



M E M O R A N D U M

Date: September 26, 2019

To: California State Lottery Commission

From: Alva V. Johnson, Director AVJ [Initials on file]

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Sales & Marketing Division

Subject: Item 9(b) – Extension of African American Advertising Services Contract

ISSUE

The Contract between the California State Lottery (Lottery) and the Quantasy and Associates, LLC - DBA Muse Communications (Muse) will expire on October 31, 2019. The Lottery has the authority to exercise a one-year option to extend the Muse contract and continue to receive African American Advertising services.

BACKGROUND

As a result of a formal solicitation in 2013, the California State Lottery Commission (Commission) awarded Muse a five-year contract for African American advertising services with the option to extend for two one-year extensions with an initial contract expenditure authority of \$12.5 million. In September of 2018, the Commission approved a one-year extension of the contract, thus amending the contract term to November 1, 2013 to October 31, 2019.

DISCUSSION

Muse is responsible for assisting the Lottery in overall market analysis, strategy development and positioning of the Lottery and its products for the African American market. Over the course of the contract, Muse has provided a consistently high level of

service. Extending Muse's contract will ensure that the Lottery obtains the desired strategic direction and tactical execution to address this audience in a relevant and effective manner through October 31, 2020.

The Lottery seeks approval to exercise the second available one-year contract extension option. Muse provides the comprehensive resources required for development of strategy, marketing, and advertising plans and programs, along with creation and production of advertising assets that improve communication with African American consumers in California. Exercising the second one-year contract extension option will enable the Lottery to continue critical marketing efforts that support the Lottery's sales growth momentum without interruption.

The Lottery estimates that approximately \$3.5 million remains of the current expenditure authority of \$12.5 million, which Lottery staff anticipates will cover Muse's marketing and advertising services, during the extension period from November 1, 2019 to October 31, 2020.

RECOMMENDATION

Lottery staff recommends that the Commission approve a one-year extension to Muse for African American advertising services with a new contract end date of October 31, 2020. No additional funds are needed; therefore, the maximum authorized contract expenditure amount will remain at \$12.5 million.