




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

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**Date:** September 29, 2022

**To:** California State Lottery Commission

**From:** Alva V. Johnson   
Director

**Prepared By:** Sharon Allen, Deputy Director  
Sales & Marketing Division

**Subject:** Item 8(h) – Ratification of Silver Star Movers Bulk Delivery Services Contract

### **ISSUE**

The California State Lottery (Lottery) is requesting a ratification of a new three-year contract with Silver Star Movers, Inc. to provide designated bulk delivery services between the Southern Distribution Center (SDC) and five Southern California District Offices for Scratchers® tickets and Point-of-Sale (POS) delivery.

### **BACKGROUND**

The Lottery's SDC needs to ship Scratchers and POS to and from the five Southern California 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. However, the total weight of each shipment can weigh up to 10,000 pounds. A contract allows the Lottery greater ability to ship Scratchers and POS materials to the Southern DOs in a timelier fashion and ensures the Lottery has a consistent pricing structure over the next three years.

In May 2022, the California State Lottery Commission (Commission) awarded a three-year contract for these services to PacTrack, which submitted the lowest bid in the solicitation. However, in July, while the Lottery's Security and Law Enforcement Division (SLED) was conducting the required background investigation, PacTrack notified the Lottery that they were no longer able to honor their original bid prices. The Lottery subsequently terminated the agreement.

## **DISCUSSION**

As these services are urgent and mission critical, the Lottery pursued a new agreement with the next lowest bidder, Silver Star Movers, Inc., in accordance with the original solicitation. Lottery Regulations section 8.6.6.A provides that, for contracts that require Commission approval, the Director may authorize the execution of a contract and seek subsequent ratification by the Commission if circumstances require work to commence prior to the next Commission meeting.

After SLED completed the background process, the Lottery executed a contract with Silver Star Movers, Inc to provide bulk delivery services of Scratchers and POS products between the SDC and the Southern California DOs. This contract has a three-year term beginning September 15, 2022, and a maximum expenditure authority of \$422,000, which was developed using historical averages and estimated growth over the life of the contract.

## **RECOMMENDATION**

Lottery staff recommends that the Commission ratify the new contract with Silver Star Movers, Inc. for bulk delivery services for a term of three years and a maximum authorized contract expenditure authority of \$422,000.