

State of Delaware

Video Lottery Advisory Council

2018 Report

November 5, 2018

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What is the competitive outlook for Delaware gaming?

The saturated Mid-Atlantic casino market continues to add additional competitors. The Atlantic City market saw the recent openings of two major casinos, namely Hard Rock and Ocean Resorts. In Pennsylvania, the planned Stadium Casino in Philadelphia is expected to start construction. In Maryland, MGM National Harbor and Live! Casinos continue to aggressively grow gaming revenues and Ocean Downs added table games in early 2018. Finally, historical horseracing machines have been approved in Virginia, which simulate slot machines.

What are the 2018 legislative recommendations and administrative recommendations?

Due to the current low unemployment rate in Delaware as well as nearby states, it has become very difficult to attract and retain qualified employees. The legislative recommendations below would help address this job attraction issue. The VLAC board also recommends legislation to reduce the number of required VLAC meetings to one required meeting (or more as requested by the Lottery Director or the Chairman).

The administrative recommendation of improving signage on Delaware highways is made to address the lack of highway signage in a highly competitive market.

Legislative Recommendations

- **Recommendation #1: Eliminate the requirement for Employees to obtain a Service License.**
 - *Justification: Currently, the license is for a five year period with a renewal for 6 years. This service license is required for positions that may have access to the casino floor/operations (bartenders, beverage server, casino housekeeping, etc.). Elimination of this requirement will help expedite the process to get qualified employees for these front line positions.*

- **Recommendation #2: The Gaming Employee license (for dealers, slot attendants, cashiers, etc.) should be a one-time license with no renewal requirement. Consideration should be given to reverting back to the prior (pre table games) Lottery/VLEU license application and process. The application cost should reflect the simplified application form.**
 - *Justification: Gaming Employee Licenses initial term is currently three (3) years with renewals for a term of (4) years. The simplified process and costs will help attract prospective employees. Each casino has difficulty in attracting qualified candidates for the various licensed positions. The initial cost of \$265 (\$200 application fee plus \$65 finger printing fee) is a financial burden many applicants with other viable job options do not want to undertake.*

- **Recommendation #3: The Key Employee License initial term should be for (5) five years with a renewal term of (5) five years. The renewal should consist of updating the key employee's picture, criminal background check and submittal of current tax returns.**
 - *Justification: Key Employee Licenses initial term is (2) two years with a (3) three year renewal period. Key Employee Licenses in nearby states (e.g., New Jersey) have the longer renewal requirements.*

- **Recommendation #4: Reduce the number of required VLAC meetings to one required meeting per year (or more as requested by the Lottery Director or the Chairman).**
 - *Justification: It is the combined consensus of the committee henceforth that only one meeting per year is necessary to accomplish its responsibilities.*

Administrative Recommendation

- **Recommendation #1: Allow licensee to pay for new or improved national and state highway green and white lettered signage specifically on major routes, just before specific exits to licensee's casino (i.e. I95 for Delaware Park).**
 - *Justification: Surrounding states allow such signage and makes those locations more competitive.*

What is the VLAC?

The Video Lottery Advisory Council (VLAC) (aka the Advisory Council on Video Lottery Planning) was formed under House Bill #269 on June 19, 2003 to serve in a planning and advisory capacity to the Secretary of Finance.

What is the purpose of the VLAC?

Per Title 29, Chapter 48 of the Delaware Code:

The purpose of the VLAC is to consider matters relating to the growth and competitive vitality of the video lottery industry in the State, including but not limited to the following:

- (1) The status of video lottery game development issues in the State;
- (2) The status of known game problem resolution;
- (3) Personnel issues and concerns affecting the industry;
- (4) The effectiveness of current operational procedures and recommendations for new operational procedures or regulations;
- (5) The competitive vitality of the video lottery industry in the state, and recommendations for marketing and technological improvements;
- (6) Issues and concerns relating to the repair and maintenance of video lottery machines and related equipment, including preventive maintenance programs;

- (7) Video lottery agent or manufacturer specific projects that will impact the operation of the video lottery; and
- (8) Issues and concerns of the State Lottery Office relating to the video lottery operations and the status of internal control approvals.

The VLAC shall submit a report on its activities to the Secretary of Finance by November 5 of each year, together with recommendations for legislative and/or administrative changes it deems desirable. (Emphasis added.)

What is the Mission Statement of the VLAC?

“To provide a forum for video lottery officials, agents, and vendors to routinely address and resolve issues related to maintaining and improving the utmost in program integrity and operational efficiency. The VLAC shall render an annual report to the State on the results of its efforts and include recommendations to improve the program’s viability and to maximize the program’s growth in an increasingly competitive regional market.”

Who serves on the VLAC?

Per Title 29, Chapter 48 of the Delaware Code:

Membership on the VLAC consists of:

- Vernon Kirk, Director of the State Lottery Office (302-744-1600)
- Edward J. Sutor, Dover Downs Hotel & Casino (302-857-3206)
- Patti Key, Harrington Raceway (302-398-5913)
- Bill Fasy, Delaware Park (302-994-2521 ext. 2201)
- Kathy Wayne, Scientific Games (302-678-7730)
- Michael Ordille, IGT (609-484-6424)
- Michael Nickolich, Bally (702-532-8484)

The Governor shall designate one member to serve as Chairperson of the Council, who shall serve in that capacity for two years and shall be eligible for reappointment.

(Edward J. Sutor – President & CEO for Dover Downs Hotel & Casino – Term 2006-2007, reappointed 2008-2009, 2010-2011, 2012-2013, 2014-2015, 2016-2017, 2017-2018).

How often does the VLAC meet?

Per Title 29, Chapter 48 of the Delaware Code:

The VLAC usually meets quarterly, and a meeting can be called by the Director, the Chairperson, or a majority of the members.

When & where did the VLAC meet in 2018?

VLAC meetings during 2018 were as follows:

<u>Date</u>	<u>Time</u>	<u>Place</u>
September 17, 2018	11:30 a.m.	Dover Downs Hotel & Casino
September 17, 2018	12:30 p.m.	Dover Downs Hotel & Casino
October 16, 2018	11:30 a.m.	Dover Downs Hotel & Casino
October 16, 2018	12:30 p.m.	Dover Downs Hotel & Casino

All of the VLAC meetings were open public meetings. Minutes of the VLAC meetings are available on the State of Delaware website.