



M E M O R A N D U M

Date: November 21, 2019

To: California State Lottery Commission

From: Alva V. Johnson, Director 

Prepared By: Harjinder K. Chima, Chief Deputy Director

Subject: Item 8(a) – Ratification of California Highway Patrol Inter-Agency Agreement

ISSUE

The California State Lottery (Lottery) seeks ratification of Interagency Agreement (IA) #19R003000 between the Lottery and the California Highway Patrol (CHP). Under the IA, the Lottery will reimburse CHP for salaries and benefits for two CHP employees who will serve in vacant leadership positions within the Lottery's Security and Law Enforcement Division (SLED). The IA provides for a maximum amount of \$680,949.00 and a term not to exceed one year and became effective August 23, 2019.

BACKGROUND

The SLED is responsible for assuring the integrity, security, honesty, and fairness in the operation and administration of the Lottery and its games. These responsibilities include, but are not limited to, examination of the qualifications and criminal history of all prospective and current retailers, suppliers, and employees. SLED must also work closely with the Office of the Attorney General and local law enforcement to investigate certain alleged violations of law related to Lottery operations. The Deputy Director of SLED must be trained and experienced in law enforcement.

The Deputy Director and Assistant Deputy Director positions in SLED have been vacant since May 1, 2018, and the Lottery had an urgent need to fill these positions with experienced law enforcement professionals.

DISCUSSION

Lottery Regulation section 8.6.6.A provides that the Director may authorize the execution of a contract but must, at the next opportunity, seek California State Lottery Commission (Commission) ratification of the contract. In this instance, the Deputy Director and Assistant Deputy Director positions for SLED have been vacant since May 1, 2018. Before the current vacancy period, from May 1, 2016 to April 30, 2018, the Lottery entered into an IA to utilize CHP staff for the Deputy Director, Assistant Deputy Director, and Chief Lottery agent roles. After the IA's term expired, the Lottery utilized existing Security Division staff to fulfill these roles in an "acting" capacity. Most recently, the Lottery's Chief Counsel was assigned as the acting Deputy Director of SLED. Thus, the Lottery had an urgent need for highly skilled security and law enforcement professionals to serve in the vacant leadership positions. This IA allows the Lottery to utilize selected, specialized CHP staff to ensure business continuity and appropriate division management while fulfilling supervisory needs within SLED.

Given their security and law enforcement subject matter expertise, the selected CHP staff have the requisite skills to serve in the Lottery's vacant leadership positions and perform the necessary functions to assure the integrity, security, honesty and fairness in the operation and administration of the Lottery. In general, the Deputy Director will carry out the statewide Lottery security operations, including, but not limited to, planning, organizing staff, training, and budgeting. The Assistant Deputy Director will address highly complex and sensitive security issues and administrative functions that have statewide impact, including physical security and draw control standards. The costs associated with the CHP IA will primarily be offset with the salary savings generated by not filling the Lottery's two vacant SLED positions. The residual difference can be absorbed within existing Lottery resources.

RECOMMENDATION

In order to ensure continuity and stability in mission-critical Lottery functions, Lottery staff recommends that the Commission ratify IA #19R003000 between the Lottery and the CHP.