



MEMORANDUM

To: California State Lottery Commission **Date:** August 20, 2008

From: Joan M. Borucki
Director

Prepared By: Susan S. Kossack, Deputy Director, Marketing

Subject: Item 9(b) – Approval of Contract with Alcone Marketing Group for Marketing Promotions and Point-of-Sale Services

ISSUE

Should the California State Lottery (Commission) approve a contract with Alcone Marketing Group for marketing promotions and point-of-sale services?

RECOMMENDATION

Staff recommends that the Commission approve the contract award to Alcone Marketing Group for marketing promotions and point-of-sale services.

BACKGROUND

Consumer marketing promotions services used by the California State Lottery (Lottery) include the development, design, and implementation of collateral point-of-sale materials, and the development of consumer promotions. Retail point-of-sale services used by the Lottery include the design and production of permanent interior and exterior signage, banners, and product displays. These materials and services are required to furnish over 20,300 Lottery retailers with the proper equipment to prominently display and sell Lottery products. The contracts that currently provide these services will expire on August 31, 2008.

On March 28, 2008, the Lottery released a Request for Proposal (RFP) and posted it on the California Lottery's website. A letter of notification was mailed to all interested vendors in the Lottery's Contract and Procurement Services Section (CPSS) database. In addition, the RFP was advertised in seven print and newspaper

publications. Four proposals were received from the following companies by the April 28, 2008 deadline: Alcone Marketing Group, Creative Productions, Swirl, Inc., and Traver Hispanic Marketing Group. All companies passed the mandatory requirements and were advanced to the Rated Evaluation phase where the proposals were evaluated on the following factors: Case study and Samples of Work, Background and Experience, and Account Personnel. The rating scale used during the evaluation process was as follows: Superior, Significantly Exceeds, Exceeds, Meets, Meets With Exception, and Does Not Meet.

Superior (S) - Proposal exceptionally exceeds performance or capability requirements; proposal demonstrates extraordinary strengths that will more than significantly benefit the Lottery.

Significantly Exceeds (SE) - Proposal significantly exceeds performance or capability requirements; proposal demonstrates exceptional strengths that will significantly benefit the Lottery.

Exceeds (E) - Proposal exceeds performance or capability requirements; proposal has one or more strengths that will benefit the Lottery.

Meets (M) - Meets specified minimum performance or capability requirements necessary for acceptable contract performance.

Meets with Exceptions (MWE) - Proposal demonstrates weak performance or capability standards necessary for minimum contract performance; proposal has one or more weaknesses that offset any strengths.

Does Not Meet (DNM) - Fails to meet specified minimum performance or capability requirements. Proposals with an unacceptable rating are not awardable.

Bidders with a rating of "Meets" or better advanced to the Final Competition. Overall results of the Rated Evaluation phase were:

Alcone Marketing Group	Significantly Exceeds
Creative Productions	Exceeds
Swirl, Inc.	Meets With Exception
Traver Hispanic Marketing Group	Does Not Meet

Alcone Marketing Group and Creative Productions advanced to the Final Competition which consisted of a Case Study and Presentation. On June 25, 2008, the presentations were held at the bidders' California offices. Following are the results of the finalist case study and presentation evaluation ratings:

Alcone Marketing Group	Significantly Exceeds
Creative Productions	Meets

Price sheets were evaluated and Alcone Marketing Group's price was \$4,641,196 less than Creative Productions. On July 25, 2008, Alcone was announced as the apparent successful bidder as the result of being awarded an overall rating of "Significantly Exceeds". No protests were received in response to the announcement. This contract is to commence on September 1, 2008 for three years with the option to extend up to three additional years with a total contract expenditure authority of \$40,000,000.