



M E M O R A N D U M

Date: January 28, 2009

To: California State Lottery Commission

From: Joan M. Borucki
Director

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Subject: Item 9(f) - Amendment to Lottery Waste Disposal, Recycling, and Mobile Shredding Contract

ISSUE

Should the California State Lottery Commission (Commission) approve an amendment to the RSI Consulting Services, Inc. contract #10523 to add \$125,000 in additional funds for waste disposal, recycling, and mobile shredding services at California State Lottery (Lottery) offices?

RECOMMENDATION

Lottery staff recommends that the Commission approve an amendment to RSI Consulting Services contract #10523 to add \$125,000 in additional funds for waste disposal, recycling, and mobile shredding services at Lottery offices, bringing the total expenditure to \$550,000.

BACKGROUND

Services under this contract include labor, materials, and equipment required to provide waste disposal, shredding, and recycling services for the Lottery's offices throughout the state. In 2005, as the result of a formal, competitive solicitation, the Lottery awarded a three-year contract to RSI Consulting Services, Inc. for waste disposal, shredding, and recycling services with a total expenditure authority of \$300,000. The contract was amended in June 2008 to increase funds and exercise the available option to extend the term one year. However, due to higher than anticipated ticket shredding amounts,

disposal of larger amounts of broken furniture, and obsolete items than previously determined, and the disposal of outdated logo point of sale items during the two warehouse moves, funds need to be increased again.

DISCUSSION

RSI Consulting Services, Inc. provides waste disposal, shredding and recycling services for the Lottery's offices throughout the state. RSI Consulting Services, Inc. services include on-site shredding of expired Scratchers® tickets, confidential documents, and business records that have surpassed Retention Schedules. Recycling bins used in the work environment, recycling of batteries and florescent tubes, disposal of damaged furniture and modular panels, debris dumpsters, and Headquarters complex garbage pickup are also services provided by RSI Consulting Services. The contractor has provided exemplary customer service throughout the term of the contract and the Lottery maintains a good working relationship with them.

The original three-year contract allowed for expenditures of \$100,000 per year. An amendment was processed in June 2008, to exercise the option allowed in the contract to extend the term and funds were increased by \$125,000. During the relocation of the Northern Distribution Warehouse, the Supply Warehouse and racking of the Southern Distribution Warehouse, it was determined that the anticipated amount of records and ticket shredding was far below the realistic amount. The amount of obsolete furniture and other items was also higher than anticipated and the need for recycling of the prior logo point of sale items was not included. Therefore, an anticipated increase of \$125,000 is requested with no change in the term date.