MEMORANDUM

Date: December 3, 2008

To: California State Lottery Commission

From: Joan M. Borucki
Director

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Deputy Director, Operations

Subject: Item 9(e) – New Headquarters Design Contract

ISSUE

Should the California State Lottery Commission (Commission) approve the award of a contract to perform final design of a new headquarters facility?

RECOMMENDATION

California State Lottery (Lottery) staff recommends that the Commission approve the award of a contract to the architectural firm LPA Sacramento for the final design of a new Lottery Headquarters building for $4.3 million.

BACKGROUND

At its May 20, 2008 meeting, the Commission approved the solicitation for design and construction of a new headquarters facility. Since the May 2008 Commission Meeting a Request For Qualifications (RFQ) has gone out for the design portion of this work. The Lottery received Statements of Qualifications (SOQ) from five architectural firms. The qualification evaluation process of these firms consisted of a mandatory submittal review, rated submittal evaluation, and an interview. All five architectural firms that submitted SOQ passed the mandatory submittal review and moved on to the rated submittal evaluation, which concluded with three firms moving forward to the interview. The outcome of the interviews was a ranking of the three most qualified responders. The Lottery then proceeded with a best value analysis and negotiation beginning with the top ranked most qualified responder. Staff felt that the price submitted by the top

most qualified responder was significantly higher than was acceptable to the Lottery. As a result, best value analysis and negotiation began with the next-ranked most qualified responder, LPA Sacramento. The analysis and negotiations led to the selection of LPA Sacramento as the apparent successful responder.

At the time of the May 2008 Commission Meeting it was expected that the Lottery would utilize the Design-Build method of procurement for this project. The Design-Build method would have combined the design and construction into a single contract. Subsequently it was determined that the Design-Assist method of procurement was preferable for this project. With the Design-Assist method, also known as Integrated Project Delivery, separate contracts for design and construction are coordinated to ensure a team approach to the project. The solicitation for the construction contract is under development now.

DISCUSSION

Pursuant to the California State Lottery Act and the terms of the RFQ, the Headquarters design contract is to be awarded to the responder that offers the best value to the Lottery. In accordance with the Lottery's Competitive Bidding Procedures, "best value" maximizes greater overall benefits and value to the Lottery.

After a rigorous evaluation and negotiation process, the architectural firm LPA Sacramento was selected as the firm that provides the Lottery with the overall "best value" in professional architectural and engineering services, to design the new Lottery Headquarters building. Staff recommends approving the contract with LPA Sacramento for Lottery Headquarters design.