COMMISSION AGENDA ITEM

Item 8(c) – Victory International Group, LLC. for Scratchers® Shipping Bags Contract

Date:	November 19, 2026
To:	California State Lottery Commission
From:	Harjinder K. Shergill Chima, Director - HKC
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Subject:	**Item 8(c) - Victory International Group, LLC. for Scratchers® Shipping Bags Contract**

ISSUE

The California State Lottery's (Lottery) Purchase Order agreement first extension term with Victory International Group, LLC (Victory) for Scratchers® shipping bags is expiring on February 28, 2027. The Lottery is requesting a one-year extension for this agreement and an increase in expenditure authority.

BACKGROUND

The distribution centers use dedicated bags to ship Scratchers® ticket orders to over 21,600 retailers. To protect the tickets from damage during shipment, a 5.0 mil, tri-extruded poly bag is required because of its strength and tamper resistance.

Following an invitation for bid (IFB) in October 2022, the California State Lottery Commission (Commission) approved a purchase order agreement with Victory with a three-year term from March 1, 2023, through February 28, 2026, with two optional one-year extensions, and an original expenditure authority of $376,000. The Commission approved the first one-year extension to begin on March 1, 2026, through February 28, 2027, and the addition of $145,000 to the expenditure authority, bringing the total expenditure authority to $521,000.

DISCUSSION

The agreement provides the Lottery with long-term savings on purchases due to the guaranteed pricing agreed in the contract terms. As polyethylene is a natural gas-based product, and the cost of poly film fluctuates, in part, based on the price of natural gas, the contract provisions limit the frequency and percentage of price increases. Furthermore, over the life of the agreement, Victory has consistently met the terms and conditions of the contract's delivery and ordering timelines requirements to ensure the shipping materials are available when needed.

Based on the current remaining balance and the average polybag order size, the Distribution team

projects the expenditure authority to be depleted by the end of the first contract extension term. Based on the current use, number of retailers in the Lottery's network, and anticipated shipping needs for the next year an increase of $150,000 to the expenditure authority will be required for the final extension period.

RECOMMENDATION

Lottery staff recommends the Commission approve a one-year extension to the Victory International Group, LLC agreement extending the term through February 28, 2028, and an increase in expenditure authority of $150,000, bringing the maximum expenditure authority to $671,000.