



M E M O R A N D U M

Date: May 27, 2021

To: California State Lottery Commission

From: Alva V. Johnson, Director 

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Subject: Item 8(b) – Public Website Contract Extension

ISSUE

The California State Lottery (Lottery) is requesting approval to exercise two of the remaining one-year extension options of the current ICF Next, Inc. (ICF Next) contract and add \$7,500,000 in funds.

BACKGROUND

The Lottery uses contracted services to manage the maintenance and operations (M&O) of the Lottery's public website (PWS) platform and cloud-based infrastructure. The PWS must be available 24 hours a day, 7 days a week, 365 days a year (e.g. 24/7/365) to support operations which is not achievable by managing, maintaining, operating, and supporting a website in-house with Lottery staff.

On October 01, 2015, Olson and Co. (now known as ICF Next) was awarded a Digital Agency services contract to provide strategic web design, maintenance, and marketing consultation. Since then, ICF Next made numerous PWS modifications, including the launch of a new website compliant with Americans with Disabilities Act (ADA) standards.

At the May 28, 2020 Commission Meeting, the California State Lottery Commission (Commission) approved the Lottery's recommendation to extend the ICF Next contract by one year to September 30, 2021 and to add an additional \$3,000,000 in funds. The intent of this extension was to add PWS functionality and features that were deferred from

the previous website, enable hardware migration, and to provide time to conduct a solicitation and award a new contract for PWS services. As such, the ICF Next contract is set to expire September 30, 2021.

The Lottery released a Request for Offer (RFO) on January 19, 2021. The solicitation used the California Multiple Award Schedule (CMAS) leveraged procurement vehicle where contractors are pre-qualified as a CMAS supplier offering products and/or services at prices based on an existing Federal General Services Administration (GSA) schedule. CMAS contracts are largely based upon contractors that are pre-qualified in specific product/service categories, and the vendor pool may be reduced as the complexity of scope crosses over multiple categories.

The Lottery received one non-responsive bid. Due to the lack of responsive bidders, the Lottery determined that the RFO needed to be revised and, on March 4, 2021, the RFO was cancelled.

Due to changes in Lottery leadership that occurred during this time, it was determined that additional analysis was needed in connection with this procurement to broaden the potential contractor pool and increase the number of responsive bids. It was then determined that a leveraged procurement would not meet the Lottery's needs because of limitations in the contractor pool, constraints on the "base" leveraged contract that is offered, and contract award limits which, while not applicable to the Lottery, may turn away potential vendors who believe the requested scope of services are beyond the award limitations even though they do not apply to the Lottery.

As a result, the Lottery determined that an extension of the ICF Next contract was necessary to allow sufficient time to restructure the solicitation to include a Request for Information (RFI) with the Request for Proposal (RFP) process (e.g., this process will no longer rely on a leveraged procurement).

DISCUSSION

By amending the ICF Next contract to allow for additional time to utilize a RFI and RFP solicitation process, the Lottery can benefit from the following:

- Necessary and thorough analysis can be completed to ensure that the procurement's scope of services captures the full scope and complexity of services required to support the PWS.
- The RFI process will enable the Lottery to seek feedback from the industry to determine if there are potential gaps that need to be addressed in the RFP. Additionally, the RFI will serve as a "marketing and outreach" effort to the industry to increase visibility and encourage contractors to bid on the RFP.
- The RFI will allow the Lottery to expand its understanding of the digital services management market, such as cloud management in complex environments. The RFI will provide insight into six main areas:
 - Strategies for transitioning services between contractors
 - Best practices for monitoring, telemetry, and performance management
 - Technical requirements from similar engagements
 - Modern approaches to system management
 - Recommendations on team structures, required resources, and qualifications
 - Recommendations for Service Level Agreements

Under the terms of the ICF Next contract, the Lottery has four remaining one-year options to extend. During the current one-year extension, ICF Next's staffing levels were decreased in order for the Lottery to complete the solicitation process.

The Lottery requests to exercise two of the remaining four one-year terms to ensure that there are sufficient resources to support the PWS and allow the Lottery sufficient time to develop the RFP, address delays in the event Lottery resources are temporarily diverted, and to reduce the need to request additional extensions of the ICF Next contract. The exercise of an additional second one-year term, will provide the Lottery with additional time for transitioning services and any other unforeseeable delays that may occur, although the Lottery may not need the full extension term after a new PWS services contract is awarded.

The Lottery estimates that an additional \$7,500,000 in funds are needed to support the two one-year extensions. The Lottery calculated this amount based on historical services costs, and by determining the amount of staff needed to maintain existing service levels to allow for additional support for new and existing marketing initiatives and address any

PWS backlog items until a new contract is awarded. It will also allow the continued maintenance of the PWS support infrastructure.

RECOMMENDATION

California State Lottery (Lottery) staff recommends that the Commission approve the extension of the ICF Next PWS services contract for two (2) additional one-year terms. The total cost of this request is \$7,500,000.