



M E M O R A N D U M

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) – PacTrack Designated Bulk Carrier Services Contract

ISSUE

The California State Lottery (Lottery) is requesting a new three-year contract with PacTrack to provide designated bulk carrier services between the Southern Distribution Center and the five southern District Offices for Scratchers® ticket and Point-of-Sale (POS) delivery.

BACKGROUND

The Lottery's Southern Distribution Center (SDC) needs to ship Scratchers and POS to and from the five southern District Offices (DO), which support over 12,500 retailers. Shipments are arranged on an as needed basis. The number of pallets delivered to a DO on each shipment varies depending on the sales volume and campaign needs for the retailers supported by the receiving DO. The total weight of each shipment can weigh up to 10,000 pounds.

The Lottery is currently using a blanket purchase order with another vendor to meet the DC's needs to ship Scratchers and POS to Southern DOs. However, a contract will allow the Lottery greater ability to ship Scratchers and POS to DOs 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-DO shipments require the use of box trucks with the ability to be loaded and unloaded without the use of a loading dock. Due to different requirements, the Lottery allowed bidders to bid on DC-to-DC separate from DC-to-DO. Further, the Lottery allowed bidders to bid on DC-to-DO regionally.

During the cost analysis, all bids were compared against each other. PacTrack was selected as the vendor to provide the Lottery with designated bulk carrier services from the SDC to Southern DOs for three years based solely upon price. Using the Lottery's average Scratchers tickets and POS shipment history, the Evaluation Team determined PacTrack will provide the best cost value to the Lottery while meeting the Lottery's service and security requirements. PacTrack's 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 expenditure authority need of \$478,000 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 PacTrack for a term of three years and a maximum authorized contract expenditure authority of \$478,000.