



M E M O R A N D U M

Date: September 23, 2021

To: California State Lottery Commission

From: Alva V. Johnson *AV*
Director

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Subject: Item 8(a) - Extension of the Time Advertising Contract

ISSUE

The Contract between the California State Lottery (Lottery) and Time Advertising (Time) will expire on November 7, 2021. Under the terms and conditions of the contract, the Lottery has the option to exercise a second one-year extension to continue to receive Asian market advertising services.

BACKGROUND

As a result of a formal solicitation in 2015, the California State Lottery Commission (Commission) awarded Time a five-year contract in Asian market advertising services with the option to extend for two one-year extensions with an initial contract expenditure authority of \$21 million. In May of 2020, the Commission approved a one-year extension of the contract, thus amending the contract term to November 8, 2015 - November 7, 2021.

DISCUSSION

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

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

Also, an extension for Time Advertising is necessary to avoid resource strains of running concurrent procurement efforts. Marketing staff released the Promotions and Retail Marketing Services Request for Proposal (RFP) in August 2021. The marketing contract RFP process is extensive and lengthy. It places an extraordinary strain on staff resources as it requires that existing staff will be assigned to a long term, high engagement project and several Lottery subject matter experts will be involved in various phases throughout the process. Lottery staff does not recommend initiating a new Asian advertising services procurement effort until after the Promotions and Retail Marketing Services RFP has concluded. Extending the contract will allow the staggering of the two procurement efforts and provide Lottery staff sufficient time to develop and release the Asian Advertising Services Contract RFP in the 3rd quarter of Fiscal Year 2021/22.

RECOMMENDATION

Lottery staff recommends that the Commission approve a second one-year extension to Time Advertising for Asian advertising services with a new contract end date of November 7, 2022. No additional funds are needed; therefore, the maximum authorized contract expenditure amount will remain at \$21 million.