

## COMMISSION AGENDA ITEM

### Item 8(h) Mytess Delivery Solutions LLC, Bulk Carrier Services Contract Extension



**Date:** May 13, 2025

**To:** California State Lottery Commission

**From:** Harjinder K. Shergill Chima Director *HKC*

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

**Subject:** **Item 8(h) – Mytess Delivery Solutions LLC, Bulk Carrier Services Contract Extension**

### **ISSUE**

The California State Lottery (Lottery) contracts with Mytess Delivery Solutions LLC (Mytess) to provide designated bulk delivery services of Scratchers® tickets and Point-of-Sale (POS) items between the Lottery's Northern and Southern Distribution Centers (NDC and SDC, respectively). The current contract is set expire June 21, 2025.

### **BACKGROUND**

The Lottery contracts with Mytess to regularly ship Scratchers and POS to and from the NDC and the SDC. The Distribution Centers (DC) support nine district offices and over 23,400 retailers. After the Initial Scratchers and POS allotments, inventories need to be balanced due to varied regional sales demand. Shipments are arranged on an as-needed basis, and the number of pallets delivered in each shipment varies depending on sales volume and campaign needs, with the total weight of each shipment ranging from 10,000 to 90,000 pounds.

The three-year contract runs through June 21, 2025, includes two one-year options to extend the term, and has a maximum contract expenditure authority of \$400,000.

### **DISCUSSION**

The Lottery has shipped over 80 bulk carrier loads, or approximately two per month, with Mytess over the past three years. Mytess has executed against the scope of work and has been consistently responsive and timely with scheduling and deliveries.

While the Lottery could go out to bid for these services, it is not necessary when there is a capable vendor in place and an option to extend the contract. Exercising a one-year extension will enable the Lottery to maximize sales opportunities across the state without interruption by ensuring adequate inventory of Scratchers and POS items is available at each Distribution Center to meet the needs of retailers.

As of April 2025, approximately \$120,000 of the original contract expenditure authority remains available for the remainder of the current contract term. Lottery staff analyzed the current shipment volume and forecasted the number of shipments that will occur during the proposed one-year extension, and determined that it will require an additional \$400,000 of funding.

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#### **RECOMMENDATION**

Lottery staff recommends the Commission approve a one-year contract extension to the Mytess Delivery Solutions LLC bulk delivery services contract, extending the term to through June 21, 2026, and an increase in expenditure authority of \$400,000, bringing the maximum expenditure authority to \$800,000.