



## M E M O R A N D U M

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**Date:** May 26, 2022

**To:** California State Lottery Commission

**From:** Alva V. Johnson, Director *AVJ*

**Prepared By:** Tiffany Donohue, Deputy Director  
Operations Division

**Subject:** Item 8(e) – Amendment to Statewide Modular Systems Furniture Services Contract

### **ISSUE**

The California State Lottery's (Lottery) current modular furniture Agreement (#50118) with Western Contract Furnishers of Sacramento (Western Contract) is due to expire on June 14, 2022. To ensure continued procurement authority for the acquisition of modular furniture and related reconfiguration and installment services, the Lottery requests to exercise the option to extend the term of the Agreement for one additional two-year period through June 14, 2024, as allowed per the terms of the Agreement.

### **BACKGROUND**

During the Lottery's Headquarters (HQ) construction project, the Lottery established furniture standards which were used in all Lottery-owned facilities. A competitive selection process was employed for final furniture selections which included competitive bids and mock-ups. During this process, Haworth was chosen as the furniture standard. Western Contract, a Haworth authorized dealer, was selected as the furniture vendor for the HQ project following a formal competitive solicitation process. Western Contract was awarded an Agreement in June 2019 for \$300,000 and a term of June 15, 2019 through June 14, 2022. The California State Lottery Commission (Commission) approved the Agreement with Western Contract Furnishers on September 20, 2018 for a three-year term. The Agreement was established on June 15, 2019 to expire on June 14, 2022, with an option to extend for one two-year period. The original Agreement value was \$300,000 for modular reconfiguration projects at Lottery-owned facilities including modular furniture parts, design, and installation services.

On November 21, 2019 the Commission approved an amendment to add an additional \$2,420,000, increasing the total Agreement to \$2,720,000. The reason for the

amendment at the time was that the Lottery HQ building had reached maximum capacity. In order to accommodate the hiring of additional staff to support continued operations and sales growth, the Lottery consulted with Western Contract to modify

standard workstation sizes and reconfigure the modular layout throughout HQ. The Lottery calculated the cost to optimize HQ at approximately \$2,200,000. To cover potential increases in prevailing wage rates, modular furniture components, and unforeseen costs, the Lottery added a contingency of 10% or \$220,000 for a total contract increase of \$2,420,000.

## **DISCUSSION**

Governor Newsom has directed state agencies to develop a Permanent Telework Program for adoption and implementation by October of 2022. Under a Permanent Telework Program, and based on operational needs, employees may have the opportunity to continue teleworking full time or a hybrid approach where employees come into the office on occasion for meetings, collaboration with teams and other tasks. Many teleworkers may not require an assigned workstation at HQ, and the Lottery is exploring ways to manage space needs in the new flexible work environment. A common solution for hybrid teleworkers is hoteling.

The Paying Claims at the District Office (PCDO) project, which enables the Lottery to issue payment for valid prizes of \$1,000 and less, began expanding past the Sacramento District Office in April of 2021. This project requires additional staff to be hired and also requires additional workstations. The purchase of replacement chairs, chair parts and new reasonable accommodation sit/stand desktops units will also be required on an ongoing basis as needed.

The Lottery's Permanent Telework Program is currently in the development stages and the PCDO project is nearing completion. Both efforts require modular furniture procurement, reconfiguration, and installation. From June 15, 2019 to February 1, 2022, the Lottery has spent \$477,000 with a remaining balance of \$2.2 million. An extension for time only is required to complete the HQ optimization project to support telework and to complete the PCDO project.

## **RECOMMENDATION**

Lottery staff recommends that the Commission approve an amendment to the Agreement with Western Contract Furnishers of Sacramento for an additional two-years with a term through June 14, 2024 for the acquisition of modular furniture parts, associated reconfiguration, and installation services.