



**Invitation for Bid**

**#R002219**

**Retail Access Program (RAP) Inspection Services**

December 6, 2023

CALIFORNIA STATE LOTTERY  
700 North 10th Street  
Sacramento, California 95811- 0393



## **INVITATION FOR BID**

### Notice to Prospective Bidders

December 6, 2023

You are invited to review and respond to this Invitation for Bid (IFB), #R002219, Retail Access Program (RAP) Inspection Services. In submitting your bid, you must comply with these instructions.

Note that all agreements entered into with the California State Lottery (Lottery) will include by attachment General Terms and Conditions and Contractor Certification Clauses that are hereby included in this solicitation.

In the opinion of the Lottery, this IFB is complete and without need of explanation. However, if you have questions, or should you need any clarifying information, the contact person for this IFB is:

Kevin Blunt  
[solicitations@calottery.com](mailto:solicitations@calottery.com)

Please note that no verbal information given will be binding upon the Lottery unless such information is issued in writing as an official addendum.

Kevin Blunt  
Procurement Specialist

Table of Contents

Contents

|                                                                           |    |
|---------------------------------------------------------------------------|----|
| <b>INVITATION FOR BID</b>                                                 | i  |
| Notice to Prospective Bidders                                             | i  |
| <b>I. GENERAL INFORMATION</b>                                             | 1  |
| A. Purpose.....                                                           | 1  |
| B. Minimum Bidder Qualifications.....                                     | 1  |
| C. Background.....                                                        | 2  |
| D. Lottery Point of Contact.....                                          | 3  |
| E. Projected Timetable.....                                               | 3  |
| F. Verbal Communication.....                                              | 4  |
| G. Examination of All Requirements.....                                   | 4  |
| H. Modifications to the IFB.....                                          | 5  |
| I. Written Questions.....                                                 | 5  |
| J. Written Intent to Bid.....                                             | 5  |
| K. Property of the Lottery.....                                           | 6  |
| L. Bids are Public Records.....                                           | 6  |
| M. Acceptance Period.....                                                 | 6  |
| N. Rejection of Bids.....                                                 | 6  |
| O. Conditions of Submission.....                                          | 6  |
| P. Nonmaterial Deviation.....                                             | 7  |
| Q. Contract Execution.....                                                | 7  |
| R. Hiring of Lottery Personnel.....                                       | 7  |
| S. Bid Protests.....                                                      | 7  |
| T. Governing Law and Regulations.....                                     | 8  |
| <b>II. BID REQUIREMENTS</b>                                               | 9  |
| A. Mandatory Submittals.....                                              | 9  |
| B. Evaluation of Mandatory Submittals.....                                | 11 |
| <b>III. BID EVALUATION AND AWARD</b>                                      | 12 |
| C. Award.....                                                             | 15 |
| D. Right to Cancel.....                                                   | 16 |
| <b>IV. DELIVERY OF BID</b>                                                | 16 |
| A. Delivery.....                                                          | 16 |
| Attachment 1 – Transmittal Letter and Company Background                  | 17 |
| Attachment 2 – Required Attachment Checklist                              | 18 |
| Attachment 3 – Cost Sheet                                                 | 19 |
| Attachment 4 – Certification                                              | 20 |
| Attachment 5 – Experience and References                                  | 26 |
| Attachment 6 – Payee Data Report STD 204                                  | 27 |
| Attachment 7 – Disabled Veteran Business Enterprises Participation (DVBE) | 28 |
| Attachment 8 – Small and Microbusiness Participation (SMP)                | 32 |
| Attachment 9 – CASp Sample Inspection Report                              | 40 |
| Attachment 10 – Proposed Contract Terms and Conditions                    | 41 |

## I. GENERAL INFORMATION

### A. Purpose

The Lottery is seeking qualified California-licensed Certified Access Specialists (CASp) to assist in performing inspection and reporting services for the Lottery's Retailer Access Program (RAP).

The RAP provides regulatory and contractual requirements for Lottery retailers to ensure Lottery products are accessible to individuals with disabilities at retail locations. Lottery retailers are obligated to provide access to all Lottery products for individuals with disabilities based on the RAP requirements [Retailer Access Program](#), Lottery regulations, and the Lottery retailer contract.

The selected Contractor is expected to travel to various retailer locations in the performance of the Scope of Work included in this solicitation.

Official inspection reports are submitted in batches to the Lottery, within 45 days of the inspection. The Lottery will send a copy of the report to the retailers and notify them of whether they passed inspection or must return forms if modifications are needed to become compliant.

The CASp may be asked to provide accessibility consulting services on an as needed basis.

The CASp will be required to perform services in the Sacramento region. Most of the work is expected to be within 50 miles of Lottery headquarters. The inspection services are to be completed before June 30, 2024, starting upon execution of the contract.

The number of inspections will be between 500 and 1157. Based on the potential start date of end of February 2024 and completion by June 30, 2024, the CASp will have to complete at least 25 site inspections per week.

In its sole discretion, the Lottery may issue multiple awards from this IFB, and total work divided accordingly, to ensure the necessary inspections are completed.

The term for any contract resulting from this IFB is for up to 12 months, and the Lottery may unilaterally extend the Contract term under the same terms and conditions, including pricing, for up to one additional year.

### B. Minimum Bidder Qualifications

At the time of submission, the qualified bidder must:

1. Ensure accreditation as a qualified California Certified Access Specialist at the time of the bid and during the contract. Provide the California Access Specialist's name and certification number with the expiration date.
2. Demonstrate proficiency and knowledge for a minimum of five (5) years in performing accessibility evaluations based on California Building Code Title 24 Chapter 11B, Americans with Disabilities Act Accessibility Guidelines, or other statutory, regulatory, or legal requirements related to accessibility compliance in California. Specifically, experience in retail environments.
3. Demonstrate proficiency in the quality of reporting and clearly communicating technical results in non-technical language. Contractor will submit a CASp sample inspection report showing a failed path of travel and/or failed accessible parking space in Attachment 9.
4. Provide three references from recent customers. Include retail locations if available.
5. Be a legal business entity and licensed to do business in California.
6. Confirm having inspection conducting equipment, high-resolution photography equipment or device with high-resolution camera, computer/laptop, and printer for contract working purposes.
7. Confirm having a car and the ability to transport themselves to various retail locations.
8. Meet the requirements specified in Section II.A, Mandatory Submittal Requirements.
9. Accept the Lottery's terms and conditions for the contract as outlined in Attachment 10, Proposed Contract Terms and Conditions.

### C. Background

The Lottery's RAP consists of annual, on-site compliance inspections of five percent of the Lottery's total active retailer base through random selection. Currently, the total active retailer base is approximately 23,000 statewide. The entire inspection process cycle starts at the beginning of the Lottery's fiscal year, July 1st and must be completed by June 30th of the following year.

In this fiscal year, 2023-2024, the number of inspections to be completed on behalf of the Lottery through DOR or contractors awarded under this solicitation is 1,157.

The CASp will be required to perform inspection and reporting services in and around the Sacramento county region. Based on DOR's expected progress, the CASp will conduct at least 500 inspections through June 30, 2024, but more inspections may be required as needed per the Lottery's sole discretion.

The CASp's availability to work and travel is imperative to meet inspection deadlines. The CASp will be sent a retailer inspection list at onset of contract execution to plan, prepare and make travel arrangements for inspections.

D. Lottery Point of Contact

All notices or questions pertaining to this IFB must be directed to:

California State Lottery  
Procurement Services and Support  
Attention: Kevin Blunt, Procurement Specialist  
700 North 10th Street  
Sacramento, CA 95811  
Email: [solicitations@calottery.com](mailto:solicitations@calottery.com)

No contact regarding this IFB will be allowed between Bidders or potential Bidders and members of the Evaluation Team, Lottery Commissioners, or Lottery staff after issuance of the IFB, with the exception of the Lottery contact person named above. Any such contact may disqualify a Bidder from further consideration. Requests for clarification from Bidders will be allowed, provided such requests are made through the above contact via email.

E. Projected Timetable

The following projected timetable is subject to change and is provided for informational and planning purposes only. The Lottery may change the date of events after the "Bids Due" event without further amending this IFB.

Key Action Dates

| Event      | Date             | Time |
|------------|------------------|------|
| IFB Issued | December 6, 2023 |      |

| Event                                | Date              | Time          |
|--------------------------------------|-------------------|---------------|
| Intents to Bid/Written Questions Due | December 13, 2023 | 5:00 p.m.     |
| Responses to Written Questions       | December 28, 2023 |               |
| Bids Due                             | January 8, 2024   | 3:00 p.m. PST |
| Notice of Intent to Award Posted     | January 16, 2024  |               |
| Proposed Contract Start Date*        | February 29, 2024 |               |

\* Estimated dates; actual dates may differ.

#### F. Verbal Communication

Any verbal communication with a Lottery employee concerning this IFB is not binding on the Lottery and will in no way alter a specification, term, or condition of this IFB or any resulting contract.

#### G. Examination of All Requirements

Bidders are strongly encouraged to examine this document thoroughly and become familiar with the IFB's requirements, including but not limited to those set forth in Attachment 10, Proposed Contract Terms and Conditions. Bids must be based solely on the information and materials contained in the IFB and any written amendments thereto and on other written communications regarding the IFB that are issued by the Lottery contact person named above. Bidders must disregard all other information, including draft material, newspaper advertisements or articles, and verbal representations.

A bid may be rejected if it is conditional or incomplete, or if it contains any alterations of form or other irregularities of any kind. However, the Lottery may waive an immaterial deviation in a bid, at its sole discretion. The Lottery's waiver of an immaterial deviation shall in no way modify the IFB document or excuse the Bidder from full compliance with all requirements if awarded the agreement.

A Bidder may modify a bid after its submission by withdrawing its original bid and resubmitting a new bid prior to the bid submission deadline as set forth in Section I.E., Projected Timetable, Key Action Dates. Bid modifications offered in any other manner, oral or written, will not be considered.

## H. Modifications to the IFB

The Lottery may cancel or modify this IFB at any time by the issuance of a written addendum. Notice of modification or cancellation will be sent to Bidders that submitted a written Intent to Bid if the modification or cancellation occurs prior to bid submission, and to Bidders that submitted a bid if the modification or cancellation occurs after bid submission.

## I. Written Questions

Questions regarding the content of this IFB must be submitted in writing via email to the Lottery Point of Contact specified in Section I.D by the due date and time specified in Section I.E, Projected Timetable. It is the Bidders sole responsibility to verify receipt of submitted questions. The Lottery may, in its sole discretion, respond to written questions received after the specified due date and time. Questions and responses will be provided to firms that submitted a written Intent to Bid and will also be posted on the Lottery's website at <https://www.calottery.com/vendor-opportunities> and California State Contracts Register (CSCR).

If Bidders identify any issues with Attachment 10, Proposed Contract Terms and Conditions, Bidders must communicate those issues during the Written Questions phase of this IFB for them to be considered. The Lottery may, at its sole discretion, elect to address such issues by amending this IFB, prior to the Bid Due Date.

## J. Written Intent to Bid

Interested Bidders should submit an Intent to Bid in writing via email to the Lottery contact person by the date and time specified in Section I.E, Projected Timetable, in order to receive direct communications from the Lottery about this IFB.

The written Intent to Bid must include the Bidder's contact person's name, email address, mailing address, and telephone number.

If a written Intent to Bid is not sent, a bid may still be submitted. However, IFB notices and amendments issued by the Lottery will only be sent directly to Bidders with a written Intent to Bid on file. After the bid due date, only Bidders that have submitted bid packages in accordance with Section II, Bid Requirements, and Section IV, Delivery of Bid, to the Lottery contact person



specified in Section I.D, Lottery Point of Contact, will receive direct IFB communications and notices.

All interested parties may access such notices and amendments on the Lottery's website at <https://www.calottery.com/vendor-opportunities> and CSCR.

#### K. Property of the Lottery

All bids become the property of the Lottery upon receipt and will not be returned to Bidders.

#### L. Bids are Public Records

Pursuant to the California Public Records Act, California Government Code §§ 6250 et seq., all data, materials, information, and documents submitted to the Lottery by a Bidder may be incorporated into a publicly available contract and may otherwise be subject to disclosure upon request by competitors and members of the public after the apparent successful Bidder has been announced. The Lottery will process all Public Records Act requests in accordance with the laws of the State of California. A Bidder's labeling of any bid materials as "confidential" or otherwise exempt from disclosure is not binding on the Lottery, and Bidder agrees by submitting its bid that the Lottery will not be liable to the Bidder or to any other person or entity for disclosing information as required by law.

#### M. Acceptance Period

As a condition of submission, each Bidder's bid constitutes an unconditional offer to the Lottery and is irrevocable for 180 days from the date submissions are due.

#### N. Rejection of Bids

The Lottery reserves the right to reject all bids. The Lottery is not required to award an agreement.

#### O. Conditions of Submission

Responses to the IFB and any subsequent presentations must be submitted with the most favorable terms Bidders can offer. Bidders will be allowed to withdraw their responses only when a written request for withdrawal is actually received by the Lottery prior to the deadline for final bid submission. Requests

for bid withdrawal must be filed in the same manner as bids. After the submission deadline, Bidders cannot replace, change, or modify their bids in any way, except as specified in this IFB or a subsequent written amendment to this IFB.

P. Nonmaterial Deviation

The Lottery may waive any deviation in a bid that the Lottery determines to be nonmaterial. The Lottery's waiver of a nonmaterial deviation in no way modifies the IFB's requirements or excuses Bidders from full compliance with the contract's requirements.

Q. Contract Execution

The Lottery Director or designee will make the final determination of contract award, subject to California Lottery Commission approval if applicable. In making this determination, the Lottery Director or designee may be assisted by an Evaluation Committee.

The Lottery, in its sole discretion, may treat failure or refusal by the intended contract awardee to begin performance within ten state working days of contract execution as repudiation of the contract. The Lottery may then either (1) select another bid which conforms to the requirements of this IFB and represents, in the Lottery's sole discretion, the best value; or (2) reject all bids. The Lottery may also seek compensation for any damages associated with repudiation of the contract.

The Lottery reserves the right to cancel all elements of this solicitation or rescind the announced award at any time before execution of the contract. Issuance of this IFB does not constitute a commitment by the Lottery to award a contract.

R. Hiring of Lottery Personnel

At all times during the bid evaluation period and continuing through contract award or rejection of all bids, Bidders are prohibited from officially or unofficially making any employment offer or proposing any business arrangement whatsoever to any Lottery employee involved in the evaluation of bids. A Bidder making such an offer or proposition will be disqualified from further consideration.

S. Bid Protests

1. Only an actual Bidder may protest a contract award, and only on the following grounds:
  - a) The Lottery did not follow its own written procedures in selecting the apparent successful Bidder, and
  - b) The protestor can demonstrate that had the Lottery followed its procedures, the protesting Bidder would have been the successful Bidder.
2. A notice of intent to protest must be received by the Lottery within seven (7) business days after the Lottery posts a notice of intent to award on its website. A timely notice of intent to protest is a prerequisite to any protest.
3. Provided that a timely notice of intent to protest has been filed with the Lottery, a protest must be filed within twelve (12) business days after the Lottery posts its notice of intent to award on its website. A protest must include a complete and detailed explanation of how the facts support the protest.
4. All protest documents must be received by the Lottery at its Sacramento headquarters no later than 3:00 p.m. Pacific Time on the last day of the applicable protest period. The envelope containing protest documents or the cover page to a protest must be addressed to the attention of the Director and must be clearly labeled: "Protest to the (title and number of the solicitation), DO NOT OPEN IN MAILROOM." Untimely protests will not be considered.
5. It is the protestor's responsibility to ensure that the Director has all information and arguments that the protestor deems relevant and necessary to resolve the protest. The Director may request additional information in writing from the protestor or from other sources, including the apparent successful Bidder and Lottery staff, as he/she deems appropriate for resolution of the protest.
6. The Director will issue a written decision within fifteen (15) days of completion of his/her review of the record.
7. In his/her sole discretion, the Director may determine that it is in the best interest of the Lottery to proceed with contract award and performance, while a protest is pending, and may direct a Contractor to commence work.

#### T. Governing Law and Regulations

The Lottery's governing law and regulations, including the California State Lottery Act and the Lottery's procedures for procurement of goods and services, available on the Lottery's [website](#). It is each Bidder's responsibility to be familiar with these laws and regulations.

## II. BID REQUIREMENTS

Bids submitted in response to this IFB must comply with the requirements of this section. Failure to complete and submit the information listed in this section in the specified format may result in rejection of the bid.

Bidders must provide as much information as necessary in their bid for the Lottery to award a contract. At a minimum, bids must be fully responsive to the specific requirements stated in this IFB. Bidders must identify any requirements of this IFB they cannot satisfy.

### A. Mandatory Submittals

Bidders must not alter the Lottery's mandatory submittal requirements and/or forms. Any change made to the forms, including but not limited to exceptions, deletions, and additions, may be the basis for disqualification of a Bidder's bid. The required forms are separate documents included with this solicitation. If you need assistance with these forms, please contact Kevin Blunt at [solicitations@calottery.com](mailto:solicitations@calottery.com).

Bidders must complete and submit the following as detailed below:

1. Transmittal Letter and Company Background (Attachment 1)
  2. Required Attachment Checklist (Attachment 2)
  3. Cost Sheet (Attachment 3)
  4. Certification (Attachment 4)
  5. Experience and References (Attachment 5)
  6. Payee Data Record STD 204 (Attachment 6)
  7. Disabled Veteran Business Enterprise Participation (DVBE) – if applicable (Attachment 7)
  8. Small and Microbusiness Participation (SMP) – if applicable (Attachment 8)
  9. Sample Inspection Report
- 
1. Transmittal Letter and Company Background (Attachment 1)

Bidder shall submit a Transmittal letter indicating that they are responding to the IFB and that all of the IFB requirements have been met. The letter

must be signed by a representative identified in the Bidder Certification as legally authorized to contractually bind the Bidder.

Transmittal letter may include company background information and relevant experience. Transmittal letter must include the name of the CASp and certification number for verification.

Bidders must also disclose any potential, actual, or apparent conflicts of interest that may exist between any current client and the Lottery. Because of the complexities involved in defining conflicts of interest, the Lottery will make a final determination as to whether a disqualifying conflict exists. Note: If there are no conflicts, provide a statement to this effect.

2. Required Attachment Checklist (Attachment 2)

Bidders must submit the Required Attachment Checklist to confirm all required documents have been included in the bid submittal package.

3. Cost Sheet – (Attachment 3)

Bidders must complete and submit the Cost Sheet for the services identified in Attachment 10, Exhibit A, Scope of Work. The costs shall be inclusive of all costs, including indirect, overhead, and administrative costs, for the required services for the duration of the contract. The submitted Cost Sheet will be incorporated in the awarded Purchase Order.

4. Certification – (Attachment 4)

Bidders must complete and submit the Certification form in the bid package.

5. Experience and References – (Attachment 5)

Bidders must complete and submit the Experience and References form in the bid package. CASp inspections must have been within the last five (5) years that are similar in scope to the work detailed in Attachment 10, Exhibit A, Scope of Work.

6. Form STD 204 – Payee Data Record – (Attachment 6)

STD 204 must be completed by the Bidder at the time of bid submission and included in its bid package.

7. Disabled Veteran Business Enterprise Participation (DVBE) – if applicable (Attachment 7)

The DVBE program requirement has been waived for this contract. However, Bidders may receive a percentage incentive. A preference of up to 5% will be applied, based on the level of DVBE participation proposed.

Bidders must complete and submit the DVBE Participation form in the bid package. Additional details are provided on the DVBE form.

8. Small and Microbusiness Participation (SMP) – if applicable (Attachment 8)

In order to receive SMP cost preference, Bidders must complete and submit the SMP forms in the bid package. Based upon the nature of the goods and services to be utilized under this solicitation (as outlined in Attachment 10, Exhibit A, Scope of Work), the Lottery has set a SMP goal of 25% for utilization of small or microbusiness subcontractors under the contract resulting from this IFB. While not required for this solicitation, a preference of up to 5% will be applied, based on the level of SMP participation proposed. Additional details are provided on the SMP form.

9. CASp Sample Inspection Report (Attachment 9)

Contractor will provide a sample inspection report or an excerpt of said report regarding a non-compliant path of travel and/or accessible parking location. Report will not exceed four or five pages, including any photos or diagrams. Names and personal identifiable information may be redacted.

B. Evaluation of Mandatory Submittals

The Lottery will validate that all mandatory submittals were received and are completed; where applicable, the Lottery will also confirm that minimum qualifications have been met for this solicitation.

Mandatory Submittals: Pass or Fail

Failure to submit the following forms will result in Bidder disqualification:

- Transmittal Letter and Company Background (Attachment 1)
- Required Attachment Checklist (Attachment 2)
- Cost Sheet (Attachment 3)
- Certification (Attachment 4)
- Experience and References (Attachment 5)

- Payee Data Record STD 204 (Attachment 6)
- CASp Sample Inspection Report (Attachment 9)

Failure to submit the following forms will not result in Bidder disqualification but will render the Bidder ineligible to receive SMP preference during the Cost Assessment.

DVBE Incentive & SMP Preference: Optional

- Disabled Veteran Business Enterprise Participation Incentive Program – if applicable (Attachment 7)
- Small & Micro Business Participation – if applicable (Attachment 8).

### III. BID EVALUATION AND AWARD

The Lottery will conduct a fair and impartial evaluation of bids received in response to this IFB. The complete evaluation process is comprised of two phases:

1. Mandatory Submittals Review
2. Cost Assessment

Bids will be reviewed by the Lottery evaluation team in accordance with the criteria indicated in this IFB. The Lottery may request clarification from Bidders during any phase of the evaluation process.

#### A. Mandatory Submittals Review (Pass/Fail)

The documents required in Section II.A, Mandatory Submittals, will be evaluated in accordance with Section II.B, Evaluation of Mandatory Submittals.

All bids shall be reviewed to verify the Bidder has met the IFB submission requirements. Bids that have not followed the rules, do not meet minimum content, requirements, qualifications, or quality standards, make exceptions to the terms and conditions, or are non-responsive to the required responses in this IFB will be eliminated from further consideration. Bids meeting the Mandatory Submittals requirements will advance to Cost Assessment.

The Lottery reserves the right to verify that the information in the Mandatory Submittals is accurate, including contacting references, performing checks, and follow-up inquiries. Any irregularities or material discrepancies discovered in the review may have the bid deemed non-responsive.

#### B. Cost Assessment

## 1. Submission

Bidders must submit the attached Cost Sheet (Attachment 3) form as part of their bid. The costs identified must be provided in US dollars.

The Lottery will assess each qualified Bidder's Cost Sheet (Attachment 3) to determine its responsiveness to the IFB's requirements and its overall value to the Lottery. As part of this assessment, the Lottery will also compare Cost Sheets from each of the qualified Bidders.

- a. Changes made to Cost Sheet (Attachment 3), including but not limited to exceptions, deletions, or additions, may form the basis for rejection of the bid.
- b. Cost Sheets may be subject to additional verification and clarification as to its feasibility, compliance with applicable law, and any other minimum qualifications requirements set forth in the IFB.

## 2. Duration

Pricing shall remain valid for a period of 180 days from the bid due date. Where applicable, the DVBE and SMP preferences will be applied during the first stage of the Cost Assessment.

## 3. Small Business Preference

- a. Small Businesses (SB). If there is at least one (1) California certified SB competing as the lead or prime contractor and the lowest qualified bid is submitted by a non-small business, the SB Preference shall be applied and computed as follows:
  - i. Only Bidders that are qualified Bidders shall be entitled to SB preference.
  - ii. The SB preference amount will be five (5) percent of the cost submitted by the lowest qualified non-small business bidder. This amount will be deducted from the submitted costs of all qualified certified SB bidders.
  - iii. After all the calculations are determined, the bidder(s) with the lowest cost qualified bid (and including all incentive calculations) will be selected for contract award.
  - iv. This calculation is only used in the evaluation process and will not be included in the final agreement.  
SB certification information can be found at the following internet web site: <https://caleprocure.ca.gov/pages/sbdvbe-index.aspx>.



- b. Non-Small Business (Non-SB). If there is not a responsive California certified SB competing as the lead or prime contractor and the lowest qualified bid is submitted by a Bidder that is not eligible for Non-SB preference (as described herein), then Non-SB preference will apply and be calculated as follows:
  - i. Only Bidders that are qualified Bidders and will provide a minimum of 25% SB participation in the performance of the contract shall be entitled to Non-SB preference.
  - ii. The Non-SB preference will be five (5) percent of the cost submitted by the lowest qualified Bidder that is not eligible for this preference. The amount will be deducted from the submitted costs of all qualified Bidders that meet the 25% Small Business (SB) participation requirements.
  - iii. After all the calculations are determined, the Bidder(s) with the lowest cost qualified bid (and including all incentive calculations) will be selected for contract award.
  - iv. This calculation is only used in the evaluation process and will not be included in the final agreement.  
SB certification information can be found at the following internet web site: <https://caleprocure.ca.gov/pages/sbdvbe-index.aspx>

(Note: Non-SB Preference cannot displace a direct award to a California certified Small Business or a California certified Micro Business). During the Contract term, the Lottery's SMP preference compliance shall be calculated based on the Lottery's completed work as verified by an audit of Lottery's invoices and Lottery's payments to designated subcontractors. Small and Microbusiness Participation (Attachment 8), if applicable, must be completed by the Bidder.

- c. The preference under this subsection may not exceed \$50,000.
4. Disabled Veteran Business Enterprise (DVBE) Preference
- a. The Lottery recognizes disabled veterans for their service by establishing a Disabled Veteran Business Enterprise (DVBE) Participation Program. The program is intended to further veterans' participation in Lottery contracting, promote competition and encourage greater economic opportunity.
  - b. The DVBE program requirement has been waived for this solicitation. However, Bidders may receive a percentage incentive based on the DVBE participation levels included in their bid. Percentages will be determined as follows:

DVBE Incentive:

| Confirmed DVBE Participation | Incentive |
|------------------------------|-----------|
| 5% or above                  | 5%        |
| 4% to 4.99%                  | 4%        |
| 3% to 3.99%                  | 3%        |
| 2% to 2.99%                  | 2%        |
| 1% to 1.99%                  | 1%        |

- c. DVBE incentive will apply as follows:
- i. Only Bidders that are qualified Bidders shall be eligible for the DVBE incentive.
  - ii. The DVBE incentive amount will be calculated by multiplying the eligible Bidder's specific DVBE incentive percentage by the lowest qualified Bidder's cost. This amount will be deducted from the cost submitted by the eligible Bidder. The incentive under this section may not exceed \$100,000 and the combined DVBE incentives and SB preferences may not exceed \$100,000.
  - iii. SB preference (and non-SB preference) will be calculated prior to the DVBE incentive, and in no event will application of the DVBE incentive displace an award to a small business with a non-small business.
  - iv. After all the calculations are determined, the Bidder(s) with the lowest cost qualified bid (and including all incentive calculations) will be selected for contract award.
  - v. This calculation is only used in the evaluation process and will not be included in the final agreement.

DVBE certification information can be found at the following internet web site: <https://caleprocure.ca.gov/pages/sbdvbe-index.aspx>.

C. Award

1. Award of the contract will be to the responsive, responsible Bidder with the lowest Cost Sheet (after adjusting for DVBE and SMP Preferences). In the sole discretion of the Lottery, a second contract may be awarded to the next lowest responsive, responsible Bidder in order to ensure timely completion. A Notice of Intent to Award will be issued at least 7 business days prior to award.
2. In order to ensure integrity, security, and honesty in its operation, the Lottery may conduct a thorough background check of the apparent winning Bidder. This may include fingerprinting and review of financial information. The

Lottery may disqualify any Bidder if its related entities or their directors, officers, employees, or owners refuse to participate.

#### D. Right to Cancel

The Lottery reserves the right to cancel any and all elements of the procurement or rescind an announced award at any time up to and including execution of the actual contract with the apparent successful Bidder.

### IV. DELIVERY OF BID

#### A. Delivery

All bids must be submitted to a Lottery Secure File Share site. The Liquid Files Instruction Guide is available on the California State Contracts Register.

Liquid Files transfers are to be addressed to [kblunt@calottery.com](mailto:kblunt@calottery.com) and [ijen@calottery.com](mailto:ijen@calottery.com). Hard copies of bids will not be accepted.

Bidders' bid responses are to be structured in the same format as the IFB, with the same heading, numbering, and bullet format for all sections and subsections using at least 12-point Arial font, consecutively numbered, and sections clearly marked or labeled.

IFB Attachments and/or forms that require a signature must be signed by a person who is identified on the Certification as being authorized to contractually bind the contractor's firm. A PDF signed copy of those documents will be accepted, however the original, signed document may be requested at a later date.

Bidders are solely responsible for ensuring timely receipt of their bids.

ATTACHMENT 1  
TRANSMITTAL LETTER AND COMPANY BACKGROUND

Bidder shall submit a Transmittal letter indicating that they are responding to the IFB and that all of the IFB requirements have been met. The letter must be signed by a representative identified in the Bidder Certification as legally authorized to contractually bind the Bidder.

Transmittal letter may include company background information and relevant experience in commercial debt collections. Transmittal letter must include the name of the CASp and certification number for verification.

Bidders must also disclose any potential, actual, or apparent conflicts of interest that may exist between any current client and the Lottery. Because of the complexities involved in defining conflicts of interest, the Lottery will make a final determination as to whether a disqualifying conflict exists. Note: If there are no conflicts, provide a statement to this effect.

ATTACHMENT 2  
REQUIRED ATTACHMENT CHECKLIST

A complete bid or bid package will consist of the items identified below.

Complete this checklist to confirm the items in your bid. Place a check mark or “X” next to each item that you are submitting to the Lottery. For your bid to be responsive, all required attachments must be returned. This checklist must be returned with your bid package.

| <u>Attachment</u>   | <u>Attachment Name/Description</u>                            |
|---------------------|---------------------------------------------------------------|
| _____ Attachment 1  | Transmittal Letter and Company Background                     |
| _____ Attachment 2  | Required Attachment Checklist                                 |
| _____ Attachment 3  | Cost Sheet                                                    |
| _____ Attachment 4  | Certification                                                 |
| _____ Attachment 5  | Experience and References                                     |
| _____ Attachment 6  | Payee Data Record STD 204                                     |
| _____ Attachment 7* | Disabled Veteran Business Enterprise Participation (DVBE)     |
| _____ Attachment 8* | Small and Microbusiness Participation (SMP)                   |
| _____ Attachment 9  | CASp Sample Inspection Report                                 |
| _____ Attachment 10 | Proposed Contract Terms and Conditions – <b>Do Not Return</b> |

\*If applicable

ATTACHMENT 3 – COST SHEET

The rates below shall include all costs associated with performance under this contract and shall include all overhead, administrative costs and applicable taxes. These include all labor, materials, tools, equipment, training, consultation, supervision, and travel. Rates shall include all travel costs unless the location is more than 50 miles from Lottery Headquarters in Sacramento, to which the Bidder shall be eligible for per diem in accordance with state reimbursement rules<sup>1</sup>.

Any changes or modifications to the price sheet may disqualify Bidder from further consideration.

| Description<br>(A)            | Rate Per Location<br>(B) | # of Locations*<br>(C) | Total<br>(BxC) |
|-------------------------------|--------------------------|------------------------|----------------|
| Retailer Inspections Services |                          | First 300              |                |
| Retailer Inspections Services |                          | Next 301 or more       |                |

\*For bidding purposes only. The Lottery does not guarantee the number of locations that are required for inspection. In the sole discretion of the Lottery, one or more CASp contracts may be awarded in order to ensure timely completion by the end of the current fiscal year.

I, \_\_\_\_\_ (*type or print name*), certify that I am authorized to sign this Cost Sheet and warrant that prices set forth are accurate, competitive, and unconditional. I further certify that these prices constitute an irrevocable offer which the California Lottery may, at its option, accept or reject at any time up to one hundred eighty (180) days from the date that responses to IFB #R002219 are due. These prices will remain effective for the entirety of the contract term and any extensions thereto.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

<sup>1</sup> Available at: <https://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>.

ATTACHMENT 4  
CERTIFICATION

I. BIDDER INFORMATION

Bidder's Name:

\_\_\_\_\_

Street Address:

\_\_\_\_\_

City/State/Zip Code:

\_\_\_\_\_

Contact Person:

\_\_\_\_\_

Telephone:

\_\_\_\_\_

Email:

\_\_\_\_\_

List person(s) legally authorized to contractually bind the Bidder.

1. Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

2. Name: \_\_\_\_\_ Title: \_\_\_\_\_

Address: \_\_\_\_\_

(Attach additional pages if needed)

II. BIDDER CERTIFICATION

By executing this Certification, the Bidder acknowledges that failure to comply with any of this Certification's terms may result in disqualification from participation in the solicitation process. The Bidder has reviewed, agrees to, and certifies the following:

A. The Bidder meets all minimum qualifications specified in the section entitled "Minimum Bidder Qualifications."

ATTACHMENT 4  
CERTIFICATION

- B. The Bidder agrees the Lottery will not be liable for any of the costs incurred by Bidder in preparing, submitting, or otherwise participating in a response to this solicitation.
- C. The Bidder's response to the solicitation constitutes an irrevocable offer for 180 days following the date bids are due to the Lottery.
- D. The Bidder has made no attempt to induce any other person or entity to submit or not to submit a bid.
- E. The prices in the bid have been developed and calculated independently, without consultation, communication or agreement on any matter relating to such prices with any other Bidder or competitor for the purpose of restricting competition or providing a competitive advantage.
- F. The Bidder has read the solicitation, understands it, and agrees to comply with all terms and conditions.
- G. Recognizing that initial payments to the Contractor may be delayed approximately 45 days, the Bidder has sufficient resources to meet his/her obligations during this period.

III. CONTRACTOR CERTIFICATION CLAUSES

By executing this Certification, the prospective Contractor or its authorized representative certifies under penalty of perjury that the prospective Contractor has reviewed and agrees to be bound to the Contract Terms and Conditions and the following Contractor Certification Clauses.

- A. NONDISCRIMINATION CLAUSE: During the performance of this Contract, Contractor and its subcontractors will not unlawfully discriminate, harass or allow harassment, against any employee or applicant for employment because of sex, sexual orientation, race, color, ancestry, religious creed, national origin, disability (including HIV and AIDS), medical condition, age, marital status, and denial of family care leave. Contractor and subcontractors will ensure that the evaluation and treatment of their employees and applicants for employment are free from such discrimination and harassment. Contractor and subcontractors will comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12990 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, Section 7285.0 et seq.). The applicable regulations of the Fair Employment and Housing Commission implementing Government Code Section 12990 (a-f), set forth in Chapter 5 of Division 4 of Title



ATTACHMENT 4  
CERTIFICATION

2 of the California Code of Regulations are incorporated into the Contract by reference and made a part thereof as if set forth in full. Contractor and its subcontractors will give written notice of their obligations under this clause to labor organizations with which they have a collective bargaining or other agreement. The Contractor will include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the Contract.

B. DRUG-FREE WORKPLACE REQUIREMENTS: Contractor will comply with the requirements of the Drug-Free Workplace Act of 1990 and will provide a drug-free workplace by taking the following actions:

1. Publish a statement notifying employees that unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited and specifying actions to be taken against employees for violations.
2. Establish a Drug-Free Awareness Program to inform employees about:
  - a. the dangers of drug abuse in the workplace;
  - b. the Contractor's policy of maintaining a drug-free workplace;
  - c. any available counseling, rehabilitation and employee assistance programs; and,
  - d. penalties that may be imposed upon employees for drug abuse violations.
3. Every employee who performs work under the Contract must receive a copy of the Contractor's drug-free workplace policy statement and agree to abide by the terms of the Contractor's statement.
4. Failure to comply with these requirements may result in suspension of payments under the Contract or termination of the Contract, and the Contractor may be ineligible for award of any future state contracts if the Contractor has made false certification or violated the certification by failing to carry out the requirements as noted above.

C. NATIONAL LABOR RELATIONS BOARD CERTIFICATION: The Contractor certifies that no more than one final unappealable finding of contempt of court by a federal court has been issued against the Contractor within the immediately preceding two-year period because of the Contractor's failure to abide by a federal court order to comply with a directive of the National Labor Relations Board.

D. DOMESTIC PARTNERS: For contracts executed or amended after July 1, 2004, the Contractor may elect to offer domestic partner benefits to the Contractor's employees. The Contractor cannot require an employee, on the basis of marital

ATTACHMENT 4  
CERTIFICATION

or domestic partner status, to cover the costs of providing any benefits which have otherwise been provided to all employees.

IV. DOING BUSINESS WITH THE STATE OF CALIFORNIA

The following laws apply to persons or entities doing business with the State of California.

- A. CONFLICT OF INTEREST: The Contractor is aware of the following provisions regarding current or former state employees. If the Contractor has any questions about the status of any person rendering services or involved with the Contract, the Lottery will be contacted immediately for clarification.

Current State Employees:

1. No state officer or employee may engage in any employment, activity or enterprise from which the officer or employee receives compensation or has a financial interest, and which is sponsored or funded by any state agency, unless the employment, activity, or enterprise is required as a condition of regular state employment.
2. No state officer or employee may contract as an independent contractor with any state agency to provide goods or services.

Former State Employees:

1. For the two-year period from the date he or she left state employment, no former state officer or employee may enter into a contract in which he or she engaged in any of the negotiations, transactions, planning, arrangements or any part of the decision-making process relevant to the Contract while employed in any capacity by any state agency.
2. For the 12-month period from the date he or she left state employment, no former state officer or employee may enter into a contract with any state agency if he or she was employed by that state agency in a policy-making position in the same general subject area as the proposed contract within the 12-month period prior to his or her leaving state service.
3. If the Contractor violates any of the above provisions, such action by Contractor will render this Contract void.
4. Members of boards and commissions are exempt from this section if they do not receive payment other than payment for each meeting of the board or commission, payment for preparatory time, and payment for per diem.

ATTACHMENT 4  
CERTIFICATION

- B. LABOR CODE/WORKERS' COMPENSATION: The Contractor is aware of the provisions which require every employer to be insured against liability for Workers' Compensation and the Contractor agrees to comply with such provisions before commencing work on this Contract.
- C. AMERICANS WITH DISABILITIES ACT: The Contractor assures the Lottery that it complies with the Americans with Disabilities Act (ADA) of 1990, which prohibits discrimination on the basis of disability, as well as all applicable regulations and guidelines issued pursuant to the ADA and all California accessibility statutes and regulations.
- D. CORPORATE QUALIFICATIONS TO DO BUSINESS IN CALIFORNIA:
1. The Contractor certifies it is currently qualified to do business in California.
  2. The Contractor certifies that it is in good standing with the California Secretary of State's Office.
- E. AIR OR WATER POLLUTION VIOLATION: The Contractor will not be: (1) in violation of any order or resolution not subject to review promulgated by the State Air Resources Board or an air pollution control district; (2) subject to cease and desist order not subject to review issued pursuant to Section 13301 of the Water Code for violation of waste discharge requirements or discharge prohibitions; or (3) finally determined to be in violation of provisions of federal law relating to air or water pollution.
- F. PAYEE DATA RECORD FORM STD. 204: This form will be completed by all Contractors except state agencies or other governmental entities.

V. CONFIDENTIALITY STATEMENT

- A. I warrant that neither the Contractor nor its employees will disclose any document, diagram, or information made available to it by the Lottery. I warrant that only those employees who are authorized and required to use such information will have access to it.
- B. I further warrant that all materials provided by the Lottery will be returned promptly after use and all copies or derivations of the materials will be physically and/or electronically destroyed. I will include with the returned materials a letter attesting to the complete return of materials and documenting the destruction of copies and derivations. Failure to comply may subject the Contractor to criminal and civil liability. I authorize the Lottery to inspect and verify the above.

ATTACHMENT 4  
CERTIFICATION

C. I further warrant that if awarded the Contract, the Contractor will not disclose to any third-party information pertaining to the Contract prior to receiving the written consent of the Lottery.

I, the official named below, CERTIFY UNDER PENALTY OF PERJURY that I am duly authorized to legally bind the Bidder and prospective Contractor to the clause(s) above and that the signature affixed below and dated constitutes a certification that all information provided by the Bidder and prospective Contractor is true and correct.

Contractor/Bidder Firm Name: \_\_\_\_\_

By (*Authorized Signature*): \_\_\_\_\_

Name of Person Signing: \_\_\_\_\_

Title of Person Signing: \_\_\_\_\_

Date Executed: \_\_\_\_\_

**ATTACHMENT 5  
EXPERIENCE AND REFERENCES**

Submission of this attachment is mandatory. Failure to complete and return this attachment with your bid will cause your bid to be rejected and deemed nonresponsive.

References to include satisfactory job performance on operations by the Bidder within the last five (5) years that are similar in scope and type of work required in this solicitation.

| <b>REFERENCE 1</b>                    |                          |       |          |
|---------------------------------------|--------------------------|-------|----------|
| Name of Firm                          |                          |       |          |
| Street Address                        | City                     | State | Zip Code |
| Contact Person                        | Telephone Number/Email   |       |          |
| Dates of Service                      | Value or Cost of Service |       |          |
| Brief Description of Service Provided |                          |       |          |

| <b>REFERENCE 2</b>                    |                          |       |          |
|---------------------------------------|--------------------------|-------|----------|
| Name of Firm                          |                          |       |          |
| Street Address                        | City                     | State | Zip Code |
| Contact Person                        | Telephone Number/Email   |       |          |
| Dates of Service                      | Value or Cost of Service |       |          |
| Brief Description of Service Provided |                          |       |          |

| <b>REFERENCE 3</b>                    |                          |       |          |
|---------------------------------------|--------------------------|-------|----------|
| Name of Firm                          |                          |       |          |
| Street Address                        | City                     | State | Zip Code |
| Contact Person                        | Telephone Number/Email   |       |          |
| Dates of Service                      | Value or Cost of Service |       |          |
| Brief Description of Service Provided |                          |       |          |

ATTACHMENT 6  
PAYEE DATA RECORD (STD 204)

Bidders may download the Payee Data Record (STD 204) through the following link:

<https://www.documents.dgs.ca.gov/dgs/fmc/pdf/std204.pdf>

If you are unable to download this file, please contact the Procurement Specialist.

## ATTACHMENT 7

### DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION (DVBE) – IF APPLICABLE

The Lottery recognizes disabled veterans for their service by establishing a Disabled Veteran Business Enterprise (DVBE) Participation Program. The program is intended to further veterans' participation in Lottery contracting, promote competition and encourage greater economic opportunity.

The Lottery has established participation goals for DVBEs, as defined in the California Military and Veterans Code, of at least 3% of overall dollars expended for Lottery contracts annually. The Lottery determines whether to include DVBE participation requirements in specific solicitations based on the availability of contracting or subcontracting opportunities within the scope of services of the particular contract.

While the Lottery has not established a DVBE participation requirement for this solicitation, in order to encourage DVBE participation, the Lottery has applied a DVBE incentive as follows:

| Confirmed DVBE Participation | Incentive |
|------------------------------|-----------|
| 5% or above                  | 5%        |
| 4% to 4.99%                  | 4%        |
| 3% to 3.99%                  | 3%        |
| 2% to 2.99%                  | 2%        |
| 1% to 1.99%                  | 1%        |

A Bidder may achieve participation by qualifying as a DVBE and/or by contracting with DVBE subcontractors. DVBEs must perform a commercially useful function, excluding media placement costs, related to the bid specifications as required by Military and Veterans Code section 999 (b)(5)(B). The Lottery will determine whether Bidders have achieved qualifying levels of participation by comparing each Bidder's verified DVBE percentage to the Bidder's Cost Sheet.

The incentive is applied in determining the lowest monetary bid or best value by reducing the qualified Bidder's price by the amount of the incentive as computed based on the lowest price submitted by a responsive Bidder. This reduction is applied solely for evaluation purposes. However, where the Bidder with the lowest monetary bid or best value, prior to application of the incentive, is a California certified small business, only other certified small businesses will be eligible to receive the incentive bonus. If after application of incentives, two or more responsive bids tie for lowest monetary bid or best value, the contract will be awarded to the Bidder with the highest level of DVBE participation.

## ATTACHMENT 7

### DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION (DVBE) – IF APPLICABLE

A DVBE may also qualify as a small business if it independently meets the Small and Micro Business Participation Program requirements. (See Attachment: “Small and Micro Business Participation”)

For certification purposes, a “disabled veteran” must be a veteran of the U.S. military, naval, or air service, have a service-connected disability of 10% or more, and reside in California.

To be eligible for certification as a Disabled Veteran Business Enterprise:

- At least 51% of the business must be owned by one or more disabled veterans;
- Daily business operations must be managed and controlled by one or more disabled veterans; and
- The home office must be located in the United States. (The home office cannot be a branch or subsidiary of a foreign corporation, foreign firm, or other foreign-based business.)

In order to count toward DVBE participation, DVBEs must be certified as such by the Department of General Services at the time the bid is submitted to the Lottery. Bidders must submit with their bids (1) a copy of the DVBE certification for each DVBE and (2) the attached DVBE forms, completed and signed as indicated. Contact the Department of General Services, Office of Small Business and DVBE Services with certification questions or visit DGS’s Website at [www.dgs.ca.gov](http://www.dgs.ca.gov).

During the term of the Contract, the successful Bidder must provide annual DVBE reports to the Lottery’s Contract Development Services Section showing DVBE participation at the levels committed to in the bid documents. In addition, the successful Bidder must provide a final report at the end of the Contract.

Instructions:

Bidders must complete “Subcontractors to be Utilized” section for each DVBE subcontractor to be counted toward DVBE participation and include the form as part of their bids. [Please duplicate the page for additional DVBE businesses.] Any Bidder that is a certified DVBE and wishes to be counted toward DVBE participation must complete “DVBE Bidder” section and submit it as part of its bid.

For questions regarding these instructions or attachments, please contact the Lottery’s Small and DVBE Program Specialist at (916) 822-8069.



ATTACHMENT 7

DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION (DVBE) – IF APPLICABLE  
SUBCONTRACTORS TO BE UTILIZED

This form must be completed and signed by the Bidder and the DVBE subcontractor to be utilized. Please duplicate this page for additional DVBE businesses.

Name of DVBE: \_\_\_\_\_

DVBE Certification: # \_\_\_\_\_

DVBE Contact Person: \_\_\_\_\_

DVBE Street Address: \_\_\_\_\_

City/State/Zip: \_\_\_\_\_

Email: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Goods/Services to be provided: \_\_\_\_\_

Percentage Participation: \_\_\_\_\_% (percent of the total contract price to be paid to the DVBE subcontractor for goods and/or services identified above)

By signing below, the Bidder indicates its intent to utilize the DVBE identified above as a supplier/subcontractor of the goods and/or services indicated, for the dollar amount represented by the percentage set forth above. The Bidder also certifies that all information contained herein is true and correct. This form must be signed by a person legally authorized to contractually bind the Bidder.

Bidder's Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name of Person Signing: \_\_\_\_\_

Company Name: \_\_\_\_\_

ATTACHMENT 7

DISABLED VETERAN BUSINESS ENTERPRISE PARTICIPATION (DVBE) – IF APPLICABLE

By signing below, the DVBE certifies it has submitted a bid to the above-referenced Bidder and is ready, willing, and able to provide the goods and/or services identified above. This form must be signed by a person legally authorized to contractually bind the DVBE.

DVBE's Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name of Person Signing: \_\_\_\_\_

Company Name: \_\_\_\_\_

DVBE BIDDER

Bidder must complete and sign this form if Bidder is a DVBE and intends to count goods and/or services it provides towards DVBE participation on this contract.

Bidder's Name: \_\_\_\_\_

DVBE Certification: # \_\_\_\_\_

Contact Person \_\_\_\_\_

Goods/Services to be provided: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Percentage Participation: \_\_\_\_\_ % (percent of the total contract price represented by the goods/services to be provided by the DVBE Bidder (pass-through goods and/or services do not count))

By signing below, the Bidder indicates that it will provide the goods and/or services indicated for the dollar amount represented by the percentage set forth above. The Bidder also certifies that all information contained herein is true and correct. This form must be signed by a person legally authorized to contractually bind the Bidder.

Bidder's Authorized Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name of Person Signing: \_\_\_\_\_

Company Name: \_\_\_\_\_

ATTACHMENT 8  
SMALL AND MICROBUSINESS PARTICIPATION – IF APPLICABLE

Continued on Next Page



## SMALL AND MICRO BUSINESS PARTICIPATION (SMP)

### Small Business Preferences/Definition

The Small Business Procurement and Contract Act (Gov. Code section 14835 et seq.) requires that a fair share of the state's purchases and contracts for goods, information technology, services and construction be placed with small businesses or micro businesses. In order to facilitate the participation of these businesses, the Act requires state agencies to: (1) establish small business participation goals, (2) provide a 5% small business preference; and (3) provide a non-small business preference of up to a maximum of 5% for agencies utilizing small businesses or micro businesses as subcontractors.

### SMP Goal and Preference

Based upon the nature of the goods/services to be utilized under this solicitation (as outlined in the Scope of Services), the Lottery has set a SMP Goal of 25%. Proposers that qualify as a small or micro business have met this participation goal by virtue of their small business status.

For bid evaluation purposes, where there is at least one non-small business Proposer subcontracting at least 25% of its bid amount to one or more small businesses, the Lottery shall calculate the preference by computing an amount not to exceed 5% from the lowest, responsible bid of a non-small business Proposer that is not subcontracting to a small business. The preference amount shall be deducted from the bids of the non-small business Proposer's subcontracting at least 25% of their bid amounts to small businesses, as referenced above. Agencies that subcontract less than 25% shall receive a prorated preference.

For bid evaluation purposes, where there is at least one small business Proposer, the Lottery shall calculate the preference by computing an amount of up to 5% of the lowest, responsible bid of a non-small business Proposer that is not subcontracting to a small business. The preference amount shall not exceed \$50,000 and shall be deducted from the small business' bid amount as referenced above.

During the Contract term, the Proposer's SMP compliance shall be calculated based on the Proposer's completed work as verified by an audit of Proposer's invoices and Proposer's payments to designated subcontractors.

### Definition

To be eligible for the SMP Preference as a "small business," a company shall be an independently owned and operated business, not dominant in its field of operation, with its principal place of business located in California and officers domiciled in California, and which together with affiliates is:



## **SMALL AND MICRO BUSINESS PARTICIPATION (SMP)**

- A business with 100 or fewer employees and average annual gross receipts of \$14,000,000 or less over the previous three years, or
- A manufacturer with 100 or fewer employees. A manufacturer is a business that is both:
  - 1) Primarily engaged in the chemical or mechanical transformation of raw materials or processed substances into new products; and
  - 2) Classified between Codes 31 to 339999, inclusive, of the North American Industrial Classification System (NAICS) Manual, published by the United States Census Bureau, 2007 edition.

To be eligible for the SMP Preference as a "micro business," a company shall be a small business that, together with affiliates, has average annual gross receipts of \$3,500,000 or less over the previous three years, or is a manufacturer, as defined above, with 25 or fewer employees.

If a proposing Proposer is currently certified as a small or micro business by the Department of General Services, Office of Small Business and DVBE Services, or any city, county, federal, etc. certifying office, only a copy of that certification is required (to be certified small or micro business, visit the DGS website at [www.pd.dgs.ca.gov/pd/Programs/OSDS.aspx](http://www.pd.dgs.ca.gov/pd/Programs/OSDS.aspx)). The successful Proposer shall be required to provide this information for the small or micro business enterprises to be utilized as subcontractors.

The successful Proposer's SMP Goal shall become part of the Contract resulting from this solicitation with the Lottery. The Lottery shall monitor Proposer's compliance by requiring annual reports.

Agencies requesting either of the SMP Preferences are required to complete and submit the required forms.

(Revised 11/19)



## SMALL AND MICRO BUSINESS PARTICIPATION (SMP)

### INSTRUCTIONS/FORMS

All agencies shall complete this page and the “Declaration of Compliance for Small and Micro Business Subcontractor Participation” form. Non-small agencies that are subcontracting with small or micro businesses shall also complete the “Small and Micro Business Subcontractor” form, and agencies that are small businesses or micro businesses shall complete the “Small and Micro Business Program” form. All forms are included in this package.

---

#### General Information

Proposer’s Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

#### SMP Program Form CSL 1180

Complete and sign this form if your company is a certified small or micro business.

#### SMP Declaration of Compliance Form CSL 0718

Complete and sign this form certifying all the information is true and correct. This form shall be signed by the person legally authorized to contractually bind the Proposer as stated in the Certification.

#### SMP Subcontractor Form CSL 1177

Complete and sign this form for all small and micro business subcontractor(s) that you plan to utilize as part of your small business participation goal. Please duplicate this page for additional companies.

#### Small and Micro Business & DVBE Program Form CSL 0718

Complete and sign this form if your business is participating in this program.

#### CSL 1180 (11/19)



**SMALL AND MICRO BUSINESS PARTICIPATION (SMP)**

**DECLARATION OF COMPLIANCE**

*Complete and sign this form certifying all the information is true and correct. This form shall be signed by the person legally authorized to contractually bind the Proposer as stated in the Certification.*

Proposer's Name: \_\_\_\_\_

Street Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

**Declaration**

I declare under penalty of perjury that the information provided in this Attachment is true and correct. (Please check one)

\_\_\_ Our firm is a small business or micro business. Certification #: \_\_\_\_\_

\_\_\_ Our firm is not a small business or micro business, but guarantees that a minimum of \_\_\_% of the total cost shall be paid to small business and micro business subcontractors for work performed under the Contract.

\_\_\_ Our firm shall not participate in the SMP Participation Program.

Executed on (Month/Date/Year): \_\_\_\_\_

In the city of \_\_\_\_\_ State of \_\_\_\_\_

Proposer's Authorized Signature: \_\_\_\_\_

Name of Person Signing: \_\_\_\_\_

Title: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

CSL 0718 (11/19)



**SMALL AND MICRO BUSINESS PARTICIPATION (SMP)**

**SUBCONTRACTOR FORM**

Complete and sign this form for all small and micro business subcontractor(s) that you plan to utilize as part of your small business participation goal.

Please duplicate this page for additional companies.

---

Name of Subcontractor: \_\_\_\_\_

Street Address: \_\_\_\_\_

City/State/Zip Code: \_\_\_\_\_

Contact Person: \_\_\_\_\_

Telephone: \_\_\_\_\_ Fax: \_\_\_\_\_

Email: \_\_\_\_\_

Goods/Services to be provided: \_\_\_\_\_

Business Category \_\_\_\_\_ Percentage of Contract \_\_\_\_\_%

Certifying Proposer: \_\_\_\_\_ Certification #: \_\_\_\_\_

By signing below, the Proposer indicates its intent to utilize the small business or micro business identified above as part of the Contract associated with this solicitation, as applicable; and also certifies that all information contained herein is true and correct.

Proposer's Authorized Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Name of Person Signing: \_\_\_\_\_

Company Name: \_\_\_\_\_

By signing below, the small business or micro business certifies it has been contacted, and has expressed interest in participating in the Contract in the work area identified; and also certifies that all information contained herein is true and correct.

Subcontractor's Authorized Signature: \_\_\_\_\_

Date: \_\_\_\_\_

Name of Person Signing: \_\_\_\_\_

Company Name: \_\_\_\_\_

CSL 1177 (11/19)





## SMALL AND MICRO BUSINESS PARTICIPATION (SMP)

Business Name:

\_\_\_\_\_

Street Address:

\_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_ Zip Code: \_\_\_\_\_

Name of Owner: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email: \_\_\_\_\_

Name of Contact Person: \_\_\_\_\_

Telephone: \_\_\_\_\_ Email: \_\_\_\_\_

Business Category: \_\_\_\_\_

Business Certified with (Agency Name):

\_\_\_\_\_

Certification #: \_\_\_\_\_

Select one that applies: \_\_\_\_\_

Goods/Services, etc. to be provided:

\_\_\_\_\_

\_\_\_\_\_

*By signing below, the Proposer certifies that the company above is a small business or microbusiness, as defined in this attachment.*



## SMALL AND MICRO BUSINESS PARTICIPATION (SMP)

Signature of Authorized Representative:

\_\_\_\_\_

Date: \_\_\_\_\_

Title: \_\_\_\_\_

CSL 0718 (11/19)

ATTACHMENT 9  
CASp Sample Inspection Report

Contractor will provide a sample inspection report or an excerpt of said report regarding a non-compliant path of travel and/or accessible parking location. Report will not exceed four or five pages, including any photos or diagrams. Names and personal identifiable information may be redacted. Document must be PDF format.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

**EXHIBIT A – SCOPE OF WORK**

**I. INTRODUCTION**

The [Contractor Name] (Contractor) will provide the California State Lottery (Lottery) with accessibility inspection services as part of the Lottery’s Retail Access Program (RAP) at various Lottery retail locations.

**II. SUMMARY**

- A. Contractor will provide the Lottery with retailer location accessibility inspection services as part of the Lottery’s RAP. Inspections are to determine compliance with the RAP requirements. Contractor will produce inspection reports for each location and provide accessibility consulting services as needed.
- B. The services are to be provided at Lottery-identified retailers in and around Sacramento County.

**III. CONTRACT MANAGERS/KEY PERSONNEL**

- A. The Contract Managers/Key Personnel for this contract are as follows:

Lottery

- Name:
- Street Address:
- City, State, Zip
- Code:
- Phone:
- Fax:
- Email

- B. In the event the Contractor's designated project manager and/or team members (including the Contract signing authority) should change, the Lottery Contract Manager must be notified in writing no less than 30 days prior to the change being implemented.

**IV. WORK TO BE PERFORMED**

## A. DESCRIPTION

1. Contractor shall conduct accessibility inspections at retail locations identified by the Lottery, in adherence with RAP standards.
2. Contractor shall, at minimum, complete 500 inspections by June 30, 2024. However, the Lottery has sole discretion in determining the total inspections required which may be less than 500.
3. Unless otherwise noted, all Lottery RAP standards are based upon California Building Code Title 24 Chapter 11B or Americans with Disabilities Act Accessibility Guidelines as identified in the RAP contractual document found here: [Retailer Access Program](#).

## B. WORK HOURS

All scheduled services under this Agreement shall be completed within Contractor's normal business hours and Retailers' business hours.

## C. SCHEDULING OF WORK

1. Contractor shall confer with the Lottery Contract Manager in a kickoff meeting to review the service details, and scheduling.

## D. WORK DETAILS/TASKS

1. Retailer Inspections
  - a. Timing
    - 1) Lottery will provide a Retailer List at onset of contract execution. Contractor shall complete the Lottery provided Retailer List Schedule (Schedule) by filling in the dates to complete all inspections, subject to Lottery approval. The Contractor shall complete at least one hundred inspections per month and provide the Lottery with monthly updates of the Schedule via email.
    - 2) Contractor shall follow the Schedule and calendar inspections accordingly. Contractor shall collaborate with the Lottery on the Schedule as needed.
    - 3) Contractor shall be responsible for making their own travel arrangements following the State travel guidelines<sup>2</sup> and prepare for

---

<sup>2</sup> Available at: <https://www.calhr.ca.gov/employees/pages/travel-reimbursements.aspx>.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

inspections. Contractor shall submit a travel schedule in accordance with the Schedule to the Lottery Contract Manager for approval via email.

- 4) All final inspections must be completed, and reports submitted to the Lottery's Contract Manager no later than one week before contract expiration.

b. On-Site Retail Location Requirements

Contractor shall:

- 1) Meet with the manager/clerk of the location at the beginning of each retailer inspection for introduction, present Lottery identification badge and the Onsite Inspection Notification letter to show Contractor represents the Lottery.
- 2) Complete the prepared Checklist while performing the inspection, and photograph areas that are non-compliant with the RAP standards. A sample Checklist is attached as Attachment 1. Inadequate supporting documentation on subsequent reports will require a follow up visit to the retail location within the contract term as directed by the Lottery at no additional cost to the Lottery.
- 3) Hand out a Lottery-supplied clipboard to the applicable Lottery retailer as directed by the Lottery.
- 4) Direct all Retailer questions and communication to the Lottery. During inspections, Retailer owners and employees who have questions, and or comments must be instructed to contact the Lottery RAP Manager via email.

V.

- 5) At all times be responsible for maintaining satisfactory standards of employee competency, conduct, appearance and integrity.

c. After On-Site Visit Report

Contractor shall:

- 1) Use the Lottery's Official Inspection Report (Report) template in WORD format (Or use own software, if comparable, with Lottery Contract Manager's approval) to write Reports. A sample Report is attached as Attachment 2.
- 2) Produce one Report per inspected retailer location, following the standard report language Lottery provides for consistency.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

- 3) Quality check every Report for accuracy, clarity, that it is succinct, comprehensive, and that photographs are correctly matched. The photographs must be easy to view and comprehend.
  - 4) For non-compliant locations:
    - i. Use the Lottery provided language for each non-compliant circumstance consistently in Reports.
    - ii. Identify each non-compliant RAP area with a clear, visible, embedded color photograph, and a description in plain language.
  - 5) Must indicate on the Report when the Lottery needs to send a clipboard to the retailer, or when the inspector has handed one to the retailer.
  - 6) Deliver the quality checked Reports to the Lottery Contract Manager via email no later than 45 days from date of the inspection, and also no later than one week prior to contract expiration.
    - i. Reports shall be sent biweekly in batches of approximately 50 inspection reports, in WORD format via email.
    - ii. Reports for passed retailers shall be sent in a separate email from those that are non-compliant.
- d. Incomplete/Incorrect Visits  
Contractor shall:
- 1) Prepare and deliver by email one Report per retailer, that is visited but not inspected with a description of the unforeseen circumstance (e.g., when the retail location is closed at the time of the scheduled inspection, the retail location's staff and/or owner refuses to allow inspection at the scheduled inspection date and time, or when there is an unforeseen impediment, e.g.: fire, earthquake, civil commotion).
  - 2) Notify the Lottery and provide justification, by email, for incomplete/incorrect retailer visits that were not selected for inspection by the Lottery.
  - 3) Revisit a retail location when directed by the Lottery at no additional cost to the Lottery.
2. Consultations and Meetings  
Contractor shall:
- a. Upon request, provide written responses to any Lottery questions related to retailer inspection results, or Lottery questions based on RAP access specifications or accessibility requirements generally via email.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

- b. Provide job shadowing opportunities for Lottery designated personnel, when requested to shadow the inspector during a retailer inspection.
- c. Meet remotely via MS Teams with the Lottery to provide a monthly status of inspections and/or contract discussion.
- d. Communicate with the Lottery, as needed. Person-to-person meetings with the Lottery Contract Manager are required to collect the supply of clipboards at the Lottery Headquarters.
- e. Send at the end of each week via email a weekly progress report of the number of inspections that were completed the previous week, the number of clipboards distributed. Include the balance of remaining clipboards.

**E. WORK TIMEFRAMES/SCHEDULE OF DELIVERABLES**

| <b>Task</b>                                                                                             | <b>Description</b>                                                                   | <b>Deliverable</b>                                                                                                                                        | <b>Due Date</b>                                                                                                                                                                                                                                  |
|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1. Inspection Services at Lottery selected Retailer Locations in the Sacramento County.                 | 500* Retailer Location inspections and reports at minimum, up to a maximum of 1157   | 500* Official Inspection Reports, one per retailer inspection in WORD format. Delivery via email. Send "pass" reports separately from the "fail" reports. | Delivered biweekly, in batches of approximately 50 inspection reports. Deliver to the Contract Manager over the contract term of 12 months and no later than one week prior to contract expiration. Schedule to be set after contract execution. |
| 2. One Official Inspection Report for every listed Retailer Location that is visited but not inspected. | Upon unforeseen circumstances when a Retailer Location is visited but not inspected. | One Official Inspection Report per occurrence.                                                                                                            | Upon occurrence                                                                                                                                                                                                                                  |
| 3. Monthly meeting                                                                                      | Monthly status meeting with the Contractor and Lottery Contract Manager              | Lottery Contractor schedules monthly meetings                                                                                                             | Monthly via MS TEAMS                                                                                                                                                                                                                             |
| 4. Inspection consultation on accessibility findings and RAP questions.                                 | Accessibility consultation for Lottery questions related to Retailer                 | Written response in via email when directed by the Lottery's CM.                                                                                          | Upon request                                                                                                                                                                                                                                     |



ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

|  |                                                                                         |  |  |
|--|-----------------------------------------------------------------------------------------|--|--|
|  | inspection results, RAP access specifications, or accessibility requirements generally. |  |  |
|--|-----------------------------------------------------------------------------------------|--|--|

\* In the sole discretion of the Lottery, one or more CASp contracts may be awarded in order to ensure timely completion by the end of the current fiscal year.

VI. CONTRACT PARTIES RESPONSIBILITIES

A. CONTRACTOR RESPONSIBILITIES

Contractor shall:

1. Prepare the RAP Inspection Checklists (Checklist) for each scheduled inspection to use during the inspections.
2. Utilize own devices and equipment to complete all services. Lottery provides the identification badges for the inspector to always wear and keep visible during these services at the Lottery's discretion. Broken, lost, stolen or wrongful intent to the badge must be reported to the Lottery Contract Manager for replacement.
3. Retain checklists, photographs, and all Reports for four years after contract expiration.
4. Ensure assigned personnel to this agreement are CASp credentialed, skilled and knowledgeable of all relevant accessibility laws and requirements, including but not limited to the ADA, California Building Code, California accessibility laws, and the Lottery's RAP requirements. Inspectors are expected to have and maintain training and certification at their own expense.
5. Complete the scope of services with deliverables.

B. LOTTERY RESPONSIBILITIES

Lottery will:

1. At onset of this Agreement, send Contractor the following via email:
  - a) Retailer List Schedule in WORD format.
  - b) Sacramento Retailer List to Inspector for inspection in EXCEL format.
  - c) Lottery Inspection Checklist in WORD format.
  - d) Sample of the Onsite Inspection Notification to retailer in PDF format.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

- e) Official Inspection Report template in WORD format. Examples of Lottery Retailer Pass, Fail Official Inspection Reports, and visited but not inspected report in PDF format.
  - f) Inspection report standard language.
  - g) RAP Policy.
  - h) Supply clipboards to the Inspector.
2. Monitor the status of the “Sacramento Retailer List to Inspector” on a weekly basis and send updates to the Inspector when there are changes.
  3. Schedule monthly status meetings, via MS Teams, to meet remotely with the Inspector.
  4. Notify the Contractor of a retailer revisit.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

**EXHIBIT B**  
**BUDGET DETAILS AND PAYMENT PROVISIONS**

1. COSTS  
(Insert Costs from Bidders Cost Sheet Here)
  
2. FISCAL PROVISIONS
  - 2.1 Reduction of Funds  
The obligations of the parties under this Contract are subject to the availability of funds appropriated by the Commission.
  
  - 2.2 Frequency of Payment  
Contractor will be paid upon submission of an invoice, monthly in arrears, upon approval by the Lottery Contract Manager.
  
  - 2.3 Payment and Invoicing
    - A. Payment

Contractor will be paid in accordance with Section 1, Costs. Payments will be made within 45 calendar days from date the Lottery receives an invoice unless the invoice is disputed. All invoices will be paid minus any applicable offsets, taxes or withholds.

If the Lottery determines that an invoice was improperly executed, or that additional evidence of the validity of the invoice is required, the Lottery will notify Contractor of a disputed invoice within 15 working days from receipt of the invoice. Once the invoice is corrected, payments will be made within 45 days from receipt of the corrected invoice.

Where payment has not been issued within 45 calendar days from Lottery's receipt of an undisputed invoice, interest penalties will accrue as set forth in the California Prompt Payment Act. If Contractor is a nonprofit organization and the value of the contract is less than \$500,000, or if Contractor is certified with the California Department of General Services as a small business, interest will accrue at a rate of 10% above the U.S. Prime Rate on June 30<sup>th</sup> of the prior fiscal year. However, if the amount of the penalty is ten dollars or less, the penalty is waived. Nonprofit organizations are ineligible to receive penalty payments if the value of the Contract is \$500,000 or more.

For all other businesses, interest penalties will accrue at a rate of 1% above the daily rate for the Pooled Money Investment Account on June 30<sup>th</sup> of the prior fiscal year but will not exceed a total rate of 15%. Penalties of \$100.00 or less are waived, as set forth in the California Prompt Payment Act.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

B. Invoicing

Contractor will submit invoices on a monthly basis by the 15th day of the following month after goods or services have been provided. Invoices must identify the Lottery Contract number and list the services rendered, goods provided, and reimbursements claimed. The Lottery Contract Manager will review each invoice for completeness and accuracy and either approve or dispute it. If the Lottery determines that an invoice was improperly executed, or that additional evidence of the validity of the invoice is required, the Lottery will notify Contractor of a disputed invoice within 15 working days of receipt of the invoice or delivery of goods or services, whichever is later. Unless disputed, payment will be made after goods and services are received.

Invoices, including supporting documentation, may be emailed as an attachment to [AccountingOps@calottery.com](mailto:AccountingOps@calottery.com). Contractor must include Contractor's name, invoice number, and Contract number in the email subject line.

If Contractor elects not to submit invoices by email, invoices must be mailed to:

California State Lottery  
Accounting Operations  
700 North 10th Street MS: 4-3  
Sacramento, CA 95811

Contractor is required to mark "Final Invoice" on the last invoice submitted to the Lottery for payment. Contractor waives the right to receive any further payments under the Contract if no final invoice is received by the Lottery within 180 calendar days after the Contract is terminated or expires by its own terms.

2.4 Full Compensation

In consideration for satisfactory delivery of the services specified in Exhibit A, Scope of Work, Contractor will be compensated at the prices and rates set forth in this Exhibit under Section 1, Costs. Except as expressly noted in this Exhibit or in Exhibit A, Scope of Work, this pricing is inclusive of all labor, materials, equipment, administrative expenses, travel, per diem, applicable taxes, and any other costs, known or unknown, associated with the performance of this Contract. Contractor shall not be entitled to any additional compensation or reimbursements for performance of the Contract services. The prices and rates

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

set forth above, in Section 1, Costs, will remain in effect throughout the duration of the Contract term and any extensions thereto.

2.5 Notice of Monies Due

The Lottery will notify Contractor in writing when and if any monies are due the Lottery. Any monies Contractor owes the Lottery must be paid to the Lottery within 30 days after the postmark of the notice of the amount due or the amount due will be deducted from compensation otherwise due Contractor by the Lottery.

2.6 Tax Reporting

Contractor is notified that Internal Revenue Code section 6041 and California Revenue and Taxation Code section 18646 require the Lottery to report certain payments. No claims for payment will be processed by the Lottery without the necessary information specified therein. Contractor agrees to abide by these reporting requirements and to provide that information to the Lottery.

2.7 Withholds

- A. The Lottery has the right to withhold or delay payments to Contractor, in whole or in part, if Contractor fails to perform its material obligations under the Contract.
- B. Should Contractor cure the performance failure giving rise to the withheld or delayed payment, the Lottery will review the matter with Contractor and determine, within its discretion, whether the Lottery will continue to withhold payment or otherwise offset money due Contractor.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

**EXHIBIT C**  
**DRAFT CONTRACT TERMS AND CONDITIONS**

**1. GENERAL PROVISIONS**

1.1 Parties and Authorization

The parties to this contract (Contract) are the California State Lottery (Lottery) and \_\_\_\_\_ (Contractor). Each party acknowledges that it has read the Contract, understands it, and agrees to be bound by its terms. The person signing this Contract on behalf of Contractor further warrants that he/she is an agent of Contractor and is duly authorized to enter into this Contract on its behalf.

1.2 Initial Term of Contract

The initial Contract term is one year.

1.3 Option to Extend

The Lottery may unilaterally extend the Contract term under the same terms and conditions, including pricing, for up to 1 year.

1.4 Emergency Extended Service

At the Lottery's request, Contractor will provide up to one year of additional emergency extended services, under the same terms and conditions, including pricing, upon expiration of the Contract term and any extensions.

1.5 Transitional Service for Contractor Change

Upon 30 days' notice, the Lottery may extend the Contract term under the same terms and conditions, including pricing, for multiple 90-day periods as needed to facilitate transition to a new contractor. Contractor agrees to maintain the service in a state of readiness for any such extension periods.

1.6 Full Force and Effect

This Contract is of no force and effect until it is signed by all parties and all approvals are secured ("Execution"). Contractor operates at its own risk if it commences performance prior to Execution.

1.7 Amendment

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

The parties may amend this Contract by mutual written consent. No alteration or variation of the terms of this Contract will be valid or binding unless amended pursuant to this section, and no oral understanding or agreement is binding on the parties.

1.8 Contractor Consideration

As consideration for the compensation paid to Contractor under this Contract, Contractor agrees to perform all services and to fulfill all responsibilities as duly authorized by the Lottery and as detailed in Exhibit A, Scope of Work.

**2. RELATIONSHIP AND AUTHORITY**

2.1 Governing Law

This Contract is governed by and will be interpreted in accordance with California law. Contractor acknowledges that the California State Lottery Commission (Commission) has the sole authority to exercise all powers necessary to effectuate the Lottery's purpose, and that the Commission retains all such authority under the Contract. Contractor understands and agrees that its performance is subject to Lottery audit and oversight. Subject to these limitations, Contractor has the power, authority, and discretion to act as may be necessary or desirable to properly, efficiently, fully, and completely perform the Contract.

2.2 Jurisdiction and Venue

By signing the Contract, Contractor acknowledges and specifically agrees that the jurisdiction for any action hereunder will be the Superior Court, State of California, and the venue for any action hereunder will be Sacramento County. As consideration for entering into the Contract, Contractor waives access to any other court that may have concurrent jurisdiction inside or outside of California and agrees to exhaust all contractual and administrative remedies before instituting any litigation relating to the Contract.

**3. OBLIGATIONS OF THE PARTIES**

3.1 Contract Managers

The designated Contract Managers for the parties are responsible for ensuring compliance with the terms and conditions of the Contract and, unless otherwise specified in the Contract, will have the authority to act for and bind their respective parties in connection with performance of the Contract.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

3.2 Licenses and Permits

Contractor must be licensed to do business in California and must obtain, at Contractor's expense, all licenses and permits required by law for accomplishing any work required in connection with this Contract. Contractor must, upon request, provide the Lottery with copies of all required licenses/permits. In the event any licenses or permits expire at any time during the term of this Contract, Contractor agrees to renew and provide the Lottery, upon request, with copies of the renewed licenses or permits.

3.3 News Releases

Contractor must not issue news releases or make any statement to the media pertaining to this Contract without the prior written approval of the Lottery, and then only in cooperation with the Lottery.

3.4 Confidentiality of Parties

A. Contractor and its employees must keep confidential all information and materials related to the Contract and/or obtained through Contractor's course of work and must not disclose any such information or materials to third parties unless such disclosure is approved in writing by the Lottery, specifically required by court subpoena or order, or otherwise specifically permitted by the Contract.

B. The California Public Records Act requires public disclosure, upon request, of documents that pertain to state business. Exceptions to this requirement are limited. The Lottery may, in its discretion, withhold Contractor material specifically and conspicuously identified by Contractor as confidential if Contractor has provided sufficient legal justification for doing so. The Lottery is under no obligation to inform Contractor that a request for information has been made or that documents are being released. However, the Lottery may, in its discretion, allow Contractor the opportunity to provide the Lottery with further legal justification for withholding specific information. Unless it receives a court order to the contrary, the Lottery retains the right to determine whether an exemption to the Public Records Act applies to Contractor information being sought. Under no circumstance will the Lottery be liable to Contractor or to any other person or entity for disclosing any Contractor material, regardless of its designation by Contractor as trade secret or confidential information.

**4. GENERAL WARRANTIES AND REPRESENTATIONS**



ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

Contractor warrants and represents the following:

A. Authority

Contractor is authorized and prepared to enter into and fully perform the terms and conditions of the Contract. Contractor has secured, or will have secured, at its own expense, and will maintain throughout the Contract term, all necessary rights, clearances, permits, governmental approvals, and licenses with respect to all material and elements embodied in, or used in connection with, the performance of the Contract.

B. Compliance with Law

Contractor will comply with all federal, state, and local laws, ordinances, rules, and regulations applicable to its activities and obligations under the Contract.

C. No Infringement

The goods and services provided do not and will not, to the best of Contractor's knowledge, infringe any copyright, trademark, or other third-party owned intellectual property.

D. Performance Standards

All services that Contractor provides under the Contract will be performed in a prompt, competent manner by properly trained individuals in accordance with the highest standards of Contractor's industry.

**5. LOSS PREVENTION**

A. Contractor must acquire and maintain insurance policies, bonds, and securities (Coverage) and indemnify the Lottery as set forth herein. The required Coverage must remain in force throughout the term of the Contract and any extensions thereto, and copies certificates of insurance, must be provided to the Lottery upon request. Proof of Coverage, including certificates of insurance for each required policy, must be provided to the Lottery within ten calendar days after execution of the Contract. In addition, proof of Coverage for renewals must be forwarded to the Lottery within ten calendar days of Coverage expiration. Each insurance policy must be issued by companies that are rated A-minus or better by the AM Best Company or meet the approval of the Lottery. If Contractor's Coverage provider cancels any required policy or other Coverage, Contractor must immediately notify the Lottery and obtain

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

replacement Coverage. Failure to provide and maintain any required Coverage may result in termination of the Contract.

- B. Contractor may not perform services or incur expenses until proof of Coverage, including certificates of insurance for the required policies, are received by the Lottery.
- C. Contractor may request adjustment to Coverage requirements by submitting a request in writing to the Lottery Contract Manager. Contractor may not adjust Coverage amounts or insurance liability limits below the amounts listed in this Contract without prior written approval of the Lottery.

5.1 Workers' Compensation

Contractor must maintain Workers' Compensation insurance for all its employees who will be engaged in the performance of the Contract pursuant to the requirements of the California Labor Code.

5.2 Commercial General Liability Insurance

Contractor must maintain Commercial General Liability insurance with limits of at least \$1,000,000 for any one person and \$2,000,000 for any one occurrence for death or bodily injury, and \$1,000,000 for any one occurrence for property damage. This insurance policy must also include a minimum of \$1,000,000 in coverage for the following liability types: premises, operations, products, advertising injury, and subcontractor operations. The policy must include the Lottery, Commission members, and Lottery officers and employees as additional insured, insofar as operations under the Contract are concerned.

5.3 Indemnification

- A. Contractor shall defend, indemnify, and hold harmless, at Contractor's expense, the State of California, the Lottery, the Commission, and all Lottery officers and employees and their respective successors, heirs, representatives, administrators and assigns, from and against any and all responsibilities, suits, judgments, awards, costs, damages, claims, demands, actions, losses, settlements, costs, expenses (including attorneys' fees and expenses), and/or liabilities of every nature threatened or brought against, sustained or incurred by any of them, whether joint, several, or individual (hereafter referred to as "claims") resulting or arising from or in any way connected with (1) any act or omission of Contractor or any of its officers, employees, subcontractors, or agents, whether negligent, unauthorized, intentional, or otherwise; (2) any infringing use of third-party intellectual property; (3) the inaccuracy or breach

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

of any covenants, representations and warranties made by Contractor as they occur; and (4) the breach of a term or condition of the Contract by Contractor. The provisions of this section shall survive the termination or expiration of the Contract.

- B. Contractor shall provide the Lottery Contract Manager with written notice of any action or suit threatened or filed against Contractor that is related in any way to the Contract, within 48 hours of discovery.
- C. The indemnities set forth herein are in addition to, and not in lieu of, any other indemnities provided hereunder or by law.

**6. CONTRACT OVERSIGHT**

**6.1 Background Investigations and Approval of Contractor Staffing**

- A. The Lottery may conduct background investigations of Contractor, its officers, directors, principals, investors, owners, employees, or other associates, and the officers, directors, principals, investors, owners, employees, and other associates of Contractor's parent entity, affiliates, subsidiaries, and subcontractors at any time during the life of the Contract, at the discretion of the Lottery Director. Contractor understands and agrees that, in furtherance of the Lottery's full disclosure requirements, any person associated with the performance of the Contract may be fingerprinted and may be required to complete a Personal History Statement and an Authorization to Release Personal Background Information form.
- B. Contractor may be required to reimburse the Lottery for necessary and reasonable costs incurred by the Lottery in conducting background investigations, including travel, lodging, per diem, document procurement, site inspections, and fingerprinting.
- C. The Lottery may disapprove any Contractor or subcontractor personnel assigned to the Lottery Contract for any reason, and all subcontracts must include a provision implementing this right. Any personnel deemed unacceptable to the Lottery must immediately be removed from the Contract assignment and all Lottery facilities.
- D. Contractor or subcontractor personnel must not be assigned to work on the Lottery Contract if they have ever been convicted of a felony, gambling-related offense, or a crime involving dishonesty.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

E. Pursuant to California law, the Lottery may terminate the Contract based on the results of its investigations.

6.2 Contractor Evaluation

The parties' Contract Managers may meet as often as necessary, upon the Lottery's request, to review and evaluate progress and performance. Review and evaluation criteria will be established by the Lottery Contract Manager and may include a review of problem areas, future performance, and any other subject relating to completion of tasks under the Contract.

6.3 Disabled Veteran Business Enterprise/Small Business Participation Monitoring

Where applicable, the Lottery will monitor Contractor's disabled veteran business enterprise and small business participation. Documentation may be requested from Contractor at any time.

6.4 Access to Financial and Accounting Records

Contractor and its subcontractors must maintain and make available for Lottery inspection all Contract-related financial and accounting records and other documentation pertaining to the fulfillment of Contract obligations in accordance with generally accepted accounting principles and other procedures that may be specified by the Lottery. Contractor must make these records and documents available to the Lottery upon request during the Contract term and for four years after the Contract expires.

6.5 Contract Audit Requirements

During the Contract term and for four years thereafter Contractor must provide all duly authorized representatives of the Lottery with full access to all records related to performance of the Contract and will allow authorized representatives to interview Contractor employees with knowledge of the Contract and Contract-related records for auditing purposes. All duly authorized representatives of the Lottery may examine and copy all Contract-related records. Prior to any such audit, the Lottery will provide reasonable advance notice to Contractor, and all audit activities that occur on Contractor's premises will be conducted during normal business hours.

6.6 Dispute Resolution

A. If a dispute arises out of the Contract that remains unresolved after good faith negotiations between the Lottery and Contractor, the parties will submit the

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

dispute to binding arbitration unless the parties mutually agree to another form of alternative dispute resolution. Notwithstanding any dispute, Contractor will proceed diligently with performance of the Contract.

- B. Arbitration will be conducted under the Commercial Arbitration Rules of the American Arbitration Association. The parties to the arbitration will share equally in the costs of arbitration. Each party will be responsible for its own attorney's fees and costs. The arbitration must be held in Sacramento County before an arbitrator who is acceptable to both parties. In the event that the parties cannot agree on an arbitrator, one will be appointed after either party petitions the court pursuant to California law. The arbitrator's decision will be final and binding and will be provided in the proper form to be entered as a judgment in a court of competent jurisdiction in Sacramento County.
- C. In the event that the parties agree on another form of alternative dispute resolution to address a particular dispute, this section will not be construed to limit the parties' ability to utilize such a process. Any alternative dispute resolution process that is mutually agreed upon by the parties will be considered final and binding on both parties, and no further process will be permitted.

6.7 Notice of Delay

Whenever Contractor has knowledge that any actual or potential situation, including but not limited to labor disputes, will delay or threatens to delay timely performance of the work under this Contract, Contractor must immediately provide the Lottery's Contract Manager written notice, including any relevant information.

**7. EXPIRATION OR TERMINATION OF CONTRACT**

7.1 Expiration of the Contract

Absent early termination of the Contract as provided in this subsection, the Contract will expire at the end of its term and any applicable extension(s).

7.2 Termination for Default

A. The Lottery may, by written notice of default to Contractor, terminate the Contract in whole or in part, at the Lottery's sole discretion, if any of the following occur:

- 1. Contractor fails to deliver material products within the time specified in the Contract or any extension.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

2. Contractor fails to make progress, such that it endangers performance of the Contract.
  3. Contractor fails to perform any material provision of the Contract.
  4. Contractor fails to sustain a level of economic viability in its overall operations such that the Lottery can reasonably be assured of Contractor's ability to continue to comply with all operational requirements of the Contract, including those provisions relating to loss prevention.
  5. A court of competent jurisdiction finds that Contractor, its principals, or its assigned personnel has failed to adhere to any law, ordinance, rule, regulation or order, where such failure may call into question the security, integrity or competence of Contractor to serve as a Lottery contractor.
  6. Contractor fails to communicate with the Lottery on material matters such that performance of the Contract is endangered.
  7. Contractor breaches the Contract's standard of confidentiality.
  8. Contractor engages in conduct that is likely to create a negative public impression or that creates the appearance of impropriety with respect to the Lottery, Contractor, or the State of California.
  9. Contractor has knowingly or with reckless disregard for the truth furnished any material statement, representation, warranty, or certification to the Lottery that is false, deceptive, or incomplete.
- B. The Lottery may exercise its right to terminate the Contract under this subsection if the Lottery Contract Manager notifies Contractor of the breach and Contractor does not cure it within the timeline stated by the Lottery, which shall not be less than 30 days. In that event, the Lottery may obtain a replacement contractor on an emergency or interim basis to provide the services and/or goods which Contractor agreed to provide under this Contract. The Lottery will collect from Contractor the difference between the compensation stated in this Contract and the actual cost to the Lottery of obtaining and utilizing an interim replacement contractor. The Lottery will also collect actual costs, including administrative expenses and re-procurement costs, incurred to process and procure a permanent replacement contractor. The Lottery may collect monies it is due by offsetting the amount from any payments due Contractor, by perfecting and executing on any security interest provided under the Contract, or by any other available means.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

- C. If the Lottery terminates the Contract for default, the Lottery may require Contractor to transfer title and deliver to the Lottery any 1) completed or partially completed goods and materials; and 2) license rights to any intellectual property that Contractor has produced or acquired for the Contract, in addition to any other property in Contractor's control in which the Lottery has an ownership interest. Contractor must protect and preserve property in its possession in which the Lottery has an interest. Where specified, the Lottery will pay the Contract price for any completed goods, materials, and license rights that are delivered and accepted pursuant to this section. Where payment amount is not specified in the Contract, Contractor and the Lottery will agree on a reasonable amount of payment for goods, materials, and license rights delivered to, and accepted by, the Lottery. Failure to agree will be a dispute subject to the section herein entitled Dispute Resolution. The Lottery may withhold from any amounts due Contractor any sum the Lottery determines is necessary to protect the Lottery against loss because of outstanding liens or claims of lien holders.
- D. The rights and remedies of the Lottery set forth in this subsection are in addition to any other rights and remedies provided by law or under the Contract.

7.3 Termination Based on Determination of Illegality

The Lottery may terminate the Contract, in whole or in part, and reduce Contractor's future compensation under the Contract immediately upon its determination that an activity or operation supported by the Contract is no longer lawful for reasons including, but not limited to, court decision, legislative action, administrative decision, or advice of counsel. Upon receipt of notice of termination or reduction based on a finding of illegality, Contractor will immediately cease performance of such activity or operation and mitigate its damages. Contractor will submit, within 90 calendar days of the receipt of a notice of termination or reduction pursuant to this subsection, a compensation reduction proposal. If Contractor and the Lottery fail to agree on the amount of compensation reduction, the Lottery will reduce the compensation as reasonably determined by its calculations.

7.4 Termination for Convenience

The Lottery retains the option to immediately terminate the Contract for the Lottery's convenience upon advance written notice (Notice of Termination) to Contractor of no fewer than 30 days. The Notice of Termination shall contain the effective date of termination. On the date of termination set forth in the Notice of Termination, Contractor will cease performance and mitigate damages.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

Contractor will be entitled to compensation, upon submission of invoices and proper proof of claim, for the portion of the Contract that was satisfactorily rendered or provided before the effective date of termination. The Lottery may also compensate Contractor for expenses incurred as a result of binding commitments made in connection with Contractor's performance of the Contract, provided that the commitments were incurred prior to receipt of Notice of Termination and only with the written approval of the Lottery Contract Manager. Compensation for such expenses lies within the sole discretion of the Lottery. Contractor must submit proof of such expenses incurred to the Lottery's satisfaction. In the event of termination for convenience, Contractor must furnish copies of all materials related to performance hereunder at the time of termination.

7.5 Parties' Responsibilities upon Termination and Transfer to New Contractor

Upon termination or other expiration of the Contract, each party will assist the other party in the orderly termination and transfer of all Contract-related assets, tangible and intangible, as may facilitate the orderly, non-disrupted business operations of each party. Contractor will continue to provide goods and services pursuant to the Contract until migration to a replacement contract with a new contractor is complete. If it is necessary for the migration effort to continue beyond the term of the Contract, Contractor agrees to extend the Contract as provided herein for the time necessary to complete the migration and orderly transfer.

**8. MISCELLANEOUS PROVISIONS**

8.1 Force Majeure

Neither Contractor nor the Lottery will be liable for any delay in or performance failure under the Contract due to a Force Majeure occurrence, provided that Contractor uses reasonably diligent efforts to avoid or otherwise minimize the impact of an event of Force Majeure on Contractor's performance. Any such delay in or performance failure will not constitute default or give rise to any liability for damages. The existence of a delay or failure will extend the period for performance to the extent determined by the Lottery's Contract Manager.

For purposes of this Contract, "Force Majeure" means an act of God or public enemy, earthquake, fire, flood, explosion, epidemic, quarantine restriction, strike, freight embargo or closure of all major access roads to geographic area, action of the elements, governmental interference, rationing or any other cause which is beyond the control of the party affected and which, by the exercise of reasonable diligence, a party is unable to control.

8.2 Waiver of Provisions



ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

No term or provision of this Contract will be deemed waived and no breach excused unless such waiver or consent to the breach is in writing and signed by the signatory to this Contract, or his or her successor, on behalf of the party against whom such waiver or consent is sought to be enforced. No consent by either party to a waiver or a breach by the other, whether express or implied, constitutes consent to, waiver of, or excuse for any other breach or subsequent breach except as expressly provided in the written waiver or consent.

8.3 Order of Precedence

The Contract consists of the following documents. These documents constitute the entire agreement between the parties, and any prior agreements, promises, negotiations, or representations concerning the Contract's subject matter not expressly set forth in these documents are of no force or effect. If there are inconsistencies or ambiguities in the Contract, the following documents will be used to interpret the Contract, in this order of precedence:

- A. This Contract, with all exhibits, attachments, addenda, and other incorporated documents, and all amendments thereto.
- B. The Lottery's IFB #R002219, with all exhibits, attachments, addenda, and other incorporated documents, and all amendments thereto.
- C. Contractor's response to IFB #R002219 and any clarifications submitted in response to requests made by the Lottery.

8.4 Notices in General

Any notice, request, demand, consent, waiver, or other item required or permitted under the Contract or under applicable law must be in writing and will be deemed duly given or made only if: (a) it is personally served upon the party intended to receive it, in which case it is effective when delivered; (b) it is sent by certified mail, return receipt requested, postage prepaid, addressed to the receiving party at the address set forth below, in which case it is effective upon receipt at that address by any agent or employee of the receiving party; or (c) it is transmitted by email to the party's Contract Manager, in which case it is effective either (1) as of the date the email is sent, if sent before 5:00 p.m. Pacific Time on a Lottery business day or (2) on the next Lottery business day, if transmitted after 5:00 p.m. Pacific Time or on a non-Lottery business day. A party may change its contact information for purposes of receiving notice only by giving written notice to the other party in the manner set forth herein.

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

LOTTERY

CONTRACTOR

Name:  
Address: 700 North 10th Street  
Sacramento, CA 95811  
Phone #:  
Attention:  
Email:

8.5 Invalidity in Whole or in Part/Severability

If any provision of this Contract is found to be illegal, invalid, or unenforceable under any applicable rule or law, such invalidity will not affect other provisions which can be given effect without the invalid provision, and the invalid provision will be deemed severable.

8.6 Execution of Counterparts

The parties agree that an executed copy of this Contract has the same force and effect as the original.

8.7 Sections and Subsection Headings

The section and subsection headings contained herein are for convenience of reference only. They will not be used to interpret or define the scope of any provision of the Contract.

8.8 Assignment

A. Contractor may not assign any performance of or payment for the Contract or any portion of the Contract without the prior written consent of the Lottery, which may be withheld at the Lottery's sole discretion. Any attempt by Contractor to make such assignment without the prior written consent of the Lottery will be void and will constitute a material breach of the Contract.

B. All assignment requests must be submitted in writing to the Lottery Contract Manager.

C. In addition to obtaining the prior written consent of the Lottery, any attempt to assign performance of the Contract, or any portion of the Contract, is void unless all of the following conditions have been met: (1) the terms of the Contract are included in the assignment and agreed to by the assignee; (2) the

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

Lottery has reviewed and approved all pertinent disclosure information; and (3) the Lottery has reviewed and approved the final written assignment.

8.9 Subcontracting

- A. Contractor may subcontract part of its work upon Lottery approval. However, nothing contained in this Contract creates any contractual relationship, third party or otherwise, between the Lottery and any subcontractors. Furthermore, Contractor agrees to be as fully responsible to the Lottery for the acts and omissions of its subcontractors and of persons either directly or indirectly employed by them as it is for the acts and omissions of persons directly employed by Contractor.
- B. Contractor must follow the Lottery's requirements for procuring goods and services if the estimated subcontracted amount is over \$100,000. The requirements are set forth in California Lottery Regulations, which can be located at [www.calottery.com](http://www.calottery.com).
- C. For each proposed subcontract, Contractor must submit a written request for approval to the Lottery Contract Manager. The Lottery Contract Manager may disapprove a subcontractor at any time, in which case the subcontractor must immediately be removed from the Contract assignment and all Lottery facilities.
- D. Contractor's obligation to pay its subcontractors is independent from the Lottery's obligation to make payment to Contractor. The Lottery will not make direct payment to subcontractors, nor will it be responsible for monies owed by Contractor to subcontractors.

8.10 Independent Contractor

Contractor will be an independent contractor of the Lottery. Contractor will have sole, absolute, and exclusive control of the manner and means of its performance under the terms of this Contract except as expressly set forth herein.

8.11 Travel and Expenses

Except as expressly specified in Exhibit B, Budget Detail and Payment Provisions, Contractor will not be compensated separately by the Lottery for travel time, mileage, meals, or incidentals.

8.12 Standards of Conduct

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

Contractor is responsible for maintaining satisfactory standards of employee competency, conduct, appearance, and integrity. Contractor is responsible for ensuring that, while on Lottery premises, Contractor employees do not disturb papers on desks, open desk drawers or cabinets, or use Lottery equipment except as authorized.

8.13 Nonexclusive Rights

Contractor understands and agrees that the Lottery does not grant Contractor exclusive rights to provide to Lottery those services listed in the Scope of Services for this Contract. The Lottery reserves the right to acquire any services through another contractor at any time. The Lottery's good faith exercise of this right will not constitute a breach of the Contract.

9. CALIFORNIA LOTTERY INFORMATION SECURITY STANDARDS

9.1 Information Security

The Contractor acknowledges and agrees that it may, in its performance of the Contract, collect, generate, and/or have access to information and data pertaining to or provided by the Lottery and/or its customers (collectively, "Lottery Data"). The Contractor also acknowledges and agrees that proper information security requires protecting the integrity, availability, and confidentiality of confidential, sensitive, and personal information and the resources used to enter, store, process and communicate such information.

To this end, in performing the Contract, the Contractor must establish and maintain adequate security controls, policies, standards, and procedures to prevent unauthorized access to, and protect the confidentiality, integrity, and availability of, Lottery Data, assets and services.

The Contractor must operate in accordance with California state and federal laws, and all other applicable laws, regulations and rules, as well as best industry practices, related to the protection of information assets and the timely and efficient management of security incidents, including corrective action.

9.2 Contractor Responsibilities

Information security must be ensured by the Contractor, as the Contractor may have physical or electronic access to the Lottery's confidential, sensitive, or personal information. This information may be contained in systems that directly support the Lottery's business operations. This includes IT hardware and software, and the services associated with the management, operations, maintenance, programming and system administration of computer systems, networks,

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

telecommunications systems, and social media. This also includes access to printed materials and other paper records.

The Contractor and all Contractor personnel must not use or redistribute any Lottery Data processed, stored, or transmitted by the Contractor, except as specified in the Contract or upon written Lottery approval.

9.3 Information Security Incident

The Contractor must disclose to the Lottery any Information Security Incident. An Information Security Incident is an occurrence that actually or potentially jeopardizes the confidentiality, integrity, or availability of an information system or the information the system processes, stores, or transmits associated with the Lottery Contract.

The Contractor must notify the Lottery Contract Manager, the Lottery Deputy Director of Security/Law Enforcement (SLED), and the Lottery Information Security Office within two hours after discovery of the Information Security Incident.

To the extent that the Information Security Incident includes or is reasonably believed to include the acquisition of personal information, as defined in California Civil Code section 1798.29, by an unauthorized person, Contractor must notify the Lottery Contract Manager, the Lottery Deputy Director of Security and Law Enforcement Division (SLED), and the Lottery Information Security and Privacy Office immediately following discovery.

If the Lottery determines that disclosure of an information security breach is required under section 1798.29, or any other applicable law or regulation, Contractor will diligently assist the Lottery in gathering all necessary information for the Lottery to comply with the disclosure requirements set forth therein. In addition, if the information security breach arises from the negligence or willful misconduct of the Contractor, or its agents, employees, or subcontractors, Contractor will reimburse the Lottery for any costs incurred in connection with the breach; such costs may include, but will not be limited to, the cost of preparing and delivering required notifications and up to 12 months of identity theft prevention and mitigation services for any California residents whose personal information may have been compromised, if the Lottery determines that such notifications and/or services are required by applicable law, consistent with industry standards or otherwise reasonably necessary to safeguard the Lottery's business standing or reputation.

**Information Security Incident Contact Information:**

ATTACHMENT 10  
PROPOSED CONTRACT TERMS AND CONDITIONS

Lottery Contract Manager

Name:

Email:

Phone:

Lottery Deputy Director, Security and Law Enforcement Division (SLED)

Name:

Email:

Phone:

Lottery Information Security and Privacy Office

Email:

Phone:

9.4 Information Security Audit

The Contractor must keep audit logs of any access or other activities associated with Lottery information. Refer to the ISO/IEC 27001 for specific requirements on logging and monitoring and, if applicable, the IPA.

The Lottery has the right to audit the Contractor's information security controls and associated plans and processes to verify compliance with the Contract.