

## COMMISSION AGENDA ITEM

### Item 8(d) – Ratification of Lottery Headquarters Pavilion and Lobby Audio Visual Upgrade Contract



**Date:** May 13, 2025

**To:** California State Lottery Commission

**From:** Harjinder K. Shergill Chima *#KC*  
Director

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Information Technology Services Division

**Subject:** **Item 8(d) – Ratification of Lottery Headquarters Pavilion and Lobby Audio Visual Upgrade Contract**

### **ISSUE**

This California State Lottery (Lottery) seeks Commission ratification of the Telecommunications Service Request (Form 20) with Mergent Systems, Inc. (Mergent), pursuant to Lottery Regulation 8.6.6.A. The total expenditure authority for the Form 20 contract is \$849,517.82.

### **BACKGROUND**

The Lottery Headquarters (HQ) building has an auditorium known as the Pavilions that includes three separate suites, a commission meeting dais, a lobby with four active video displays, and an audio/visual (A/V) control room.

The A/V equipment used for these areas is primarily comprised of the original equipment installed in 2011 and is outdated, beyond end-of-life (EOL), is not compatible with current technology, and has been prone to failure over the past three years. Since the original installation, the Lottery has performed a series of small repairs and implemented temporary workarounds to keep the system operational for Commission meetings and other events at HQ. Service repair technicians have been frequently called out since 2022 for a variety of ongoing repairs and workarounds, resulting in thousands of dollars in service repair fees and miscellaneous equipment purchases that have been used as temporary fixes with this aged and outdated A/V infrastructure. There are routine problems that require the Lottery to obtain costly repair services. Due to the age of the system and equipment, the risk of unrepairable failures such as the permanent loss of the use of audio and speakers in the Pavilions is high. This has not been ideal because these are only temporary fixes that do not address the long-term problems with the A/V equipment.

A full redesign and upgrade of the A/V equipment is required to support the Lottery's operational needs to conduct meetings, including Commission meetings, trainings, and/or events in the Pavilions, and display important video content in the HQ lobby without technical difficulties or failures.

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The Commission is charged with approving the Lottery's budget, business plans, initiatives, and contracts to ensure the Lottery achieves its mission to provide supplemental funding for public education. This would directly impact all Commission meetings, hybrid and in-person meetings, as well as any other events held at the HQ Pavilions. Given the age and condition of the A/V equipment, the ability to hold public Commission meetings in the Pavilions without technical issues or failures is at significant risk.

#### **DISCUSSION**

Director approval of the Form 20 under the CALNET Data Network and Communications Services contract with Mergent per Lottery Regulation 8.6.6.A in advance of the May Commission meeting was warranted for the reasons discussed above. Approving the Form 20 with Mergent in advance of the May Commission meeting allowed Lottery staff sufficient time to develop and submit the approved Form 20 contract by April 30, 2025, in order for Mergent to procure all required equipment to begin installation services by July 1, 2025. The proposed services are expected to be completed between the months of July 2025, and mid-September 2025, during a period when no Commission meetings are scheduled. These actions will allow for completion of the project prior to the September Commission meeting.

Lottery Regulation 8.6.2 requires that no contracts with an estimated value of \$250,000 or more be executed without prior Commission approval. However, Lottery Regulation 8.6.6.A Exceptions provides that:

“Notwithstanding the foregoing requirements for Commission approval, if circumstances require work under a particular contract or contract amendment to commence prior to the next Commission meeting, the Director may authorize the execution of the contract with simultaneous notification to the Chair of the Commission. Thereafter, at the next opportunity, the Director will seek Commission ratification of the contract or amendment. In addition, the Director will place in the contract file a memorandum explaining the rationale for the expedited procedure.”

#### **RECOMMENDATION**

In accordance with Regulation 8.6.6.A, the Lottery seeks Commission ratification of the execution of the Form 20 with Mergent for a total contract expenditure authority of \$849,517.82.