The Florida Senate

COMMITTEE MEETING EXPANDED AGENDA

REGULATED INDUSTRIES
Senator Jones, Chair
Senator Sachs, Vice Chair

MEETING DATE: Tuesday, October 4, 2011
TIME: 2:00 —4:00 p.m.
PLACE: Florida Lottery, 250 Marriott Drive, Tallahassee, Florida

MEMBERS: Senator Jones, Chair; Senator Sachs, Vice Chair; Senators Altman, Bogdanoff, Braynon, Dean, Diaz de la Portilla, Rich, Siplin, and Thrasher

TAB	BILL NO. and INTRODUCER	BILL DESCRIPTION and SENATE COMMITTEE ACTIONS	COMMITTEE ACTION
	Site Visit to the Florida Lottery		Presented
	Other Related Meeting Documents		

NOTE: Transportation will be provided for Senators and Staff. Please meet between the Senate Office Building and Knott Building at 2:00 P.M. Vans will depart at 2:00 P.M.

Senate Regulated Industries Dept of the FL Lottery Facility Tour

Tuesday, October 4th 2:00- 4:00pm

Proposed Itinerary

2:00 pm: Committee Roll Call and Van Boarding at the Capitol. The Senate Regulated Industries Committee members will then proceed to the Department of the Florida Lottery. Upon arrival they will go through the necessary security measures, along with any members of the press or public who want to attend this public meeting.

2:15 pm or thereafter: Arrival. Secretary O'Connell will greet attendees; introduce Randy Fox, who will brief them about the Tallahassee District Office. Guests will be escorted to the Draw Studio. (Any additional guests/press/public will need to go to the security window to receive guest passes.)

2:30 pm: Draw Studio Presentation. Sec. O'Connell, Bruce Hoffmann and Mike Manley will escort the Committee members and staff downstairs to the draw room where they will be greeted by Doug Pitts. Doug Pitts will give a standard presentation on draw security measures and address any questions related to the drawing. There will be a rehearsal taking place so that Committee members will have the opportunity to see what a typical draw would look like.

3:00 pm: Winners Lounge ITVM/ FSVM Tutorial - Q&A Session: Guests will be escorted to the Winners Lounge where they will be joined by our executive staff. Lottery staff will brief the committee on the status of the Lottery, give an update on sales figures and discuss legislative priorities (ITVMs and FSVMs). The Senators will then have an opportunity to and fully examine the two types of machine displays and ask questions of Lottery staff.

4:00 pm: Departure. The Committee Members will be escorted back to the main entrance to their awaiting vans for a 4pm departure.

Welcome to the Florida Lottery

Florida Lottery®

Senate Regulated Industries Committee

Lottery Headquarter Tour

October 4, 2011

Cynthia F. O'Connell

Secretary

The Games of the Florida Lottery

Florida Lottery Mission and Mandate

Purpose

". . . to operate the state lottery . . .so as to maximize revenues [for the Educational Enhancement Trust Fund] in a manner consonant with the dignity of the state and the welfare of its citizens."

Legislative Intent

"That the lottery games be operated by a department of state government that functions as much as possible in the manner of an entrepreneurial business enterprise."

3 Steps to Increase EETF Contribution

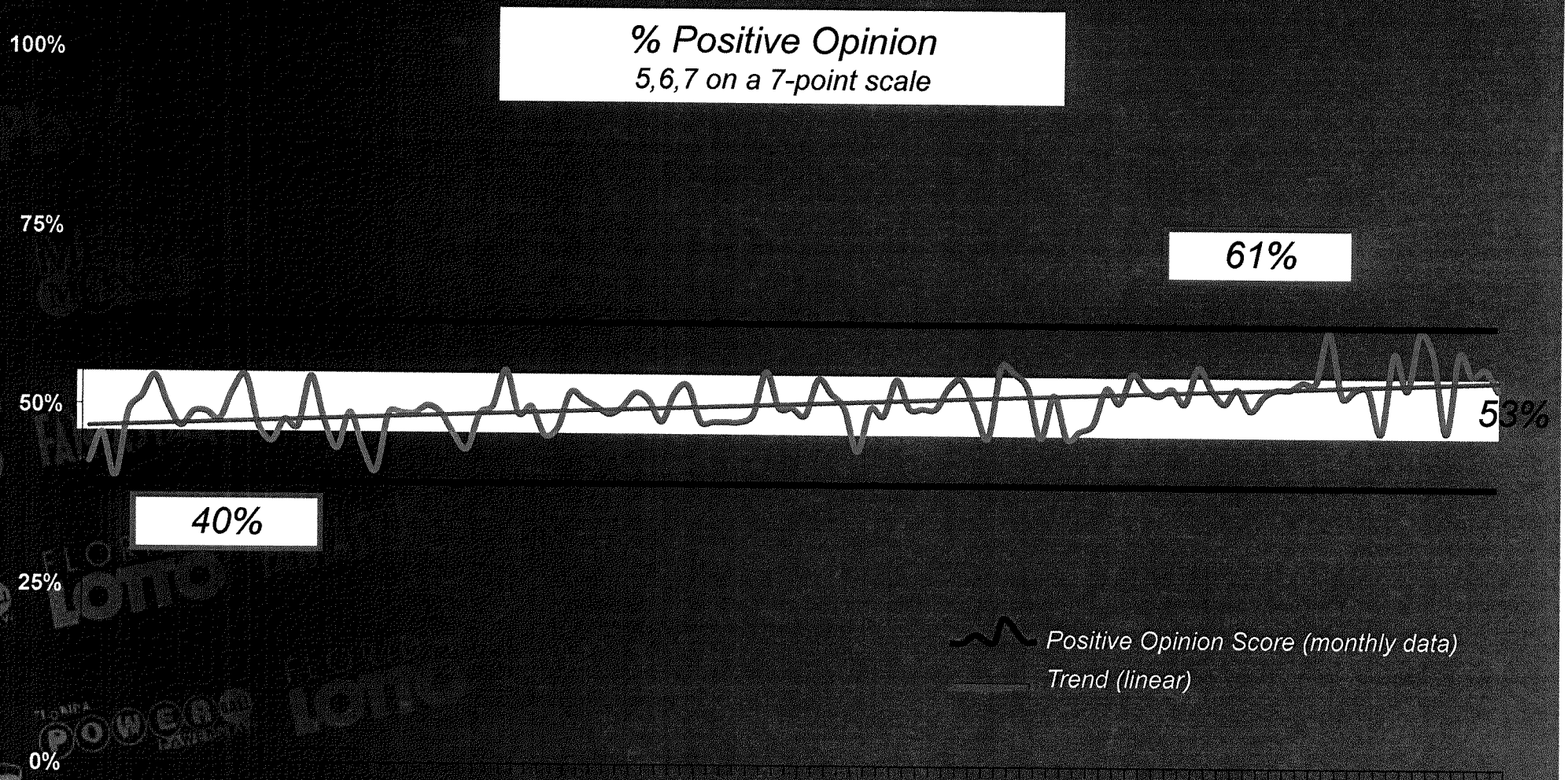
- Game Distribution for enhanced opportunity for "play"
- Expansion of retailer base
- Efficient allocations of resources

Florida Lottery Accomplishments YTD

FY 11-12 YTD ticket sales are running 9.66% ahead of last year at this time.

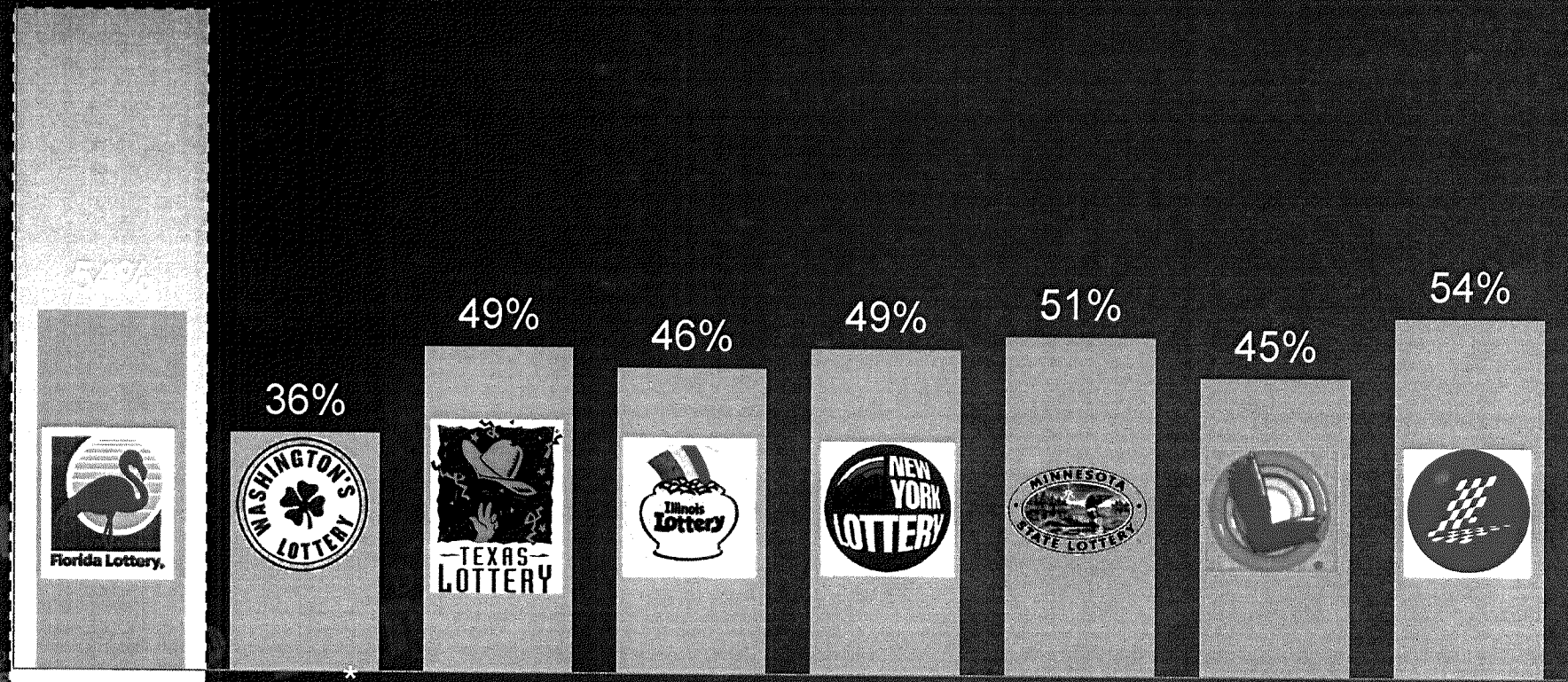
- Beginning new pilot project with WALMART neighborhood markets (27)
- New tenant agreement with the Florida Office of Early Learning
- Potential introduction of MUSL POWERBALL Drawings to take place in Tallahassee Lottery Studio

Overall Opinion of the Florida Lottery



c2. "How would you describe your overall opinion of the Florida Lottery on a scale from 1 to 7, where '1' means your opinion is 'Very Negative' and '7' means your opinion is 'Very Positive?"

Positive Overall Opinion



* 5-point scale

Lottery Performance for FY 2010 - 2011

(In Millions)	REC Forecast	Gov. Goal	Actual
Scratch Off Tickets	$ 2,171.7		$ 2,225.7
On-Line Tickets	$ 1,736.2		$ 1,783.0
Total Ticket Sales	$ 3,907.9	$ 3,970.0	$ 4,008.7

(In Millions)	REC Forecast	Gov. Goal	Actual
EETF Transfers	$ 1,141.0	$ 1,160.0	$ 1,191.8

	Gov. Goal	Actual
Retailer Base	13,200	13,270

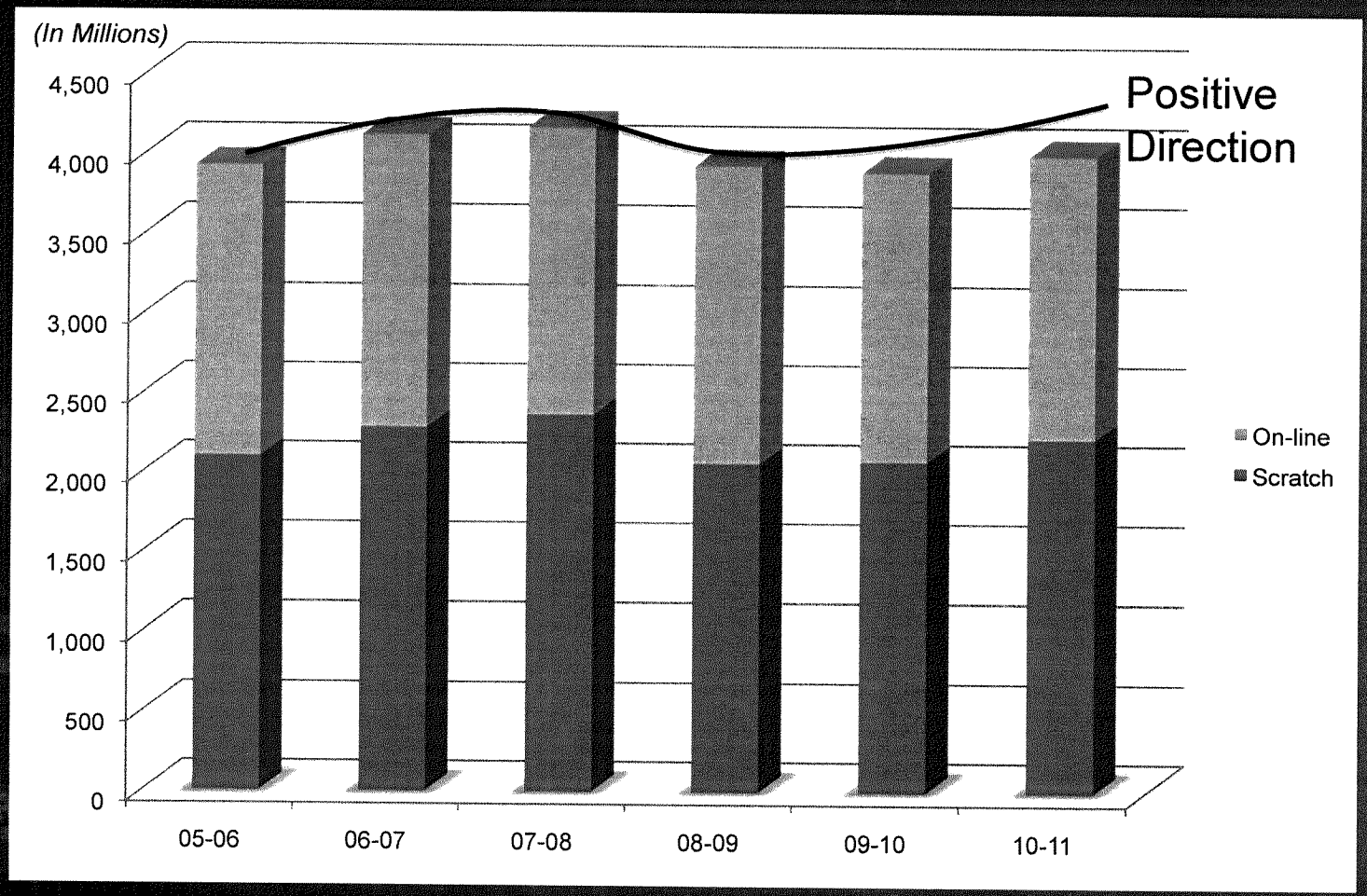
Department Goals for FY 11-12 and 12-13

(In Millions)	FY 11-12	FY 12-13
Scratch Off Tickets	$ 2,385.0	$ 2,432.7
On-Line Tickets	$ 1,835.0	$ 1,841.3
Total Ticket Sales	$ 4,220.0	$ 4,274.0

(In Millions)	FY 11-12	FY 12-13
EETF Transfers	$ 1,250.0	1,270.8

	FY 11-12	FY 12-13
Retailer Base	13,700	13,835

Sales Trend Line



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Powerball Changes

Beginning January 15, 2012--

- Higher Starting Jackpot: $40 Million--up from $20 million
- Higher Second Prize ($1,000,000)--up from $200,000
- Improved Odds

Players will now choose one bonus ball from 35 rather than 39

1:175 Million jackpot odds--down from 1:195 million
1:31 overall odds (down from 1:35)

- Higher Ticket Price: $2--up from $1

Instant Ticket Vending Machines

"ITVMs" – what are they?

- Self-service vending machines
- Customers can use them to purchase Florida Lottery Scratch-Off tickets, choosing from 24 bins
- Like a soda or candy machine, money is inserted and a button is pushed to select desired product - an Instant Lottery Ticket
- Do not give change
- Precautions to prevent underage play

ITVM Performance

Facts:

- 1,500 ITVM's placed across the state in 61 counties with the majority of units placed in Supermarket trade-styles.
- Each ITVM has 24 game offered at $1, $2, $3, $5, $10 & $20 price points. Each ITVM is stocked to offer the highest selling games.
- LTD sales (as of 9/30/11) are **$460,970,015** (first installed in August of '09). Each ITVM location is evaluated regularly to maximize ROI.
- 1st Qtr 11-12 ITVM ticket sales are averaging over $3,591 per week.
- $20 games account for 40% of ITVM sales volume, followed by $5 games at 22%.
- The $2 price-point games are the most sold tickets with 3,554,206 tickets sold.
- $5 games are second with 3,276,804 tickets sold.

Full Service Vending Machines

"FSVMs" – what are they?

- Self-service vending machines that allow for the sale of both Scratch-off and online/draw games.
- Customers can use them to purchase the full range of tickets provided by the Florida.
- Like a soda or candy machine, money is inserted and a button is pushed or inputted to select desired product and a Lottery Ticket either instant Scratch-off or online/draw game is tendered.
- The machine would still not provide change.
- The same precautions to prevent underage play would be in effect.
- The technology is approved and provided for in the Florida tribal gaming compact and does not conflict in any way.
- Provides the Florida Lottery with a tool to market to new and larger retailers with the full line of Florida Lottery products.

POWER BALL
LOTTO
FANTASY 5
SCRATCH OFFS
FLORIDA LOTTO
FLORIDA POWER BALL
LUCKY LINES
CA$H 3
Florida Lottery