

STATE OF NORTH CAROLINA

NC EDUCATION LOTTERY



IMPORTANT ADDENDUM

September 20, 2011

THIS BID ADDENDUM DOES NOT HAVE TO BE RETURNED:

BID NUMBER: LC-000034
ADDENDUM NUMBER: 1
PURCHASER: Michele Goff

COMMODITY: Lottery Drawing Show Production & Televising Services
USING AGENCY: North Carolina Education Lottery
OPENING DATE/TIME: October 7, 2011, 4:00 pm EST

CLARIFICATION OF SPECIFICATIONS:

Attachment E refers to page 29 - Draw Studio Inventory List

QUESTIONS AND ANSWERS:

1.) "1.2(e) The NCEL will offer to the Successful Contractor more advantageous television media buys for the NCEL's regular advertising and promotion."

a. How much did the NCEL spend in total on television advertising in the Raleigh-Durham-Fayetteville market in 2010, and how much is planned to be spent in 2011 and 2012?

NCEL operations are planned in fiscal years not calendar years, so the response will be provided based on a July – June year: FY2010 \$1,479,387; FY2011 \$1,280,248; estimated planned FY2012 \$1,562,094

b. For the past 3 years, what percentage of television advertising spent in the Raleigh-Durham-Fayetteville market has the current contractor received?

FY2010 55%; FY2011 55%; FY2012 55%

c. Please quantify "advantageous television media buy"?

The drawing station will receive a greater percentage of the TV buy budgeted for their market than they typically would have received if they were a part of the media buy.

2.) "1.2(f) The NCEL will reimburse the Successful Contractor up to one hundred thousand dollars (\$100,000) annually toward any production and/or broadcasting costs."

a. Is the \$100,000 intended to reimburse only the direct out of pocket costs of production and/or broadcasting, or can lost revenue associated with airing the Drawing Shows be included as a reimbursable cost?

The intent is to reimburse the station for production and or/broadcasting costs that are associated with direct out-of-pocket expenses.

b. Could the \$100,000 reimbursement be subject to reduction as a result of cuts in the State's Budget?

Please note that the NCEL is not part of the State's general revenue fund. However, the State Legislature could amend the NCEL's budget.

c. Given the provision for reimbursing up to \$100,000 in costs of the contractor was not included in the 2006 RFP for these services, why has this provision been included in this RFP?

In the 2006 RFP, stations in the Drawing Station Network were required to contribute to production costs, if requested. This stipulation no longer exists. The \$100,000 provision is the NCEL's contribution to assist the station with out-of-pocket expenses.

3.) "2.8 I All drawings will be conducted at a specific time at the Contractor's television or cable production facility in the Raleigh, North Carolina metropolitan area not to exceed twenty (20) miles from the NCEL's Headquarters at 2100 Yonkers Road, Raleigh, NC, 27604."

a. Is the requirement that the contractor's television production facility be within 20 miles of the NCEL Headquarters primarily for the convenience of the NCEL employees, or is there an important governmental function served by this requirement?

Staying within the 20 miles would be ideal for purposes of convenience and function. The draw staff would be driving to the studio at least twice daily, and taking into account the potential for inclement weather, limiting the mileage would be beneficial to the NCEL. Furthermore, the draw staff or other NCEL security staff may need to be at the studio and/or return to NCEL Headquarters at a moment's notice for emergency reasons; and therefore, close proximity is crucial.

b. Would a television production facility located within 25 miles of the NCEL headquarters be acceptable?

The NCEL will entertain the responding contractor's proposal. However, the score for such category may be impacted.

4.) "2.8 II D. The Successful Contractor will design, construct, maintain and refurbish the appropriate sets (the "Sets" for the in-state drawing games in accordance with the specifications established by, and subject to the reasonable approval of, the NCEL."

a. Please furnish a copy of the specifications established by the NCEL for the sets used in the in-state drawing games.

Please see specifications for drawings as outlined in the RFP. Additionally, the drawing station will work closely with the NCEL marketing team for set design details.

5.) "2.8 II D. Separate visitor area from the Draw Studio, with a clear-view of the Draw Studio and enough space to contain 8-10 seats for approved visitors/MIPs (the "Visitor Area"). NCEL will provide the seats. The NCEL prefers that a restroom is nearby the Visitor Area for use by the NCEL visitors."

a. Is there a minimum required size for the Visitor's Area?

Ideally, the NCEL desires to have a minimum of 10' wide x 9' deep (to accommodate at least 8 chairs and walking space). However, if the responding contractor's proposal includes an "open-air" visitor's area with no surrounding walls, an 8' x 8' area would be sufficient, if the size of the Draw Studio is sufficient to incorporate the Visitor's Area.

- b. Including the Draw Studio, Secured Area, and Visitor's area, what is the total minimum square footage required by the NCEL?**

The NCEL prefers that total minimum square footage to be at least 1,064 sq ft. – 1,090 sq. ft, which is broken down to the following:

Draw Studio: 25' wide x 20' deep minimum

Secure Room: 20' x 25' minimum

Visitor's Area: 10' wide x 9' deep minimum.

- 6.) "2.8 III Pre-emption of the live telecasts of the Drawing Shows should be avoided except in the case of bona fide emergencies."**

- a. Are programming overruns by the contractor's affiliated broadcast network considered bona fide emergencies?**

They are acceptable as long as they are a reasonable number and the NCEL is provided advanced notice as indicated in the RFP.

- b. Are there any penalties to the contractor if the Drawing Show is pre-empted or partially pre-empted (show in split screen, without audio, or moved to an alternate station or digital channel) for events not considered by the NCEL as being a bona fide emergency?**

See above response.

- 7.) "2.8 III (6) During the term of the Agreement with the NCEL, the NCEL anticipates adding another online game to its current product mix. Contractor is aware that the NCEL may include another drawing to the current schedule. At such time, Contractor and the NCEL will negotiate the inclusion of such additional drawing to the current drawing schedule."**

- a. Please describe the anticipated additional requirements on the contractor when this planned online game is added, both in terms of production and broadcast time.**

Depending on the time of the drawing, the NCEL may request additional studio/talent drawing time, satellite time and air time. However, if the additional drawing occurs at the same time as the nightly drawing, the NCEL would consider incorporating it into the current 1:15 seconds.

- b. With the addition of an another drawing game, will NCEL increase either the \$100,000 reimbursement towards production and/or broadcasting costs, or the amount of television advertising paid to the contractor?**

The negotiations would result in agreed upon terms.