



MEMORANDUM

To: California State Lottery Commission **Date:** January 9, 2008

From: Joan M. Borucki
Director

Prepared By: Patricia Eberhart, Deputy Director
Operations Division

Subject: Item 9(e) – Approval of Contract with Ross Clark Material Handling

ISSUE

Should the California State Lottery Commission (Commission) approve the purchase of new warehouse racking and “Pick n Pack” station with conveyor belt systems for the Northern Distribution Warehouse located at 2920 Ramco Street, West Sacramento, CA 95605, through the vendor, Ross Clark Material Handling?

RECOMMENDATION

California State Lottery (Lottery) staff recommends that the Commission approve the purchase of new warehouse racking and “Pick n Pack” station with conveyor belt systems for the Northern Distribution Warehouse located at 2920 Ramco Street, West Sacramento, CA 95605, through the vendor, Ross Clark Material Handling (Ross Clark).

BACKGROUND

The Lottery is in the process of standardizing its racking system to provide consistency in size and specification and to ensure seismic safety of all warehouse racking. The Lottery has contracted with Ross Clark to accomplish this work in the past and has been very satisfied with the product and the work.

DISCUSSION

Lottery staff conducted a search of material handlers to ascertain whether it might be advantageous to competitively bid the purchase of the racking, and in the process located a total of three vendors with interest in supplying the racking. Specifications were given to the vendors and informal bids were solicited from each. The first vendor was not able or was unwilling to meet the specification and/or deliver the product within the time constraints of the Lottery and did not submit a response. The second vendor submitted their response, but the bid was not based on the specifications the Lottery had requested. Since these companies were "unresponsive," staff eliminated their proposals from consideration. The third vendor was Ross Clark which provided competitively priced product that met the Lottery's specifications and a timetable to meet the Lottery's needs.

Additionally, the current "Pick n Pack" station system located at the existing Northern Distribution Warehouse cannot be moved to the new site; therefore, a new system with conveyor belt needs to be purchased. Due to time restraints and the desire to maintain consistency from warehouse to warehouse, it is impracticable to go out for a formal IFB for a "Pick n Pack" station system.

Staff is recommending that pursuant to Competitive Bidding Procedures 2(b)(1), the Lottery procure the "Pick n Pack" station with conveyor belt system from Ross Clark on a non-competitive basis. Additionally, staff recommends the purchasing of new warehouse racking from Ross Clark.

The contract with Ross Clark Material Handling will not exceed \$505,000.