



December 30, 2020

RE: Invitation for Bid 50160, Scratcher Ticket Delivery and Return Services

To Interested Parties:

Below are the California State Lottery's (Lottery) responses to questions received, and corresponding responses. All questions were submitted by the due date of December 28, 2020. All references to Bidders or personal names have been omitted.

1. Are the four current full-time vendor onsite employees available to move to [REDACTED] at same schedule and wage if we win the bid?
Response: The Lottery cannot answer this question, as the individuals in question are not Lottery employees.
2. What hours are the retailers available to receive the shipment?
Response: All deliveries should be made during normal business hours, i.e. Monday through Friday between 8am and 5pm.
3. Are there any special driver requirements at point of delivery, can any employee sign for the delivery?
Response: Our requirement is the driver make contact with an employee of the store and generate a proof of delivery afterwards. Whomever is eligible to receive the package at the retailer is up to the retailer.
4. Do all drivers require a Background check, TB Tests, etc.?
Response: No, the Lottery does not need to conduct a background check of every driver.
5. Who is the current provider?
Response: United Parcel Service (UPS).
6. What is the current rate and structure?
Response: The Lottery is on a flat rate structure. Price for performing all requirements including maintenance order deliveries and or unaccepted deliveries is \$6.39 per parcel mailed.

7. When are tickets live and when are they no longer live?
Response: Scratchers tickets are placed into “shipping status” prior to being shipped. Tickets are not live until they have been activated on a retailer’s terminal.
8. How many packages average per retailer at time of delivery?
Response: One.
9. What are the average package sizes?
Response: Currently, the bags are 14.5”x19” and the boxes are 12.75”x8.5”x12”, although packages may vary slightly in size.
10. What is the current provider’s rate structure, inclusive of annual spend for all services? Additionally, what is the current provider's performance record in terms of on time delivery, accuracy and loss-prevention?
Response: Price for performing all requirements specified in the Scope of Services including maintenance order deliveries and or unaccepted deliveries is a flat rate \$6.39 per parcel. Current provider meets the requirements of its contract.
11. What are the minimum and maximum number of outbound pallets per day from Northern and Southern California facilities?
Response: Each Distribution Center ships between 1 and 20 outbound pallets per day.
12. Would all retailers receive at least one shipment per week? If so, what are the min-max ranges of shipment frequency to your lowest and the highest volume retailers in CA?
Response: Not every retailer receives a shipment each week.
13. What percent (or quantity) of daily shipments are returned?
Response: Generally, each distribution center receives 20 – 50 returns per day.
14. Attachment 2 – Cost Sheet section C requests for “cost per delivery address to and from Distribution Centers and delivery offices”. Can you provide volume/size and frequency of deliveries?
Response: The Lottery asked for clarification from the prospective bidder. The prospective bidder responded with the following statement:
“The confusion stems from the way this section was worded "Cost per delivery address to and from Distribution Centers and District Offices:" comes across as if there are possible shipments between Distribution Centers and District Offices, in other words DC to DC or DC to DO shipments. If this is merely DC and DO to retail stores, then there's no question.”

Based on this response there is no question for the Lottery to answer.

15. Similar to question #5, do you have any volume or frequency numbers for on-call deliveries?
Response: On-Call deliveries are infrequent.
16. Section D.4.d – Is the Lottery committed to making one award under the RFP or is it possible that multiple awards could be made?
Response: The Lottery would prefer to award one contract to a single bidder, but is open to awarding multiple contracts if it is the only way to fulfil all of its needs.
17. Section D.4.b – Are all of the evaluation criteria weighed equally or are certain evaluation criteria more important in the best value determination than others?
Response: Each bidder will be evaluated based on their submittals and the bid will be awarded to lowest cost responsive bid.
18. Section D.4 – Will the lottery be evaluating bidders' prices against an independent government cost estimate?
Response: No.
- i. Does the Lottery anticipate that the contracting process will include negotiations over contract terms?
Response: The Lottery may hold discussions and in its sole discretion, consider requests to revise contract terms and conditions, provided the requested revisions add value to the Lottery's contract.
- ii. Does the Lottery anticipate that Bidders will be given the opportunity to revise their proposals following discussions?
Response: The Lottery may hold discussions and, in its sole discretion, may allow bidders to revise their proposals.
- iii. Does the Lottery anticipate that Bidders will be given the opportunity to revise their proposals following discussions?
Response: See response to question number 18. ii.
19. Exhibit A, Section A.1.c – of the Scope of Services provides that deliveries must be made within 2 business days of receiving shipments. Please clarify how "receiving shipments" is defined?
Response: A shipment is received once the retailer has taken possession from the driver and a proof of delivery is recorded.
20. Please confirm that Bidders may incorporate their standard terms of service into the executed agreement?
Response: The Lottery will not confirm that Bidders may incorporate their standard terms of service into the executed agreement. The Lottery's draft contract terms and conditions will not be revised at this stage of the procurement process.

21. Exhibit G, Section 1.2, Draft Contract Terms and Conditions, Initial Term of the Contract – Is the Lottery legally required to include unilateral options to extend? If yes, please provide a citation to the law the Lottery relies on.
Response: No.
22. Exhibit G, Section 1.2, Draft Contract Terms and Conditions, Initial Term of the Contract – Is the Lottery legally precluded from accepting mutually agreed renewal periods instead of unilateral option to extend?
Response: No.
23. Exhibit G, Section 1.2, Draft Contract Terms and Conditions, Initial Term of the Contract – Will the Lottery approve a term less than 5 years with mutually agreed upon extension options?
Response: The Lottery's draft contract terms and conditions will not be revised at this stage of the procurement process.
24. Is the Lottery legally precluded from accepting termination for convenience for the Contractor?
Response: No.
- i. If yes please provide citation to law
Response: N/A.
- ii. Doing so will help balance the risk by each party
Response: Noted.
25. Is the Lottery legally precluded from accepting a clause for termination of convenience for the Contractor that allows for 60 days or less notice prior to termination?
Response: No.
26. Exhibit G, Budget and Payment Provisions, Section 2.3.A – Is there a statutory or regulatory basis for the 45- day payment term?
Response: Yes.
- i. If so, can the lottery provide the specific statute
Response: California Code, Government Code § 927.6.
- ii. Would the lottery consider a shorter payment term?
Response: The Lottery's draft contract terms and conditions will not be revised at this stage of the procurement process.
27. Exhibit G, Budget and Payment Provisions, Section 2.7.A, Withholds – Does the Lottery interpret the Section 2.7.A as allowing the Lottery to withhold payment to the Contractor for a late delivery?
Response: The Lottery does not consider a single late delivery to be a material breach of the Contract.

28. Exhibit G, Draft Contract Terms and Conditions, Section 6.1 – Is the Lottery amenable to limiting the Background Investigations requirements in Section 6.1 of the Draft Contract Terms and Conditions, including the fingerprinting requirements, to the Bidder personnel specifically assigned to the Contract? For large organizations, it would be unduly burdensome to apply these requirements to all employees, investors, officers, etc.

Response: The Lottery is amenable to conduct background investigations of the Contractor, its officers, directors, principals, investors, owners, employees, or other associates, and the officers, directors, principals, investors, owners, employees, and other associates of the Contractor's parent entity, affiliates, subsidiaries, and subcontractors at any time during the life of the Contract, at the discretion of the Lottery Director. The Contractor understands and agrees that, in furtherance of the Lottery's full disclosure requirements, any person associated with the performance of the Contract may be fingerprinted and may be required to complete a Personal History Statement and an Authorization to Release Personal Background Information form. Not all employees would need to be backgrounded, only employees specifically assigned to the contract.

29. Exhibit G, Draft Contract Terms and Conditions, Section 7.2.A – Does the Lottery interpret Section 7.2.A of the Draft Contract terms and conditions as allowing the Lottery to terminate the Contract for default in the event of a late delivery?

Response: The Lottery does not consider a single late delivery to be a material breach of the Contract.

30. Exhibit G, Draft Contract Terms and Conditions, Section 7.5 – This paragraph provides, in relevant part, that “[u]pon termination or expiration of the Contract, the Contractor shall return to the Lottery all original documents and informational materials provided by the Lottery to the Contractor, as well as all completed deliverables, if any. The Contractor may retain a single copy of information in its work papers, to the extent necessary to comply with applicable professional standards.” This provision does not appear applicable to the services being provided under the contract. Can the Lottery please confirm that it's not applicable or clarify what specific “original documents and informational materials” would need to be returned upon termination or expiration of the Contract?

Response: The Lottery's draft contract terms and conditions will not be revised at this stage of the procurement process.

31. Exhibit G, Draft Contract Terms and Conditions, Section 8.13 – Will the Lottery consider exclusivity language?

Response: The Lottery's draft contract terms and conditions will not be revised at this stage of the procurement process.

32. Exhibit G, Draft Contract Terms and Conditions, Section 8.17 – With regard to the no-cost internet-based package tracking system referenced in Section 8.17 of the Draft Contract Terms and Conditions, please confirm that the contractor may

provide such a system under the contractor's standard commercial terms and conditions.

Response: The Lottery may hold discussions and, in its sole discretion, consider requests to revise contract terms and conditions, provided the requested revisions add value to the Lottery's contract.

33. Exhibit G, Draft Contract Terms and Conditions, Section 9.17 – Does the Lottery have a legal requirement to ensure Contractor's maintain these records for at least 120 days?

Response: This is a business requirement. The Lottery may have need for these records in the case of lost, stolen, or misdelivered packages.

- i. If not, would the lottery consider the ability to retain this information in their own system not the carrier's fulfillment of that requirement.

Response: The Lottery needs to be provided access to an internet-based system to retrieve information on a regular basis. This functionality is used frequently by various units within the Lottery.

34. Exhibit G, Draft Contract Terms and Conditions, Section 9, California Lottery Information Security Standards – Please confirm that package level detail and account information is not subject to the Information Security requirements detailed in Section 9.

Response: The package level detail and account information is not subject to the Information Security requirements detailed in Exhibit C, Draft Contract Terms and Conditions, section 9.

35. Is the Lottery legally precluded from including a clause that gives the Contractor a right to increase pricing based on a change in labor costs? If yes, please provide a citation to the law the Lottery relies on. If not, would the Lottery consider providing a right for contractors to increase pricing where labor costs materially change? Such a right would provide reasonable protection for Contractors and would allow for greater flexibility in proposing discounted prices.

Response: No. The Lottery's draft contract terms and conditions will not be revised at this stage of the procurement process.

36. Attachment 2, Cost Sheet - Define "Cost" as used in this attachment and the IFB language. Does California Lottery intend Contractors to submit information regarding Contractors' costs to perform the work identified in the IFB or does cost mean the price the lottery is expected to pay for the services stated?

Response: Attachment 2 – Cost Sheet is the **price** the Lottery will pay for services as specified in Exhibit A, Scope of Work.

37. Exhibit G, Draft Contract Terms and Conditions, Section 8.9.A - Subcontracting – Is this section intended to identify appropriate work for subcontracting?

Response: This section identifies the process that the Contractor will need to use in the event that it subcontracts any of the work on the Lottery's account. Please see Addendum #1 for updated language.