

# THE FLORIDA LEGISLATURE

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## INVITATION TO NEGOTIATE (ITN) #859 TWO-PART GAMING STUDY

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### WRITTEN QUESTIONS AND ANSWERS

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- Question 1:** P. 1, Section 3.1 Purpose: The first paragraph refers to a “two-part academic study.”  
What did the Legislature intend by the term “academic?” Should we interpret this to indicate that the Legislature wants the study approach to be thorough and the report to be well documented? Does the term signal the intent of the Legislature to award the contract to a university?
- Answer 1:** Through use of the term “academic” the Legislature intended the study to be a thorough, well documented, and well reasoned report. The Legislature did not intend to indicate an intent or preference to award the contract to an academic institution such as a university.
- Question 2:** P. 1, Section 3.1 Purpose: With respect to the term “Academic Study” and the extent of the potential research involved—  
Is it the expectation of the State of Florida for the research to be primary research (i.e., original for this ITN) vs. secondary research, which may have been developed previously?
- Answer 2:** The study may incorporate secondary research where appropriate and with proper attribution.
- Question 3:** P. 1, Section 3.1 Purpose: The second paragraph indicates the Legislature’s desire for an “independent and impartial study.” AND  
P. 7, Section 5.8 Vendor Qualifications: This section indicates the Legislature’s intent to assess “each Respondent’s ability to provide an in-depth, independent, and objective analysis . . . without a demonstrated bias for or against any possible approach to the gaming industry.”  
Will Respondents who have previously worked on assignments commissioned by gaming interests be disqualified from consideration as the prime contractor for the study?
- Answer 3:** No. Previous work on assignments commissioned by gaming interests will not disqualify a Respondent from consideration as a prime contractor.

**Question 4:** P. 2, Section 3.2 Background: The first paragraph suggests the State’s past approach for dealing with gaming issues has not been comprehensive. What studies of gaming issues have previously been conducted by the State, and where might copies of any such studies be obtained?

**Answer 4:** Section 3.2 of the ITN does not refer to any particular gaming studies conducted by the State of Florida. Prior reports on gaming issues conducted by the Legislature’s Office of Program Policy Analysis and Government Accountability (OPPAGA) may be found at <http://www.oppaga.state.fl.us>. Prior reports on gaming revenues conducted by the Legislature’s Office of Economic and Demographic Research may be found at <http://edr.state.fl.us>. Respondents seeking copies of any studies conducted by other state agencies may inquire of those agencies.

**Question 5:** P. 2, Section 3.4 Critical Event Dates: Item 8 on the chart indicates contract execution is expected to occur by April 5th. If there is a significant delay beyond April 5th in executing the contract, will the Contractor be granted a corresponding extension in time to submit the requested reports that are due on July 1<sup>st</sup> and/or October 1<sup>st</sup>?

**Answer 5:** If there is a significant delay in executing the contract, due dates for deliverables are negotiable.

**Question 6:** P. 7, Section 6.0 Notification of Intent: This section stipulates the Notification of Intent to Submit Reply must be completed and submitted no later than February 28<sup>th</sup>. Can the Legislature provide a listing of vendors that have submitted notifications of intent?

**Answer 6:** Thirteen firms sent “Notification of Intent to Submit Reply” forms:

- Arduin, Laffer & Moore Econometrics, LLC (Tallahassee, FL);
- BLP Analytics and PERC (Belgrade, MT);
- Calvin, Giordano & Associates, Inc. (Ft. Lauderdale, FL);
- Fine Consulting, Inc. d/b/a The Fine Point Group (Las Vegas, NV);
- Gaming Market Advisors, LLC (Denver, CO);
- Hooke Associates, LLC (Chevy Chase, MD);
- HVS (Las Vegas, NV), subsequently rescinded;
- Independent Gaming Research (Chicago, IL);
- Lenders and Banks LLC (Sorrento, FL);
- MGT of America (Tallahassee, FL);
- Spectrum Gaming Group, LLC (Linwood, NJ);
- The Balmoral Group (Winter Park, FL);
- The Innovation Group (Winter Park, FL);

**Question 7:** P. 10, Section 6.2.2.d Technical Reply: This subsection requests that a maximum of five references be submitted in the Reply.

Can the same references for Part I of the study also be used for Part II?

**Answer 7:** Yes, the same references may be used for Parts I and II as part of a Respondent's submission.

**Question 8:** P. 10, Section 6.2.3 Preliminary Administrative Review: This subsection lists various administrative forms to be included in the Reply.

Do we need to submit a complete set of required forms for each part of the Two-Part Study?

**Answer 8:** No. A Respondent may submit a single set of attachments for Attachments "A" through "D" together with one separate sealed envelope containing Attachment E Price Reply for Part I and one separate sealed envelope containing Attachment E Price Reply for Part II.

**Question 9:** P. 11, Section 6.2.4 Price Reply: This section stipulates separate price proposals be submitted for the Part I and Part II components of the study.

Does the Legislature prefer to work with a single vendor for both parts of the study?

**Answer 9:** The Legislature has no preference.

**Question 10:** Since certain economies are likely to accrue to a single vendor conducting both parts of the study, can the price reply form found in Exhibit E be modified to show a reduced price (i.e., a discount) if the Respondent is selected to conduct both parts?

**Answer 10:** Yes.

**Question 11:** P. 11, Section 7.0 Scope of Services, Part I: Subsection A asks for compilation and assessment of many types of data related to each sector of the gaming industry.

What types of data on current operations are available?

**Answer 11:** Data on current operations may be available from public sources. The Legislature will not assume the task of identifying sources or compiling the data. The vendor will obtain any and all data required to successfully complete the study.

**Question 12:** For dog tracks, jai alai, internet cafes, etc. as well as Florida Lottery, can the State provide information on licenses, receipts, visitors, or other information that will allow for understanding of status quo operations, or will direct inquiry with these entities be necessary?

**Answer 12:** In most if not all instances, the Legislature does not possess this information. To the extent a State regulatory agency possesses information that is not otherwise exempt or confidential, the information should be available under Florida’s public records law. The Legislature will not be supplying this information.

**Question 13:** What information is available from the Native American entities? Will these entities be expected to cooperate in any specific manner?

**Answer 13:** In most if not all instances, the Legislature does not possess such information. Native American Tribes are sovereign nations, and any participation by Native American Tribes in providing information for the study will be voluntary.

**Question 14:** P. 12, Section 7.0 Scope of Services, Part I: Subsection A.1.d.iii asks for a general description of gaming as a public funding source, including “direct and indirect costs to the state.”

What types of costs are of interest for this purpose (e.g., costs to collect the revenue, costs to regulate the industry)?

**Answer 14:** Direct and indirect costs to the state would include direct costs—such as personnel, expenses, equipment, and management—associated with regulating the games’ conduct and collecting, auditing, and enforcing payments of gambling taxes and fees, as well as indirect costs—such as costs associated with law enforcement, public assistance, and any cannibalization of existing tax bases—implicated by the availability of the games.

**Question 15:** P. 12, Section 7.0 Scope of Services, Part I: Subsection A.2.a asks for an analysis of “gaming subsectors.”

Can the Legislature provide a listing of the subsectors of interest for this component of the study?

**Answer 15:** The gaming subsectors contemplated include:

1. Pari-mutuel horse racing;
  - a. Thoroughbred;
  - b. Harness; and
  - c. Quarter horse;
2. Pari-mutuel greyhound racing;
3. Pari-mutuel jai alai;
4. Intertrack wagering and simulcast wagering;
5. Cardrooms;
6. Class III slot machines in Broward and Miami-Dade County, excluding tribal gaming facilities;
7. Tribal gaming operated pursuant to a state compact, including class III slots and banked card games;
8. Tribal gaming involving class II games operated pursuant to the Indian Gaming Regulatory Act and not pursuant to a state compact;
9. Electronic sweepstakes (e.g, Internet cafes);
10. 8-liner games (e.g, adult arcades); and
11. The Florida Lottery.

**Question 16:** P. 12, Section 7.0 Scope of Services, Part I: Subsection B calls for an assessment of potential changes and “economic effects.” Subsequent subsections refer to “fiscal analyses” and “fiscal impact estimates.”  
Should we interpret the assessment of economic effects task to be focused on fiscal impact?

**Answer 16:** The study will assess job creation and other economic outcomes associated with different types and levels of gaming activity, as well as fiscal impacts.

**Question 17:** P. 12, Part 7.0 Scope of Services, Part I: This part of the study is due on July 1 and includes the economic impact calculations for status quo gaming operations as well as general summary of gaming impacts in general terms.  
Is there flexibility on the timeline?

**Answer 17:** For purposes of the Reply, Respondents should assume that the timeline contained in the ITN is not flexible.

**Question 18:** What are the specific reasons for this aspect being delivered ahead of other components?

**Answer 18:** Documenting and understanding overall economic and fiscal impacts of current gaming activities, as required by Subpart A, sets a necessary foundation for holistically analyzing and documenting likely impacts of potential changes.

**Question 19:** P. 13, Section 7.0 Scope of Services: Part I Subsection B.2.a states the fiscal analyses should address “suitable numbers and locations” of gaming facilities. Is the Contractor expected to recommend potential locations for additional gaming facilities? If so, are the analyses expected to be at the county-level unit of analysis?

**Answer 19:** Yes, the study is expected to make recommendations as to potential locations, which may be made at the county level for the analysis.

**Question 20:** P. 13, Section 7.0 Scope of Services, Part I: Subsection B.2.c asks the Contractor to “evaluate economies of leveraging equity and profits” as a source of public funding. What is meant by the terms “evaluate economies” and “leveraging equity and profits?”

**Answer 20:** The study will evaluate the extent to which authorization to conduct expanded gaming activities could contribute additional capacity for funding important state programs beyond the revenues under each of three alternative tax regimes balanced against the economic costs of such activities and consequences to other gaming activities. Additional capacity might take the form of providing funding for education or transportation improvements, providing reinsurance or other risk transfer mechanisms to reduce public risk as it relates to a catastrophic hurricane event, or providing funding for infrastructure or services to efficiently meet public needs in the vicinity of gaming facilities or statewide.

**Question 21:** P. 13, Section 7.0 Scope of Services, Part I: Subsection B.5—  
Are any specific studies or methodologies preferable or of particular interest in the analysis of existing research?

**Answer 21:** The Contractor will be expected to be familiar with various methods used to study the impacts of gaming, with prior research, and with previous studies. The study will describe strengths and weaknesses of alternative approaches and will explain why the methods selected for the study are the most appropriate methods to use.

**Question 22:** P. 14, Section 7.0 Scope of Services, Part I: Subsection B.6 calls for evaluation of “whether and how estimates would change if implemented in combination with other scenarios.” Given the more than three million potential combinations that exist among the ten scenarios identified, this task theoretically could become unwieldy.

Can the Legislature provide any guidance on how many or which specific combinations are likely to be of interest?

**Answer 22:** From the multitude of possible permutations, the Contractor will apply objective professional judgment to determine which are reasonably viable for thorough analysis and presentation. At minimum, the study will evaluate and present several “best case” and several “worst case” combinations of scenarios. It will identify combinations that are both beneficial to the State and realistic. It also will identify combinations that may appear to be realistic but are expected to have adverse effects on the State, giving consideration to cannibalization or substitution or complementarity effects.

**Question 23:** P. 14, Section 7.0 Scope of Services, Part II: Subsection 1 asks for research that involves comparisons of areas before/after introduction of gaming operations, examining impacts on types of businesses, economics/fiscal, etc. Are any specific areas of greatest interest or appeal (i.e., Does the Legislature see any specific areas as “peer” regions)?

**Answer 23:** The study will analyze empirical data on economic activity, with county being the level of granularity for which economic performance data are broadly available, to examine the extent to which implementation of gaming activities has been statistically associated with changes in measured economic activity. To the extent that the data will support examination of peer regions, such analysis is welcome.

**Question 24:** P. 14, Section 7.0 Scope of Services, Part II: Subsection 2 begins with, “A second statistical analysis shall be undertaken if data allow.” Who will make the determination of whether to proceed with this component of the study? Also, how should a budget for a contingent assignment such as this be presented?

**Answer 24:** The Legislature will determine whether to undertake the geospatial analysis portion of the study. If a respondent wants its Part II Price Reply to be considered both with and without the second analysis, the respondent can separately identify the total cost of performing and delivering the geospatial analysis.

**Question 25:** Will the evaluation of the respondent proposals for each part of the two-part gaming study be fully independent or does the legislature have a preference for working with a single organization for both portions of the two-part study?

**Answer 25:** The Legislature has no preference.

**Question 26:** Has any state governmental body conducted or commissioned prior studies that have examined the economic, fiscal, and social impact of gaming on the State of Florida? If so, will the Contractor have access to all prior studies?

**Answer 26:** Prior reports on gaming issues conducted by the Legislature’s Office of Program Policy Analysis and Government Accountability (OPPAGA) may be found at <http://www.oppaga.state.fl.us>. Prior reports on gaming revenues conducted by the Legislature’s Office of Economic and Demographic Research may be found at <http://edr.state.fl.us>. Respondents seeking copies of any studies conducted by other state agencies may inquire of those agencies.

**Question 27:** Does the State of Florida currently collect statistical data for all forms of gaming in the state and will this data be provided to the Contractor or will the Contractor be responsible for gathering Florida based gaming data independently?

**Answer 27:** In most if not all instances, the Legislature does not possess this information. Based on reason and belief, the level of information will vary depending on the type of gaming and level of state regulation. To the extent a State regulatory agency possesses information that is not otherwise exempt or confidential, the information should be available under Florida’s public records law. The Legislature will not be supplying this information.

**Question 28:** Please describe any gaming related data currently collected by the State of Florida that will be provided to the Contractor for use in this study?

**Answer 28:** In most if not all instances, the Legislature does not possess this information. Based on reason and belief, the level of information will vary depending on the type of gaming and level of state regulation. To the extent a State regulatory agency possesses information that is not otherwise exempt or confidential, the information should be available under Florida’s public records law. The Legislature will not be supplying this information.

**Question 29:** What state and/or local bodies aside from the legislature are participating in this project?

**Answer 29:** The Florida House of Representatives and the Florida Senate have commissioned this study for their use. No other governmental entity is involved.

**Question 30:** Will the Contractor provide testimony before the legislature or any other governing body, in addition to submitting their report findings?

**Answer 30:** The ITN does not include testimony before the Legislature or any other governing body as a deliverable.

**Question 31:** Will the report be used as part of an educational or promotional campaign by the legislature and, if so, will the Contractor be part of that effort?



**Answer 31:** The purpose of the report is to educate and inform legislative members about gaming in Florida, including information about the current state of gaming and the comparative merits of other options. Any use beyond that purpose is not contemplated at this time, but is not precluded.

**Question 32:** Will the report be used as support for financing efforts by the State of Florida or other entities?

**Answer 32:** No such use is contemplated at this time, but is not precluded.

**Question 33:** Do subcontractors need to be approved separately or through the ITN presentation/submission?

**Answer 33:** Potential subcontractors should be identified in the Reply. The Legislature will approve subcontractors as a part of negotiations with successful Respondents.

**Question 34:** If awarded the contract, will we have access to staff and data with the inclusion of a NDA?

**Answer 34:** No.

**Question 35:** The ITN states that travel expenses will be billed separately, is there a cap/limit that we should address in the ITN submission?

**Answer 35:** Travel expenses shall be billed separately. Such expenses must be pre-authorized and shall be reimbursed in accordance with the provisions of § 112.061, Florida Statutes.

**Question 36:** Should we include a direct expense budget for the cost submission?

**Answer 36:** Any proposal should include a total price for each section or a total price with discount in those instances where a discount might be afforded if Parts I and II are awarded to the same respondent. A proposal may be supplemented by a budget, but such supplementation is not required.

**Question 37:** How many physical meetings and presentations will we be expected to make once the process comes to a close? (a) How many presentation materials will have to be printed out? (b) How many face to face meetings will occur and with whom? (c) Will there be any town hall meetings to present our report as well?

**Answer 37:** Physical attendance of Respondents will be required during the negotiation process described in Section 8.1 of the ITN. The ITN does not include attendance or presentation at other meetings as a deliverable.

**Question 38:** Under Section 7.B.1., we just would like to verify the wording—  
(a) Does banked card games include games such as Blackjack, Caribbean Stud, Three Card Poker and other similar games? (b) Do table games include games such as craps, roulette and other non card based games?

**Answer 38:** Banked card games include those card games where players play not against each other, but rather against a “bank,” which may be the game operator or a particular player. *See* National Indian Gaming Commission, “Bulletin No. 95-1, Subject: All Banking Card Games Fall Within Class III Gaming,” <[http://www.nigc.gov/Reading\\_Room/Bulletins/Bulletin\\_No.\\_1995-1.aspx](http://www.nigc.gov/Reading_Room/Bulletins/Bulletin_No._1995-1.aspx)>, 10 April 1995. Table games, such as craps and roulette, include games that (1) would be classified as a Class III game under the Indian Gaming Regulatory Act, 25 U.S.C. § 2701 *et seq.*, and (2) are not slot machines, as defined by Fla. Stat. § 551.102, or banked card games.

**Question 39:** Part I - B. Assessment of potential changes and economic effects. “For each scenario, the analysis shall evaluate whether and how estimates would change if implemented in combination with other scenarios.”  
Please confirm the scope of these combined scenarios. A complete set of all possible combinations would lead to over 100 different possible results. Is this the intention, or is the OLS particularly interested in the most economically meaningful combinations?

**Answer 39:** The Legislature is interested in a thorough treatment of the most economically meaningful combinations rather than a less detailed treatment of a greater number of possible combinations.

**Question 40:** Part I - B. Assessment of potential changes and economic effects. - 2.c. “The fiscal analyses should evaluate economies of leveraging equity and profits as sources for public funding of education, transportation, underwriting risks associated with a catastrophic hurricane event in Florida, and other public funding needs.”  
Please define what is meant by “evaluate economies of leveraging equity and profits.”

**Answer 40:** The study will evaluate the extent to which authorization to conduct expanded gaming activities could contribute additional capacity for funding important state programs beyond the revenues under each of three alternative tax regimes balanced against the economic costs of such activities and consequences to other gaming activities. Additional capacity might take the form of providing funding for education or transportation improvements, providing reinsurance or other risk transfer mechanisms to reduce public risk as it relates to a catastrophic hurricane event, or providing funding for infrastructure or services to efficiently meet public needs in the vicinity of gaming facilities or statewide.