



MEMORANDUM

Date: May 26, 2022

To: California State Lottery Commission

From: Alva V. Johnson *AA*
Director

Prepared By: Sharon Allen, Deputy Director
Sales & Marketing Division

Subject: Item 8(f) – GG Delivery Designated Bulk Carrier Services Contract

ISSUE

The California State Lottery (Lottery) is requesting a new three-year contract with GG Delivery to provide designated bulk carrier services between the Northern Distribution Center and four northern District Offices for Scratchers® ticket and Point-of-Sale (POS) delivery.

BACKGROUND

The Lottery's Northern Distribution Center (NDC) needs to ship Scratchers and POS to and from the four northern District Offices (DO), which support over 8,600 retailers. Shipments are arranged on an as needed basis. The number of pallets delivered to a DO on each shipment varies depending on the sales volume and campaign needs for the retailers supported by the receiving DO. The total weight of each shipment can weigh up to 10,000 pounds.

The Lottery is currently using a blanket purchase order with another vendor to ship Scratchers and POS to the Northern DOs. However, a contract will allow the Lottery greater ability to ship Scratchers and POS to the DOs in a timelier fashion. A contract also ensures the Lottery will have consistent pricing structure over the next three years.

DISCUSSION

The Lottery released an Invitation for Bid (IFB) on January 29, 2022 for designated bulk carrier services for Scratchers® and POS delivery services with an initial contract term of three years and an option to extend for two additional one-year terms. The IFB identified three separate vendors to perform these services: one to ship from DC to District Offices

(DO) in Northern California; one to ship from DC to DO in Southern California, and one to ship from DC-to-DC.

The different sizes of DC and DO deliveries require different types of trucks. The DC-to-DO shipments require the use of a box truck with the ability to be loaded and unloaded without the use of a loading dock. Due to the different requirements, the Lottery allowed bidders to bid on DC-to-DC separate from DC-to-DO. Further, the Lottery allowed bidders to bid on DC-to-DO regionally.

During the cost analysis, all bids were compared against each other. GG Delivery was selected as the vendor to provide the Lottery with designated bulk carrier services from the NDC to the Northern DOs for three years based solely upon price. Using the Lottery's average Scratchers tickets and POS shipment history, the Evaluation Team determined GG Delivery will provide the best cost value to the Lottery while meeting the Lottery's service and security requirements. GG Delivery's fixed rate price schedule provided the lowest amount of shipping price increases over the life of the contract.

Using historical averages and projected growth, the Lottery estimates a total expenditure authority of \$320,000 for the three-year contract.

RECOMMENDATION

Lottery staff recommends that the California State Lottery Commission approve the award of the designated bulk carrier services contract to GG Delivery for a term of three years and a maximum authorized contract expenditure authority of \$320,000.