



M E M O R A N D U M

---

**Date:** March 25, 2009

**To:** California State Lottery Commission

**From:** Joan M. Borucki  
Director

**Prepared By:** Susan Kossack, Deputy Director  
Marketing Division

**Subject:** Item 9(c) – Amendment to Extend the Term of the General Market Advertising Contract #8989

**ISSUE**

Should the California State Lottery Commission (Commission) approve a 10-month extension to its contract with BBDO West (BBDO) to continue General Market advertising services?

**RECOMMENDATION**

Staff recommends that the Commission approve the extension of the BBDO contract for ten months under the same terms and conditions to continue General Market advertising services through April 30, 2010. The 10-month term extension requires no additional funding and the total expenditure authority for this contract will remain at \$150,000,000.

**BACKGROUND**

As the result of a formal solicitation in 2004, BBDO was announced as the apparent successful competitor for a 4-year contract to provide General Market advertising services. BBDO was the only bidder to receive an overall evaluation rating of “Exceeds” in addition to having the most competitive pricing and the lowest mark-up rates. The initial term of this contract was May 1, 2004 through April 30, 2008 with extension options up to two additional years.

In 2008, the Commission approved a 14-month extension to the BBDO contract from May 1, 2008 through June 30, 2009 to allow staff time to prepare a formal solicitation that resulted in the contract for the California State Lottery television show, "Make Me a Millionaire". No additional funding was requested for the 14-month extension.

### **DISCUSSION**

BBDO has continued to provide a consistent level of service and continues to provide competitive pricing and low mark up rates. Media purchases are typically made three months in advance in order to obtain the lowest rates possible. Extending BBDO's contract will ensure that the Lottery obtains the desired media purchases with the lowest rate possible through most of the 2009/2010 Fiscal Year. This extension also allows staff the time necessary to prepare the next advertising contract procurement for General Market advertising services.

This amendment to the BBDO contract includes the addition of a 9-month Emergency Extended Service option to be added to the Terms and Conditions of this contract. No additional funding is being requested and the contract expenditure amount will stay at \$150,000,000 through the remaining 10-month extension.