 from Special Purpose Revenue Funds to Intra-District funds to support telecommunications for the DC Lottery (page A-94). Where is this reflected in your budget, and for which Fiscal Year? Please provide specific details on what will be provided in telecommunications and a breakdown of all associated costs.**

In FY 2012 and FY2013, OFRM budgeted the DC Lottery's telecom expense in O-Type revenue because the agency is independent. However, DC Lottery has historically used the intra-district transfer process through SOAR to pay its annual expense. In FY 2014, the O-type revenue budget was removed and DC Lottery was budgeted in the intra-district fund. This process will become effective in FY 2014. The DC Lottery telecommunications budget includes \$255,382 for landline and data circuit usage and \$38,160 for wireless services.

Attachment 1

Locations			
Agent Name	Address	Quadrant	Zip Code
14th Mini Market	3904 14th St	NW	20011
7-Eleven #34488	957 H Street	NE	20002
Capitol Gift Shop	333 E St	SW	20024
Dollar Plus Store	4626 14th St	NW	20011
E-Z Mart	922 Kennedy St	NW	20011
Grand Liquor	409 15th St	NE	20002
JB Liquors	3914 14th St	NW	20011
JJ Liquor	1211 Brentwood Rd	NE	20018
Kazanchis Carryout	1616 14th St	NW	20009
King's Deli	3651 Georgia Ave	NW	20010
Kwik Stop	4801 Georgia Ave	NW	20011
Roland's Of Capitol Hill	333 Pennsylvania Ave	SE	20003
Lions Fine Wine & Spirits	3614 Georgia Avenue	NW	20010
S&G Wine & Liquors	5421 Georgia Avenue	NW	20011
4-Seasons Convenience	4975 South Dakota Ave	NE	20017
Avondale Coffee Shop	1909 Michigan Ave	NE	20018
B & V Market	1304 North Capitol St	NW	20002
Benning Liquors	3445 Benning Rd	NE	20019
Capitol View Market	4920 Central Ave	NE	20019
Fair Liquors	5008 First St	NW	20011
Freedom Citgo	1905 A 9th St	NE	20018
Georgia Ave Foodbarn	6205 Georgia Ave	NW	20011
Georgia Ave Market	3128 Georgia Ave	NW	20010
Greenway Liquors	3700 Minnesota Ave	NW	20019
Harry's Bar	436 11th St, #51787	NW	20004
Jenny's	1000 Water St	SW	20024
L.P. Mart	4665 South Capitol St	SW	20032
M & S Market	213 Upshur St	NW	20011
Me And My Supermarket	1111 H St	NE	20002
Metro Wine & Spirit	1726 Columbia Rd	NW	20009
New Neighborhood Market	1611 Rhode Island Ave	NE	20018
News To Go	420-A Rhode Island Ave	NW	20001
Rock Creek Market	644-646 Rock Creek Church Rd	NW	20010
South Capitol Shell	4700 South Capitol St	SE	20032
Sunbeam Market	2324 North Capitol St	NW	20002

Takoma Metro B P	7000 Blair Rd	NW	20012
Takoma Park Liquors	6200 Eastern Ave	NE	20011
Tenley Market	4326 Wisconsin Ave	NW	20016
Uneeda Market	4400 Georgia Ave	NW	20011
Univ. Wine & Liquors	333 Hawaii Ave	NE	20011
Vermont Convenience	1006 Vermont Ave	NW	20005
Wheeler Liquors	4137 Wheeler Rd	SE	20032
800 Corner Store	800 North Capitol St	NW	20002
Dc Eagle	639 New York Ave	NW	20001
Dc Lottery Union Station	50 Massachusetts Ave	NE	20002
Dc Oil Inc	2150 M St	NW	20037
Gateway Newsstand	1825 I St	NW	20006
Gateway Newsstand	420 10th St	SW	20024
Green Lantern	1335 Green Ct	NW	20005
Lobby Mart	501 3rd St	NW	20001
McReynold's Liquor	1776 G St	NW	20006
Subway Liquors	500 K St	NW	20001
Sal's Café	400 C St	SW	20024
The Meeting Place	1100 17th St	NW	20036
M Jones Companies	3200 12th St	NE	20017
Xchange Saloon	1730 Pennsylvania Ave, #51661	NW	20006