

Request for Proposals for a Video Lottery Facility Location Commission Consultant

The Maryland Department of Legislative Services (DLS) seeks a consultant to provide assistance to the Video Lottery Facility Location Commission in the evaluation of proposals for video lottery terminal (VLT) facility licenses.

Background

During the 2007 special session of the Maryland General Assembly, Chapters 4 and 5 were enacted relating to the proposed legalization of VLTs in the State of Maryland. Chapter 5 is a constitutional amendment that was approved by the voters on November 4, 2008, which provides parameters for VLTs and VLT facility locations in the State. Under the constitutional amendment, the General Assembly may only authorize expanded forms of gambling subject to the following restrictions:

- a maximum of 15,000 VLTs may be authorized;
- a maximum of five VLT facility licenses may be issued at specified locations;
- no more than one facility license may be issued in any single county or Baltimore City; and
- VLT facilities shall comply with all applicable planning and zoning laws of local jurisdictions.

Chapter 4 establishes the operational and regulatory framework for the proposed VLT program. Enactment of Chapter 4 was contingent on passage of Chapter 5 by the General Assembly and ratification by the voters. Among its many provisions, Chapter 4 provides for the creation of a Video Lottery Facility Location Commission to receive and evaluate proposals for VLT facility licenses. Members of the commission are appointed by the Governor, President of the Senate, and Speaker of the House of Delegates; and the commission is staffed by DLS and the State Lottery Commission.

Under Chapter 4, DLS is required to contract with an independent consultant with at least 10 years substantial experience in consulting on gaming matters to assist and advise the Video Lottery Facility Location Commission in the review and evaluation of VLT facility license proposals.

Evaluation Criteria

For the solicitation of proposals, the Video Lottery Facility Location Commission will specify the types of information to be provided, particularly as it relates to certain statutory criteria. By law, the commission is to evaluate proposals based on the following factors:

- 70% – business and market factors:
 - the highest potential benefit and total revenues for the State, and potential revenues based on a market analysis;
 - the extent to which Maryland gaming participants would remain in the State and that a proposed facility would also become a regional/national tourist destination;
 - capital construction plans;
 - gross revenues (not to exceed 33%) retained by the facility operator;
 - the percentage of minority business enterprise ownership and proposed achievement of minority business participation goals; and
 - the preservation of existing Maryland jobs and the creation of new jobs.
- 15% – economic development factors:
 - wages and benefits for newly created jobs; and
 - any additional economic development in the area of a proposed facility.
- 15% – location siting factors:
 - existing transportation infrastructure surrounding a proposed facility;
 - any negative impacts on residential communities; and
 - the need for any public infrastructure expenditures.

Formal expressions of interest from potential licensees are due to the Video Lottery Facility Location Commission by February 1, 2009, with additional information expected to be submitted to the commission on April 15, 2009. As part of the evaluation process, the State Lottery Commission will conduct background and financial checks of applicants and advise the Video Lottery Facility Location Commission as to whether applicants may be qualified to receive a license. The selection process is expected to be substantially concluded by the fall of 2009.

Consultant Responsibilities

The consultant's primary responsibilities will be to assist the Video Lottery Facility Location Commission in collaboration with the staff of the commission in evaluating applications by:

- developing a methodology acceptable to the commission for operationalizing the statutory criteria based on information required to be provided by facility license applicants to operate in the designated locations;
- reviewing, rating and scoring applicant proposals using the statutory criteria and the approved methodology for each location; and
- providing thorough quantitative and qualitative support, both written and in person, to the commission.

In connection with its work for each proposal, the consultant shall specifically evaluate or report on the following, in combination with, or in addition to, the work noted above:

- The economic viability of the proposal and a market analysis indicating the extent to which the proposal is likely to retain Maryland customers now gambling out of state, attract customers from out of state, and/or induce additional gamblers from within the State.
- The impact, if any, the proposal would have in the immediate geographic vicinity of the location, including community character, property values and infrastructure, and transportation needs.
- The process through which a proposed facility would be required to receive any local planning and/or zoning approvals and the applicant's readiness for securing the necessary approvals.
- How the process being undertaken for selection of a licensee compares to those in other states that have evaluated facility proposals and issued facility licenses.
- Whether the minority business participation components of the facility proposals are practical and achievable.
- Estimate the number of jobs to be created directly and indirectly by a proposed facility during construction and permanently, including the associated wages/benefits and tax revenues, and estimate the number of jobs, wages, and tax benefits that could be lost due to displacement or competition resulting from each proposal.

- The quality of the proposed facility and the amenities to be provided, and the likelihood that a proposed facility would become, immediately or eventually, a regional tourist destination with significant additional employment and economic development impacts.
- Identify any issues, either related to the specified location or any statutory restrictions placed upon operations, for any or all of the five locations.

Immediately upon award of the contract, the commission expects the consultant to begin work on the priority items of developing a methodology for operationalizing the license proposal evaluation criteria and reviewing the license selection practices of other states.

Proposal Content and Selection Process

Proposals for this contract shall be in two parts: (1) technical qualifications; and (2) price:

The technical proposal shall include:

- a statement of experience and qualifications for work of the type described by the staff proposed to be assigned to this contract, including gaming industry clients served in the last 10 years;
- at least three references from customers or clients who purchased services similar to those being sought and can attest to the work provided by the staff proposed to be assigned to this contract;
- a description of the general method and proposed approaches to be used to address the work requested;
- a description of the number and qualifications of staff proposed to be assigned and the ability to begin work immediately upon contract award; and
- a discussion of what additional work, if any, the contractor foresees being needed in order to successfully conclude the licensing process.

The price proposal shall include:

- a schedule of hourly rates for staff to be assigned to the project and a good faith estimate of the hours that will be required for each in performance of the contract; or a fixed price for the delivery of the services requested; and

- a schedule under which any additional services not hereunder solicited may be procured from the contractors if different from that stated above.

The successful proposal will be selected by DLS based on materials submitted. Proposal makers may also be requested to present their proposals in person to DLS staff and to refine aspects of their proposals subsequent to presentation.

Proposals should be submitted in triplicate hard copy to:

**VLT Facility Evaluation Contract Proposal
Room 120, Legislative Services Building
90 State Circle
Annapolis, Maryland 21401**

Proposals shall be received by the above address no later than 2:00 p.m. on Thursday, January 22, 2009. A pre-proposal conference will be held on Thursday, January 8, 2009, at 10:00 a.m., in Room 111 of the Legislative Services Building in Annapolis. Any questions in advance of the pre-proposal conference may be e-mailed to Ryan Bishop by Monday, January 5, 2009, at ryan.bishop@mlis.state.md.us. Any subsequent amendments will be available on eMaryland Marketplace.