



**M E M O R A N D U M**

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**Date:** March 25, 2009

**To:** California State Lottery Commission

**From:** Joan M. Borucki  
Director

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Marketing

**Subject:** Item 9(d) – Amendment to Extend the Term and Add Funds to the Hispanic Market Advertising Contract #10050

**ISSUE**

Should the California State Lottery Commission (Commission) approve a 2-year term extension and \$12 million additional funding to the contract with Casanova Pendrill (Casanova) for Spanish language advertising?

**RECOMMENDATION**

Staff recommends the Commission approve the 2-year term extension and \$12 million additional funding to the contract with Casanova to continue Spanish language advertising.

**BACKGROUND**

In 2005 as the result of a formal solicitation, Casanova was awarded a 4-year contract with up to two one-year extension options for a total contact expenditure authority of \$28 million. Of the three advertising agencies that were advanced to the Final Competition during the solicitation process, Casanova was the only agency that was given the overall rating of “Significantly Exceeds” with competitive pricing and the lowest mark-up rates of the other two agencies.

This contract has been amended only once in the 4-year term for a revision to the Contractor's insurance filing requirements. No term extensions have been requested nor has any additional funding been requested for the life of the current contract which will expire on May 31, 2009.

## **DISCUSSION**

Spanish language advertising is an integral part of the California State Lottery's overall communication plan and Casanova plays a key role in the marketing efforts for all Lottery products. Services provided under this contract include creating and producing Spanish language advertising for consumers of Spanish language media and the Spanish translation services for all collateral point-of-sale items customized for the Lottery.

Casanova has continued to provide a consistent level of service above what is expected and continues to provide competitive pricing and low mark up rates for Spanish language advertising services. This extension will also allow staff adequate time necessary to prepare the next advertising contract procurement for a new General Market advertising contract expected to become effective in February 2010.

This amendment to the Casanova contract also includes the addition of a 9-month Emergency Extended Service option to be added to the Terms and Conditions of this contract. With the approval of the remaining 2-year extension available and the addition of \$12 million, the new expiration date of this contract will be May 31, 2011 and the total expenditure authority will be \$40 million.