



ADDENDUM NO.1 TO ALL OFFERORS:

Reference: Request for Proposal: **RFP#10275AR**

Commodity: **Scratcher Ticket Printing and Services**

Dated: **May 31, 2013**

The above solicitation is hereby changed to read or clarified by the following:

1. The following questions were asked and answered at the pre-proposal meeting held at the VA Lottery headquarters on April 26, 2013. In addition, several questions were sent by interested vendors and have been answered to the best of our ability. The correspondence in this addendum takes precedence to any response given during the pre-proposal conference.

Will the Lottery please clarify the difference between Dual Imaging and Dual Imaging under the latex?

Dual Imaging pertains to the ticket back while dual imaging under the latex pertains to the ticket front

Will the Lottery please provide the price point and pack size for G. 4 X 12?

This is a potential future price point and the pack size would likely include 20 tickets per pack

Will oversized tickets and dispenser inserts be shipped separately from ticket packs?

Yes

Confirm it is a requirement for the printing vendor to deliver tickets to the Lottery warehouse?

Yes

Please confirm that the return tickets are undeliverable, unaccepted, or returned for any other reason are from retailers.

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Yes

Please clarify whether or not the vendor is responsible for paying the cost of destruction.

Yes

Please clarify definition of perforated ticket pack inserts.

Perforated ticket pack inserts are designed for two different display pieces. There is a perforation to allow for a 5" and a 2.5" piece both of which are inserted into a pack of tickets.

Please clarify what it means by delivery of hash files & validation files via the internet.

The Lottery is open to any secure method that can be offered.

Please clarify what is meant by QR functionality.

QR functionality relates to options provided to utilize a QR code under the latex used to launch a web app or URL.

Please clarify what is meant by personnel resource in relation to Interactive.

This refers to the Lottery's interest to a vendor resource with knowledge of interactive games.

Please specify what is meant by "features" as part of Rewards program.

The Lottery is interested in all proposals.

Please clarify what is meant by barcoding.

The Lottery is interested in all proposals.

Please clarify what is meant by "in-lane scratch sales".

In-lane scratch sales refer to solutions for selling at retailers with multiple checkout locations such as grocery stores.

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Please clarify when the Lottery refers to equipment, if it is specifically looking for self-service vending.

The Lottery is interested in all proposals.

Please clarify pricing options.

The Lottery is interested in all proposals.

Will VAL agree to negotiate pricing of new price points when added?

The Lottery is interested in all proposals.

Will Lottery provide additional guidance on how it intends to score Value Added Options?

No

Will the requested algorithm be kept in escrow?

No, it will be owned by the VA Lottery

What does the Lottery do with unclaimed prizes?

Per a statutory regulation the Lottery places unclaimed prizes in a literary fund.

Please clarify that the reference to an onsite resource, ticket destruction, and warehousing & distribution services is to be fulfilled by the prime vendor?

Yes

Please clarify if the reference to budget support is only to be fulfilled by the prime vendor?

The Lottery is interested in all proposals.

Should the costs of licensed property included?

The Lottery is interested in all proposals.

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Please define Optimum Prize Delivery.

Optimum prize delivery can be defined as the guarantee that top prizes per the prize structure and odds remain consistent and even with the variance of tickets that is currently +2/-5.

Please provide the size of the Lottery's current warehouse.

Currently the Lottery utilizes a warehouse with 41,500 sq. feet. Of this 41,500 sq. feet, 5,550 sq. feet is used for storage of items such as POS, play slips, etc.

How often are new tickets distributed to new retailers?

Generally once per month

Please clarify what the secondary warehouse is intended to be used for.

Overflow tickets but shipping to retailers will most likely occur from the main warehouse.

Please clarify the amount of inventory that will be housed at secondary warehouse.

The Lottery is interested in all proposals.

Can the secondary warehouse be located out of state?

Yes, however the intent is to be able to receive tickets within a day when needed. The Lottery is interested in all proposals.

Please describe the interactive game library.

A library of games that can be played online.

How does the Lottery currently conduct research?

Currently, we utilize third party vendors to complete tracking studies, segmentation research, consumer insights, focus groups, etc.

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Where is the Lottery in its ticket dispenser lifecycle?

The Lottery replaces dispensers as necessary and is always looking for new options.

Please define what is meant by Additional Black display.

Additional black display can be defined as lower blocking black. The Lottery will evaluate any security measure that addresses these issues.

Please clarify if the Lottery uses internal or external testing.

The Lottery does accept internal testing and uses DCLS for external testing.

Please clarify what is meant by recycled paper printing allowance.

The Lottery would like to know if tickets can be printed on recycled paper and if there is a price differential.

Please clarify that the Lottery is looking for turnkey warehousing ticket distribution.

The Lottery is interested in all proposals.

Please provide clarification on what "offeror shall provide details of available options for the following categories" means.

This phrase is requesting that details of what options are available be provided.

Does climate controlled warehouse mean both air conditioning & heat?

Yes

Please confirm that sales representatives are responsible for picking up closed game inventory.

Yes

Please provide a final date for questions to be submitted.

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As stated in the RFP, the Lottery will not guarantee a response to questions received less than ten (10) days prior to the proposal due date.

Will the Lottery accept Crime insurance, which includes Employee dishonesty coverage (Fidelity) in lieu of a Fidelity Bond? With Crime insurance, a widely used term is "Loss Payee" in lieu of "co-obligee"?

The Lottery will need to review specific proposed wording and insurance prior to agreeing to this.

Will the Lottery please confirm that the extent to which it shall have the right to control an investigation and decisions over external reporting, as referenced in this section, shall be limited to investigations and decisions affecting Lottery and/or Lottery player data, but not data that is rightfully owned and controlled by the Contractor?

Yes

Please provide samples of weekly VA specific reports.

The Lottery is excepting to review samples of any report the Offeror provides in its proposal.

Please confirm that neon & fluorescent inks are the same.

The word neon is removed and only fluorescent ink will remain. The Lottery is open to proposals on pricing.

Please clarify allowance for volume up to 50% as stated in IV.B.1. Ticket Printing.

This allowance should be removed.

Please clarify meaning of "Shelf of tickets once printed" as stated in IV.B.1. Ticket Printing.

This should read Shelf-life of tickets once printed.

Should invited options be a "shall" or in other words require a mandatory response?

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Invited options should read “may provide details if available”.

The renewal clause lists 1. and 2., please direct where 1. and 2. can be found.

This wording is removed, there is no 1. and 2.

***** Please note that any wording changes requested can be addressed during the negotiation phase of the procurement process and therefore have not been addressed in this document.**

Additional Information Provided:

Print Quantity Range By Price Point

\$1	4,800,000 – 6,000,000
\$3	4,320,000 – 7,200,000
\$2	4,080,000 – 8,160,000
\$5	4,080,000 – 8,160,000
\$10	5,040,000 - 6,000,000
\$20	5,040,000 - 6,000,000

Max Prize Payout Percentage

\$1	61%
\$2	64%
\$3	65%
\$5	68%
\$10	72.5%

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\$20 75%

Over-Sized Samples

- Over-sized Samples are not required for all orders; it will be on a game by game basis designated by the lottery.
- Oversized sample tickets size: 5-5/8" x 11-7/8".
- All oversize sample tickets will show the following:
 - Horizontal orientation
 - The word "SAMPLE" in place of the Validation Number
 - Both sides will show the ticket art, covered and uncovered with a "full scratch".
 - No Benday Lines
 - Top Prize Winning Pattern
 - Correct 3 Digit Retailer Validation Code
 - The benefit statement will be: Win up to «Top_Prize»!
 - A 1/8" hole punch 1/4" from top 11-7/8" edge.

We average 4 to 6 games a year requiring Oversized Samples.

Locations	Qty Required
Abingdon	450
Woodbridge	1,100
Farmville	1,000
Richmond	1,000

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Hampton	650
Harrisonburg	300
Richmond	25
Roanoke	700
Total	5,225

Oversized Samples are shipped by courier to the above 8 locations.

POS

On average, the Lottery delivers 5 different POS pieces in a campaign, approximately 5,000 in quantity per piece. The Lottery ships 10-12 times per year via UPS. Deliveries are made to the sales representative's designated area which may be his/her home or a Lottery Customer Service Center.

Segmentation Guide

Please see attached for additional information on Lottery segments as determined through research.

Corrective Action Plan

All Contractors providing goods and services to the Lottery are expected to perform in accordance with the terms and conditions of their contract. When contractual requirements are not met, the following actions should be taken.

- ◆ Contractor Complaint Form
If a Contractor fails to perform in accordance with the terms and conditions of the contract, the Contract Administrator should prepare a Contractor Complaint Form and forward to the Purchasing Office.

- ◆ Default
If the Contractor is non-responsive to the complaint form or does not satisfy the corrective action plan submitted in the complaint form or provides an unsatisfactory corrective plan as determined by the Lottery, the Contractor may, at the Lottery's discretion, be placed in default and notified via Contractor Complaint Form.

- ◆ Ineligible for Award

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Once placed in default, the Contractor will be ineligible to do business with the Lottery for purchases exceeding \$5,000 for a period of three years.

◆ Re-procurement of Goods and Services

In addition to a vendor's ineligibility for award of programs over \$5,000, the Lottery may procure the goods and/or services from other sources and hold the Contractor responsible for the price difference of the original contract amount and the amount of the new contract. The Lottery will follow all competitive principles as outline herein for the re-procurement.

The vendor will remain in default until the re-procurement costs have been paid to the Lottery. The vendor is still subject to the three year ineligibility based on the default regardless as to when the re-procurement cost is paid.

◆ Number of Complaints

- For Term Contracts: if a Contractor has received three or more complaints within the initial contract period as documented by Contractor Complaint Forms, the vendor may, at the Lottery's discretion, be ineligible to submit a bid/proposal if the goods/services are re-solicited at expiration of contract. Ineligibility shall apply even though a satisfactory resolution to all complaints occurred.
- For a Renewal Period: if a vendor has received three or more complaints within a renewal period as documented by Contractor Complaint Forms, the vendor may, at the Lottery's discretion, be ineligible to submit a bid/proposal if the goods/services are re-solicited at expiration of contract. Ineligibility shall apply even though a satisfactory resolution to all complaints occurred.
- For Spot Purchases: if a vendor has received three or more complaints within a period of one year as documented by Contractor Complaint Forms, the vendor may, at the Lottery's discretion, be ineligible to do business with the Lottery for purchases exceeding \$5,000 for a period of one year after the issuance of the third Contractor Complaint Form. Ineligibility

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shall apply even though a satisfactory resolution to all complaints occurred.

- ◆ Contractor Performance Database
The Lottery will maintain a database of Contractors who have been placed in default and their reinstatement date and the number of complaints issued.

Sincerely,

Amanda K. Rolff, VCO, VCA
Purchasing Manger

Name of Firm

Signature/Title

Date

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