



M E M O R A N D U M

Date: April 26, 2012

To: California State Lottery Commission

From: Robert O'Neill
Director

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Subject: Item (8b) - Amendment to Extend the Term of the Asian Advertising Contract

ISSUE

Should the California State Lottery Commission (Commission) approve a 14-month extension to contract #13831 with Time Advertising (Time) to continue to provide Asian advertising services for the California State Lottery (Lottery)?

RECOMMENDATION

Staff recommends that the Commission approve the extension of the Time contract for fourteen months under the same terms and conditions through November 7, 2013. To carry out the 14-month extension, staff recommends an increase of the contract expenditure authority by \$2.5 million for a total expenditure authority for this contract of \$8.5 million.

BACKGROUND

As a result of a formal solicitation in 2009, the Commission awarded Time a three-year contract with an expenditure authority of \$6 million to provide Asian advertising services. Services under this contract include the development and production of television, print and other advertising materials in Chinese, Vietnamese and Korean as well as placement of the media. Of the finalists in the 2009 procurement, Time was the only bidder to receive an overall evaluation rating of "Significantly Exceeds" in addition to having the most competitive pricing and the lowest mark-up rates. The evaluation team recommended Time as having the overall best value for the Lottery.

The initial term of this contract was September 8, 2009 through September 7, 2012 with four one-year options to extend.

DISCUSSION

Time continues to provide a consistent level of service and will continue to provide competitive pricing and low mark-up rates. Extending Time's contract will ensure that the Lottery obtains the desired media purchases with the lowest possible rates through most of the 2012-2013 Fiscal Years.

Extending this contract for 14 months will allow the Lottery time to simplify, streamline, and develop a new RFP process. Multiple RFP's are scheduled to occur during the 2012-2013 Fiscal Year. The same staff who develop RFP's and coordinate the entire procurement process will be conducting multiple RFP's for other expiring Marketing contracts. By synchronizing multiple contracts, including the Asian advertising services contract, on the same time cycle, staff hopes to consolidate procurements, thus reducing overall effort to develop, evaluate, award, and monitor advertising contracts in the future.

Also with this extension, Time has agreed to lower the mark-up on billings from 8.0% to 7.5% saving the Lottery approximately \$7,890 for the next Fiscal Year.

With the approval of the 14-month extension, the new expiration date of this contract will be November 7, 2013 with a total expenditure authority of \$8.5 million.