

**State of Delaware**

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**Video Lottery Advisory Council**

November 4, 2019

Rick Geisenberger  
Secretary of Finance  
State of Delaware  
Carvel State Office Building  
820 N. French Street  
8<sup>th</sup> Floor  
Wilmington, DE 19801

Dear Secretary Geisenberger:

In accordance with Title 29, Chapter 29, Paragraph 4824 of the Delaware Code, attached is the 2019 Report of the Video Lottery Advisory Council (VLAC). The recommendations in this report were voted on and approved of by a majority of members of the VLAC at our October 22, 2019 meeting.

Members of the VLAC are appreciative of the action that has been taken in the past as a result of the recommendations made in the annual Report. We look forward to discussing the recommendations in the near future.

Sincerely,



Patricia B. Key  
Chair  
Video Lottery Advisory Council

Attachment

# State of Delaware

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**Video Lottery Advisory Council  
2019 Report**

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### **What is the competitive outlook for Delaware gaming?**

The saturated Mid-Atlantic casino market continues to add additional competitors. In Pennsylvania, the planned Stadium Casino in Philadelphia is expected to open late 2020. In Maryland, MGM National Harbor and Live! Casinos continue to aggressively grow gaming revenues. In 2019, Virginia has begun to embrace casino-style gaming by opening two properties offering horseracing slot machines and will add additional facilities in the near future.

### **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 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.*

### **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. 195 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)
- Nick Polcino, Dover Downs Hotel & Casino (302-857-3219)
- Patricia Key, Harrington Raceway (302-398-5913)
- Bill Fasy, Delaware Park (302-994-2521 ext. 2201)
- Lloyd Boulter, Scientific Games (302-678-7733)
- Mark Casto, Scientific Games (702-532-6789)
- Michelle Lewis, Aristocrat Technologies (609-553-5799)

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. (Patricia Key — CEO for Harrington Raceway, Inc.— Term 2019-2020).

**How often does the VLAC meet?**

*Per Title 29, Chapter 48 of the Delaware Code:*

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

**When & where did the VLAC meet in 2019?**

VLAC meetings during 2019 were as follows:

<u>Date</u>	<u>Time</u>	<u>Place</u>
October 22, 2019	11:00 a.m.	Haslet Armory, Room 219

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