



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

---

**Date:** April 14, 2010

**To:** California State Lottery Commission

**From:** Joan M. Borucki  
Director

**Prepared By:** Michael Brennan, Deputy Director, Sales & Marketing

**Subject:** Item 9(e) – Amendment to Extend the Term and Add Funding to the General Market Advertising Contract

**ISSUE**

Should the California State Lottery Commission (Commission) approve an amendment to the BBDO West General Market Advertising Contract to extend the contract term for nine months with an additional expenditure authority of \$25 million for a total contract expenditure authority of \$175 million?

**RECOMMENDATION**

Staff recommends that the Commission approve an amendment to the BBDO West General Market Advertising Contract to extend the contract term for nine months with an additional expenditure authority of \$25 million for a total contract expenditure authority of \$175 million. This extension will ensure that the California State Lottery (Lottery) will continue to receive business-critical general market advertising services through January 30, 2011.

**BACKGROUND**

As the result of a formal solicitation in 2004, the Commission awarded BBDO West a four-year contract with an expenditure authority of \$150 million to provide general market advertising services to include: assisting in performing marketing analysis, marketing strategy development and positioning of the Lottery and its products, developing general market media plans and purchasing general market television, radio, print, outdoor and new media vehicles to assist in the marketing of Lottery products. The initial term of this contract was May 1, 2004 through April 30, 2008 with extension options of up to two additional years.

In 2008, the Commission authorized a 14-month extension of the BBDO West contract through June 30, 2009. No additional funding was requested or authorized as a result for this extension. On March 25, 2009 the Commission authorized another extension of the BBDO West contract for ten months under the same terms and conditions to continue general market advertising services through April 30, 2010 and add an Emergency Extended Service clause. There was no additional funding authorized for this extension either.

## **DISCUSSION**

The Lottery Commission asked staff to rethink how the Lottery contracts for and uses their marketing agencies. In order to do so effectively as possible, the Lottery contracted with Select Resources International (SRI) to aid staff in preparing a Request for Proposal (RFP) that achieves the goal set by the Commission. That goal was to ensure that the Lottery obtains new and innovative approaches to consumer advertising services by identifying an agency that is at the cutting edge of changes in consumer behavior and that has expertise in new media technologies. Marketing staff, along with SRI consultants are currently in the process of developing a RFP to achieve this goal.

The additional time the Lottery is taking to develop the RFP will help to ensure that future general marketing advertising services complement the Lottery's new three-year strategic business plan that is currently under development as a part of the RENEW Project. Combined, these efforts will ensure that the Lottery is positioned to obtain the highest level of service in future general marketing advertising contracts and that the Lottery will be in a better position to evaluate the effectiveness of all advertising efforts and campaigns.