

# STATE OF NORTH CAROLINA

## NC EDUCATION LOTTERY



### IMPORTANT ADDENDUM

October 14, 2009

#### **THIS BID ADDENDUM DOES NOT HAVE TO BE RETURNED:**

BID NUMBER: LC-61004  
ADDENDUM NUMBER: 2  
PURCHASER: Michele Goff

COMMODITY: Professional Advertising, Media & Related Services  
USING AGENCY: North Carolina Education Lottery  
OPENING DATE/TIME: November 16, 2009, 4:00 pm EST

#### **QUESTIONS AND ANSWERS**

- 1.) We have received the NCEL RFP and intend to participate. Are there any official forms or notices that must be completed to notify or register our intent to respond? We will submit questions by the 10/9 deadline, but wanted to make sure we had not overlooked the "Intent to Respond" that frequently accompanies an RFP.**

There is no "Intent to Respond" document to complete.

- 2.) Section 1.1  
What was the spending by category (media, creative, production, other) by year each of the first three years of the current contract? What has been your total marketing budget each year since inception?**

FY2007 total advertising budget was \$8 million, FY2008 total advertising budget was \$8.8 million, FY2009 total advertising budget was \$11 million and FY2010 total advertising budget is \$11 million. Media expenditures averaged around 70% to 80% of budget for each fiscal year. Creative time is not billed separately under the current contract. It is covered by the commission paid to the Vendor. FY2009 and FY2010 point-of-sale expenditures are not included in the advertising budget.

- 3.) Section 2.8.1.H  
Can we assume that "special projects as requested" will have separate budgets to cover professional services?**

All advertising services requested by the NCEL will be covered under the budget provided to the Vendor during the fiscal year.

- 4.) Section 2.8.1.I  
Is the Vendor responsible for printing and distribution of Point of Sale to the retail level?**

The Vendor is responsible for printing and distributing the majority of the point-of-sale materials to the NCEL's five (5) regional offices because most point-of-sale materials are components of the advertising campaigns. The point-of-sale materials will then be delivered by the NCEL's staff to the individual retail locations.

**5.) Section 2.8.1.L**

**How many games per year are supported by Radio and/or TV Campaigns?**

Approximately 16.

**6.) Section 2.8.3.A. (7)**

**Do the financial reports, bonds and other information requested constitute the “proof” requirement described?**

Yes.

**7.) Must these final documents be submitted with the RFP or will they be required only of finalists?**

Unless otherwise noted, all documents must be submitted with the Vendor's Proposal.

**8.) Section 2.8.3.B. (d)**

**Is there a specific budget allocation for the creative/production and media written assignments? What is amount?**

All advertising services requested by the NCEL will be covered under the budget provided to the Vendor during the fiscal year. The NCEL is looking to the Vendor to propose strategic advertising plans for allocation of the budget.

**9.) Exhibit B, page 57, Item 16A**

**May an out of state firm submit a joint proposal with a licensed, qualified NC firm?**

Yes, subject to the Vendor's compliance with the specifications of the RFP, including Sections 2.5 and 2.8.3(A)(10).

**10.) What is the trend of NCEL purchases during the last 12 months as re: tickets sold, number of participants, frequency of purchase, volume of purchase, etc.?**

The NCEL's FY2009 year end sales totaled nearly \$1.293 billion and the NCEL returned over \$410 million to education. Sales for FY2010 are currently exceeding the rate during the same period last year.

**11.) 2.5 Multiple Vendors and Joint Proposals (Pg. 5) Do all of the requirements included in PART IV apply to each subcontractor who gets more than 25% of the specifications in the RFP or just some of them?**

Yes, the standards/requirements apply to all subcontractors who will provide at least twenty-five percent (25%) of the work as specified in the RFP.

**12.) \*Are all 25%+ subcontractors required to provide the bond or letter of credit from their bank or is that just the prime contractor?**

This specific requirement applies to the Primary Contractor.

**13.) Does the requirement include the Corporate Search Fee (\$750) and the Individual Search Fee (\$200) for each 25%+ subcontractor?**

Yes.

**14.) Do subcontractors need to submit their last three (3) years financial statements as well as the prime contractor?**

Yes, if the subcontractors provide at least twenty-five percent (25%) of the contract work as specified in the RFP.

**15.) 2.8.2 Scope of Services (Pg. 8 and 10) In 2009, what percentage of advertising budget or communication plan did point-of-sale advertising materials represent? Do you see this remaining consistent in 2010?**

In FY2009, point-of-sale advertising materials represented three percent (3%) of the advertising budget. This will remain consistent in FY2010.

**16.) The RFP states that "Agency may bill up to 120 days prior to a media flight." What is your invoicing policy for non-media initiatives, such as creative where deposits are required prior to initiation of original art or broadcast production, etc?**

Necessary out-of-pocket expenses may be invoiced to the NCEL prior to completion of project, especially for TV production. Expenditures are customarily billed by Vendor to the NCEL upon delivery of materials/services.

**17.) 2.8.3 Proposal Content (B.1.d, Pg 14) What is the proposed budget or percentage of overall budget assigned to the Game X initiative?**

Not yet determined.

**18.) Is there a current allocation of that budget split between the media assignment and the creative one?**

No.

**19.) Will target audience or market research be made available for this assignment or will it need to be conducted, if necessary?**

The audience of all NCEL games is adults between the ages of eighteen (18) to fifty-four (54) years old.

**20.) 4.5 Financial Soundness (Pg 19)**

**Will the NCEL accept a compilation statement prepared by our Certified Public Accountants or, if reviewed statements are a requirement, will a review using basis accounting for tax be accepted?**

Per Section 4.5 of the RFP, the NCEL will accept compilation statement prepared by CPAs if they are certified as being accurate by an executive officer of the Vendor. A review using basis accounting for tax will not be accepted.

**21.) 4.6.1 Minority Business Participation (Pg. 20) Can you define what percentage is required for a "meaningful minority representation?"**

The NCEL's overall goal is a minimum of ten percent (10%) on total purchases. However, the Responding Vendor is expected to provide its own percentage goal and its Proposal will be evaluated accordingly.

- 22.) 5.1 Pricing Options (Pg. 20) Please confirm that the media and production outside costs (broadcastproduction, printing, etc.) will not come from the fixed percentage fee that we propose. Correct?**

Outside costs for media and production are billed as net amounts and paid out of the advertising budget. The Responding Vendor's fixed percentage fee should cover all services provided by the Vendor based upon the net expenditures on media and production.

- 23.) Attachment B Background Disclosure Form Individual social security numbers are requested. It is our policy not to disclose our employee's private social security numbers, nor will we be able to guarantee our subcontractors will release their social security numbers to us to include in the RFP response. Will you accept a Federal ID number or other information in lieu of social security numbers?**

No, the NCEL will not accept an FID number in lieu of social security numbers. The requested information is required to conduct a complete background check as required by NCGS 18C-151(c). Please note that the requirements only apply to any subcontractors that will be providing at least twenty-five percent (25%) of the work as specified in the RFP.

- 24.) Can you provide copies of research done in the past year?**

Research will be provided to Successful Vendor if requested.

- 25.) On average, how much has been spent on research each year?**

Refer to 2.8.2 Y of the RFP. The NCEL desires to maintain an open budget for research as the need arises. However, the NCEL Commission approved a research budget of up to \$130,000 for Fiscal Year 2010.

- 26.) Can you provide a flowchart and summary of '08/'09 media planned and placed?**

The NCEL can provide such information, however, the NCEL desires to refer to Vendor to propose a strategic media plan based on their knowledge of statewide media and not rely on previous plans as a reference.

- 27.) Do you require the Selected Vendor to become a signatory to SAG, AFTRA and AFM?**

Refer to Subsections 2.8.2(W) and (X) of the RFP.

- 28.) How would you rate your current agency relationship on a scale of 1 to 10, with 10 being Outstanding in the following areas:**

- Creativity**
- Media**
- Account Service**
- New Media (on-line, digital, social media)**
- Public Relations**
- Production Knowledge/Value**

This question is not relevant to clarify any issues involving the RFP.

**29.)How many instant ticket campaigns have you run each year for the last three year?**

FY2008 - 10  
FY2009 - 10  
FY2010 - 12 planned

**30.)On page 15 under the “Media Assignment Requirements” what do you mean by “provide on-going scheduling by market” (the last bullet)?**

Overview of long term media approach for continued awareness of the new game.

**31.)On page 15 you ask for an allocation of dollars by market, but elsewhere reports are requested by county. Do we need to provide county level for this project as well?**

Allocations of expenditures are reported by market. When county level expenditures are required, the request will be made by the NCEL.

**32.)Normally are your media dollars allocated geographically based upon lottery sales or population?**

Based upon population.

**33.)Has there been any changes whatsoever in either intent or measurable goals, for the Selected Advertising Vendor regarding the following:**

- Contracting with ethnic minority vendors**
- Hiring of women and minority employees**
- Contracting with HUB Certified Vendors**

The NCEL’s minority business participation goal has not changed. The NCEL is continuously striving to exceed its goal every year.

**34.)Will all women owned or minority owned business have to be HUB certified in order to count towards the Lottery and its Selected Advertising Vendor’s goals?**

Yes.