

Resolution No. 2024-SMD-001  
Resolution of the Lottery Commission  
of the State of California to  
Amend California State Lottery Regulations for the Mega  
Millions® Game and Changes to Retailer Incentive Bonuses  
for Sale of Winning Tickets

WHEREAS, the Lottery Commission (Commission) of the State of California operates and administers the California State Lottery (Lottery) in conformance with the Lottery Act; and

WHEREAS, the Lottery Act requires the Commission to promulgate regulations regarding the types of lottery games to be conducted by the Lottery; and

WHEREAS, under Lottery Regulation 2.15, amended regulations are effective immediately upon adoption unless another date is specified by the Commission; and

WHEREAS, the Lottery is a member of the Mega Millions Consortium (MMC), signatory to the Multi-State Lottery Agreement for Offering Mega Millions Game, and participates in the sale of Mega Millions; and

WHEREAS, in May 2024, the MMC amended the Mega Millions Official Game Rules to include a multiplier feature and revised odds with the objective to grow Mega Millions sales; and

WHEREAS, amendments to the Lottery's Regulations are necessary to implement the May 2024 changes to the Mega Millions Official Game Rules in order for California to continue selling the Mega Millions game.

NOW, THEREFORE, the Lottery Commission of the State of California does

RESOLVE as follows:

1. Amendments to the California Lottery Regulations to incorporate the MMC's changes to the Mega Millions game are hereby adopted and will become effective on April 5, 2025.
2. Amendments to the California Lottery Regulations to incorporate minor changes to clarify the intent of retailer bonus payments are hereby adopted and will become effective on April 5, 2025.

**COMMENDED**

en, Deputy Director, Sales & Marketing Division

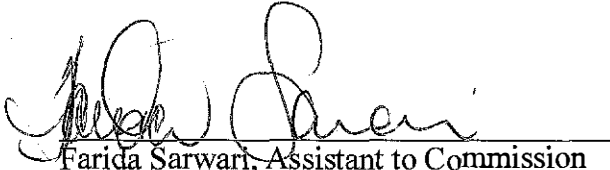
INTRODUCED AND PASSED: January 23, 2025

AYES: K. Mills  
T. Alvarez  
A. Rasouli

NOES:

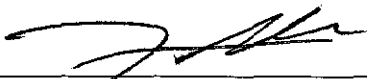
ABSENT:

ABSTENTIONS:



Farida Sarwari, Assistant to Commission

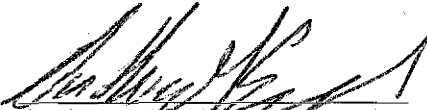
APPROVED AS TO FORM AND PROCEDURE:



Fernando Aceves, Chief Counsel

THIS IS TO CERTIFY that the foregoing Resolution was duly passed by the California State Lottery Commission at its meeting regularly called and held on 23<sup>rd</sup> day of January, 2025, in the City of Sacramento, California, and that the foregoing is a full and correct copy of the original Resolution.

Dated this 23<sup>rd</sup> day of January, 2025



Anthony Garrison-Engbrecht, Commissioner

CALIFORNIA STATE LOTTERY COMMISSION

Resolution No. 2025-SMD-002  
Resolution of the Lottery Commission  
of the State of California to Award  
Ancillary Scratchers® Ticket Delivery Services Contract to  
FedEX

WHEREAS, the Lottery Commission of the State of California operates and administers the California Lottery in conformance with the California State Lottery Act; and

WHEREAS, Scratchers sales represent approximately 75% of Lottery revenue. The Lottery ships Scratchers products from two distribution centers to over 21,500 retailers throughout the state, including ongoing maintenance orders and monthly AutoShip orders. The Lottery is currently operating under a contract with Unity Courier Services, Inc. (Unity) for Scratchers ticket delivery services. The contract term is from March 1, 2021, through February 28, 2026, and has a maximum spending authority of \$48 million. The contract is non-exclusive, and Lottery is permitted to engage other vendors for Scratchers ticket delivery services; and

WHEREAS, Lottery retailers (retailers) require timely and accurate delivery of Scratchers products. Historically, the Lottery made substantial efforts to provide Just-In-time (JIT) inventory to retailers. JIT inventory allows the Lottery to increase production efficiency at the distribution centers and provide inventory flexibility to retailers by reducing lead times and waste, particularly with large orders. Due to pandemic-related disruptions, the Lottery had to change to a Just-In-Case (JIC) inventory methodology which resulted in larger amounts of inventory going to retailers less frequently. JIC enabled the Lottery to get products to retailers; however, the methodology requires more forecasting and is not as dynamic; and

WHEREAS, While the Lottery has been steadily selling more Scratchers through a greater number of retailers as compared to pre-pandemic years, the current shipping methodology does not afford the Lottery the ability to ship orders weekly to any retailers outside of the highest volume retailers. To effectively use the JIT methodology, the Lottery needs to ship orders on a weekly basis to approximately 93% or over 20,100 retailers receiving Scratchers orders. This would add an estimated 29,000 additional orders needing delivery per month; and

WHEREAS, The Lottery's formal competitive procedures will not apply to this procurement, pursuant to the exception set forth in the Lottery Regulations Section 8.1.2.C<sup>1</sup>; and

WHEREAS, Commission approval is required for this agreement, as set forth in Lottery Regulations section 8.6.2, because the estimated value exceeds \$250,000; and

WHEREAS, the Lottery recommends that the Commission approve the award of the

<sup>1</sup> Lottery Regulations Section 8.1.2.C: "The goods or services will be acquired using a standard United States General Services Administration Agreement or a State of California, Department of General Services Master Services Agreement, Multiple Award Schedule, Master Rental Agreement, or other such agreement which establishes a list of pre-qualified bidders who have agreed to contract terms and prices."

Ancillary Scratchers Delivery Services Contract to FedEx. The total contract amount is \$5 million with a term date of February 2025 through November 27, 2026.

NOW, THEREFORE, the Lottery Commission of the State of California does

RESOLVE as follows:

1. The FedEx National Association State Procurement Officials (NASPO) agreement is approved. The agreement will be for a term of February 2025 through November 27, 2026, with a maximum expenditure of \$5 million.

 APPROVAL RECOMMENDED

Sharon Allen, Deputy Director, Sales & Marketing Division


INTRODUCED AND PASSED: January 23, 2025

AYES: K. Mills, T. Alvidrez, A. Rasouli,

NOES: A. Garrison-Engbrecht

ABSENT:

ABSTENTIONS:

  
Farida Sarwari, Assistant to Commission

APPROVED AS TO FORM AND PROCEDURE:

  
Fernando Aceves, Chief Counsel

THIS IS TO CERTIFY that the foregoing Resolution was duly passed by the California State Lottery Commission at its meeting regularly called and held on 23<sup>rd</sup> day of January, 2025, in the City of Sacramento, California, and that the foregoing is a full and correct copy of the original Resolution.

Dated this 23<sup>rd</sup> day of January 2025.

  
Anthony Garrison-Engbrecht, Commissioner  
CALIFORNIA STATE LOTTERY COMMISSION