

COMMISSION AGENDA ITEM

8(i) Firewood Marketing Inc. (dba Monks) Contract Extension



Date: May 13, 2025
To: California State Lottery Commission
From: Harjinder K. Shergill Chima *HKC*
Director
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Subject: **Item 8(i) - Firewood Marketing Inc. (dba Monks)
Contract Extension**

ISSUE

The California State Lottery (Lottery) is seeking a contract extension for Firewood Marketing Inc. dba Monks (Monks) for Hispanic advertising and marketing services. The current contract is set to expire on October 17, 2025.

BACKGROUND

In 2019, as a result of a formal solicitation, the California State Lottery Commission (Commission) awarded Monks a contract for Hispanic advertising and marketing services with an initial term of five years and contract expenditure authority of \$30 million. The contract includes two one-year options to extend the term. In 2024, the Lottery exercised the first option and extended the term to October 17, 2025.

DISCUSSION

Monks is responsible for assisting the Lottery in overall market analysis, strategy development, creative and messaging, and media strategy and planning for the Lottery's marketing and advertising initiatives toward the Hispanic consumer market in California. Over the course of the current contract, Monks has consistently provided a high level of service and expertise. Exercising the final one-year contract extension option will enable the Lottery to continue these essential marketing efforts without interruption.

Additionally, the marketing contract procurement process is complex, lengthy, and places an extraordinary strain on staff resources. While the Lottery could go out to bid for these services, it is not necessary to expend these resources when there is a capable agency partner in place and an option to extend the contract.

The contract expenditure authority will have approximately \$4.8 million remaining for the current term. Staff recommends an additional \$3 million will be necessary to carry out planned and unanticipated initiatives during the extension period.

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RECOMMENDATION

Lottery staff recommends the Commission approve a one-year extension to the Monks contract for Hispanic advertising and marketing services, extending the term through October 17, 2026, with a maximum authorized contract expenditure of \$33 million.