

COMMISSION AGENDA ITEM

Item 8(c) –Extension and Addition of Funds to Firewood Marketing, Inc. dba Monks



Date: May 21, 2026
To: California State Lottery Commission
From: Harjinder K. Shergill Chima, Director - *HKC*
Prepared by: Sharon Allen, Deputy Director, Sales & Marketing Division
Subject: **Item 8(c) – Extension and Addition of Funds to Firewood Marketing, Inc. dba Monks**

ISSUE

The California State Lottery (Lottery) seeks Commission approval for a contract extension for Firewood Marketing Inc. dba Monks (Monks) for Hispanic advertising and marketing services. With the current term set to expire October 17, 2026, the Lottery is requesting to exercise the extension option in the contract to continue services through July 17, 2027.

BACKGROUND

As a result of a formal solicitation in 2019, the California State Lottery Commission (Commission) awarded Monks a five-year contract for Hispanic advertising and marketing services with an initial contract expenditure authority of \$30 million and the option to extend for two one-year extensions.

Both one-year contract extensions have been exercised, and the Commission approved a \$3 million increase in 2025, bringing the contract expenditure authority to \$33 million.

Under the terms and conditions of the contract, there is an Emergency Extended Service provision that allows the Lottery to extend the contract up to nine months in the event of an urgent and compelling need.

DISCUSSION

Monks plays a crucial role in supporting the Lottery in overall market analysis, strategy development, creative and messaging, media strategy and planning for the Lottery's marketing and advertising initiatives for 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 a nine-month emergency contract extension option will enable the Lottery to continue essential Hispanic marketing efforts without interruption.

Marketing agency procurements are complex and generally take more than a year to complete the process from initiation to contract award. They are normally staggered to avoid overlap as

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they require a significant amount of staff time and resources.

While Lottery staff have begun work on the Hispanic Marketing and Advertising Services RFP, the extension is necessary to allow staff more time to finish it and to prevent overlap with the Lead Agency procurement currently in process.

Based on current and projected expenses expected through October 2026, staff estimates the contract will have a remaining contract expenditure authority balance of approximately \$640,000. To ensure sufficient funding through the proposed emergency extension, Lottery staff recommends increasing the contract expenditure authority by \$5.8 million. The additional funding will enable continued support for the Lottery's Business Plan initiatives and future marketing efforts.

RECOMMENDATION

Lottery staff recommends the Commission approve a nine-month emergency extension for Firewood Marketing, Inc. for Hispanic advertising and marketing services extending the contract term through July 17, 2027, and an increase in the contract expenditure authority of \$5.8 million, bringing the maximum authorized contract expenditure authority to \$38.8 million.