



M E M O R A N D U M

Date: June 30, 2022

To: California State Lottery Commission

From: Alva V. Johnson, Director *AJ*

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Subject: Item 9(c) – Extension and Addition of Funds to the Time Advertising Contract

ISSUE

The California State Lottery (Lottery) is seeking an emergency contract extension for Time Advertising. The current contract is set to expire on November 7, 2022. The Lottery is currently preparing to conduct a formal solicitation to secure a new contract for these services; however, it will not be completed before the contract expiration. The Lottery is requesting an emergency nine-month contract with Time Advertising through August 7, 2023 with an additional \$7.6 million in expenditure authority. This will allow the Lottery to complete a comprehensive and competitive solicitation.

BACKGROUND

In 2015, as a result of a formal solicitation, the California State Lottery Commission (Commission) awarded Time Advertising a five-year contract for Asian consumer market advertising services with an initial contract expenditure authority of \$21 million and two one-year extension options. In May of 2020, the Commission approved a one-year extension, and in September of 2021, the Commission approved an additional one-year extension, thus amending the contract term to November 7, 2022.

DISCUSSION

Time Advertising is responsible for assisting the Lottery in overall market analysis, strategy development for marketing and advertising plans and programs, and helps position the Lottery and its products in the California Asian consumer market. Additionally, Time Advertising handles the creation and production of in-language advertising assets that communicate directly with Asian consumers.

Over the course of the contract, Time Advertising has consistently provided a high level of service. Extending the Time Advertising contract will ensure that the Lottery continues to obtain these services and address this important consumer segment in a relevant and effective manner.

A nine-month emergency extension is required to extend the services with Time Advertising to allow Lottery staff time to develop and complete a new Request for Proposal (RFP) for Asian consumer market advertising services.

The Asian consumer market RFP was originally scheduled to be released in November 2021. However, it was postponed to avoid overlapping efforts with RFP #50180 - Promotions and Retail Marketing Agency, which was released in December of 2021. Marketing agency procurements are normally staggered to avoid overlap as they require a significant amount of staff time and resources.

As of June 2022, the Time Advertising contract has approximately \$634,000 of funding available for the remaining contract term. To allow the Lottery to have sufficient funding until the current and proposed terms end in August 2023, Lottery staff recommends increasing the contract expenditure authority by \$7.6 million to ensure the Lottery can continue to fulfill its mission of providing supplemental funding to California schools.

The additional funding is required to carry out marketing efforts that will support the fiscal year 2022/23 Lottery business plan, which includes the ongoing support of the Scratchers branding effort, jackpot alerts and a planned effort to support the jackpot game category.

RECOMMENDATION

Lottery staff recommends that the Commission approve a nine-month emergency extension of the Time Advertising contract and an additional expenditure authority of \$7.6 million to continue the contract without interruption. The contract will now expire on August 7, 2023 and have a maximum authorized contract expenditure of \$28.6 million.