



M E M O R A N D U M

Date: June 20, 2019

To: California State Lottery Commission

From: Nicole Soluri, Chief Deputy Director *NS* [Initials on file]

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Subject: Item 8(c) – IGT Global Solutions Corporation Instant Ticket Printing Contract Amendment

ISSUE

The California State Lottery (Lottery) contracts with IGT Global Solutions Corporation (IGT) as a secondary vendor for instant tickets (Scratchers®) production. The current contract term is set to expire on November 30, 2019.

BACKGROUND

As a result of a formal solicitation in 2013, the California State Lottery Commission (Commission) approved a six-year contract award to IGT, with the option to extend for one additional three-year term and three additional one-year terms, with a maximum authorized contract expenditure amount of \$25 million. The initial term of this contract is December 1, 2013 through November 30, 2019.

DISCUSSION

As a secondary vendor, IGT is responsible for printing Scratchers for the Lottery. In addition, IGT plays an integral part in the Lottery's overall success with Scratchers sales and in turn, its contribution to education. It is a valuable business partner providing a quality product, and up-to-date trends and expertise. IGT has proven to be a responsive vendor that has helped the Lottery increase Scratchers sales from approximately \$3 billion in 2013 to over \$4.5 billion in 2017.

As there continues to be only three instant ticket printing vendors nationwide and the Lottery has contracts with each of them, issuing a Request for Proposal (RFP) would not result in locating any new vendors capable of producing tickets meeting industry specifications. The Lottery is also seeking approval to extend its contracts with Scientific

Games International and Pollard Banknote Limited, the other two instant ticket printing vendors.

IGT provides the comprehensive, highly specialized services required for printing Scratchers. Exercising the three-year contract extension option will help ensure uninterrupted product sales and save valuable staff time and the expense associated with releasing an RFP.

Additionally, in anticipation of the extended term, staff has amended or removed outdated and/or unnecessary contract language and has proposed more competitive pricing.

Based on average monthly invoices, staff estimates that enough of the initial term's \$25 million contract expenditure authority remains to cover the proposed three-year extension period.

RECOMMENDATION

Lottery staff recommends that the Commission approve an extension of IGT's instant ticket printing contract for three years to November 30, 2022. The maximum authorized contract expenditure amount will remain at \$25 million.