

## COMMISSION AGENDA ITEM

### Item 8(c) – Pollard Banknote Limited Instant Ticket Printing Contract Extension



**Date:** September 26, 2024

**To:** California State Lottery Commission

**From:** Harjinder K. Shergill Chima *HKC*  
Director

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

**Subject:** Item 8(c) – Pollard Banknote  
Limited Instant Ticket Printing  
Contract Extension

### **ISSUE**

The California State Lottery (Lottery) contracts with Pollard Banknote Limited (PBL) as a secondary vendor for instant tickets (Scratchers®) production. A contract extension and additional funds requested to extend the contract to November 30, 2025, as the current contract is set to expire on November 30, 2024.

### **BACKGROUND**

The Lottery currently contracts with PBL as one of its three Scratchers printing vendors. The original contract term was December 1, 2013, through November 30, 2019, with an initial expenditure authority of \$50 million.

In 2019, the Commission exercised the first option to extend the contract by a term of three years to November 30, 2022, and added \$15 million to the authorized contract expenditure. In 2021, the Commission approved adding \$40 million to the authorized contract expenditure based on the unexpected increase in volume during the COVID-19 pandemic. In 2022, the Commission exercised the first one-year extension option to November 30, 2023, and added \$7.8 million to the authorized contract expenditure, bringing the maximum authorized contract expenditure to \$112.8 million. In 2023, the Commission exercised the second one-year extension option to November 30, 2024, and added \$3.8 million to the authorized contract expenditure, bringing the maximum authorized contract expenditure to \$116.6 million.

### **DISCUSSION**

As a secondary printing vendor, PBL plays a key role in the Lottery's overall success with Scratchers sales and in turn, its contribution to education. During the term of this contract, PBL has helped the Lottery increase Scratchers sales from approximately \$3.3 billion in fiscal year (FY) 2013-14, to over \$6.65 billion in FY 2023-24.

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The Lottery has contracts with each of the only three instant ticket printing vendors within the industry that can meet the Lottery's needs, volume, and security requirements. The Lottery seeks to exercise the third and final one-year contract extension option to ensure uninterrupted product sales and update the price sheet to include pricing for new vendor innovations and price points. In 2025, the Lottery will release a Request for Proposal for new printing contracts.

As of August 2024, there is approximately \$11 million remaining in the expenditure authority. Lottery staff recommend increasing the contract authority by \$10.1 million to ensure sufficient funding for remainder of the proposed contract term, which will end in November 2025.

### **RECOMMENDATION**

Lottery staff recommends that the Commission approve the final one-year extension of PBL's instant ticket printing contract, updated price sheet and a \$10.1 million increase in expenditure authority. The end of the proposed contract extension will be November 30, 2025, and the additional funds will increase the expenditure authority to a maximum amount of \$126.7 million.