

COMMISSION AGENDA ITEM

Item 8(b) – Mytess Delivery Solutions LLC, Bulk Carrier Contract Extension



Date: May 21, 2026

To: California State Lottery Commission

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

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

ISSUE

The California State Lottery seeks Commission approval for a one-year extension to a contract with Mytess Delivery Solutions, LLC, 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). The current contract is set to expire June 21, 2026.

BACKGROUND

The California State Lottery Commission (Commission) approved a contract agreement with Mytess for a three-year term from June 22, 2022, through June 21, 2025, with an expenditure authority of \$400,000, and the option for two one-year extensions. The Lottery exercised the first option, extending the contract to June 21, 2026, and increased the expenditure authority to \$800,000.

The Lottery contracts with Mytess to regularly ship Scratchers and POS items 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.

Exercising the second one-year extension option ensures continued delivery services with Mytess until June 21, 2027.

DISCUSSION

The Lottery ships approximately eight bulk carrier loads per month with Mytess. Mytess has fulfilled 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

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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 are available at each Distribution Center to meet the needs of retailers.

Staff estimate approximately \$245,000 of the current contract expenditure authority will be available to fund the second one-year contract extension. Based on current shipment volume and the forecasted number of shipments needed during the proposed one-year extension, an additional \$90,000 is required.

RECOMMENDATION

Lottery staff recommends the Commission approve the second one-year contract extension to the Mytess Delivery Solutions LLC bulk delivery services contract, extending the term through June 21, 2027, and an increase in expenditure authority of \$90,000, bringing the maximum expenditure authority to \$890,000.