



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

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**Date:** May 26, 2022

**To:** California State Lottery Commission

**From:** Alva V. Johnson *AV*  
Director

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Sales & Marketing Division

**Subject:** Item 8(f) – Mytess Designated Bulk Carrier Services Contract

### **ISSUE**

The California State Lottery (Lottery) is requesting a new three-year contract with Mytess to provide designated bulk carrier services for Scratchers® ticket and Point-of-Sale (POS) delivery. Services are required to go between the two Distribution Centers to balance inventory.

### **BACKGROUND**

The Lottery's Distribution Centers (DC) need to ship Scratchers and POS between each DC on a regular basis. Initial Scratchers and POS allotments need to be balanced between DCs due to varied consumer demand. Shipments are arranged on an as needed basis. The number of pallets delivered to a DC on each shipment varies depending on the sales volume and campaign needs for the region the DC supports. The total weight of each shipment can range from 10,000 to 90,000 pounds.

The Lottery is currently using a blanket purchase order with another vendor to meet the DC's needs to balance Scratchers and POS. However, a contract will allow the Lottery greater ability to ship Scratchers and POS between DCs in a timelier fashion. A contract also ensures the Lottery will have consistent pricing structure over the next three years.

### **DISCUSSION**

The Lottery released an Invitation for Bid (IFB) on January 29, 2022 for designated bulk carrier services for Scratchers® and POS delivery services with an initial contract term of three years and an option to extend for two additional one-year terms. The IFB identified

three separate vendors to perform these services: one to ship from DC to District Offices (DO) in Northern California; one to ship from DC to DO in Southern California, and one to ship from DC-to-DC.

The different sizes of DC and DO deliveries require different types of trucks. The DC-to-DC shipments require the use of a semi-truck and tractor-trailer. Due to the different requirements, the Lottery allowed vendors to bid on DC-to-DC separate from DC-to-DO. Further, the Lottery allowed vendors to bid on DC-to-DO regionally.

During the cost analysis, all bids were compared against each other. Mytess was selected as the vendor to provide the Lottery with designated bulk carrier services between distribution centers for three years based solely upon price. Using the Lottery's average Scratchers tickets and POS shipment history, the Evaluation Team determined Mytess will provide the best cost value to the Lottery while meeting the Lottery's service and security requirements. Mytess' fixed rate price schedule provided the lowest amount of shipping price increases over the life of the contract.

Using historical averages and projected growth, the Lottery estimates the total contract expenditure authority of \$400,000 for the three-year contract.

### **RECOMMENDATION**

Lottery staff recommends that the California State Lottery Commission approve the award of the designated bulk carrier services contract to Mytess for a term of three years and a maximum authorized contract expenditure authority of \$400,000.