REQUEST FOR PROPOSALS (RFP)

LOTTERY CENTRAL MONITORING AND CONTROL SYSTEM #2015-01

RESPONSES TO WRITTEN QUESTIONS (Q&A #8)
April 13, 2016

This list of questions and responses #8 (Q&A#8) is being issued to clarify certain information contained in the above named Request for Proposals (RFP). The statements and interpretations of Contract requirements, which are stated in the following responses are not binding on the State, unless the State expressly amends the RFP. Nothing in the State's responses to these questions is to be construed as agreement to or acceptance by the State of any statement or interpretation on the part of the entity asking the question as to what the Contract does or does not require. Some questions have been edited for brevity and clarity, and duplicate questions may have been combined or eliminated.

The following are questions submitted pursuant to the RFP and the State Lottery and Gaming Control Agency's ("MLGCA") responses to those questions:

178. <u>QUESTION:</u> 3.2.12, Project Background, Page 65 and Amendment # 5 to the RFP dated February 22, 2016: The MLGCA revised the RFP Key Information Summary Sheet to extend the Proposal Due Date and Time a period of almost two (2) months, from March 3, 2016 until April 28, 2016 (being a period of 57-days).

However, in RFP Section 3.2.12, the MLGCA has stated that "[i]t is the MLGCA's intention to make a recommendation for award of the Contract resulting from this RFP in ***<u>April 2016</u>*** and to submit that recommendation to the Board of Public Works for approval in ***<u>May 2016</u>*** (emphasis added)." Further, the MLGCA notes in several instances in the RFP, including Section 3.2.12, that "[a] Conversion Period of approximately ***<u>one (1) year</u>*** is anticipated to commence tentatively on ***<u>July 1, 2016</u>*** and continue through June 25, 2017 (emphasis added)."

Given the extension of the Proposal Due Date for this 2-month period, the "recommendation of award" date of April 2016 and "recommendation to the Board of Public Works" date of May 2016 are now highly unlikely, if not impossible. Further, the proposed Contract commencement date (and start of the "Conversion Period") of July 1, 2016 is also now in extreme jeopardy due to the extension of the Proposal Due Date for this 2-month period.

As such, if the Contract is not awarded, approved and executed pursuant to the timeline set forth in the RFP and, thus, the Conversion Period does not commence on or around July 1, 2016 (as is currently anticipated), then the "Conversion Period" (i.e., the date from Contract execution until the June 26, 2017 "Start-Up Date") could thereby be materially shortened from the anticipated one (1) year Conversion Period originally projected by the MLGCA. Given the complexities of the projected conversion and to ensure that the Start-Up Date does not put the MLGCA or its systems at risk, the selected Contractor should be provided at least the one (1) year Conversion Period originally projected in the RFP.

Any such reduction in the Conversion Period is solely to the benefit of the incumbent contractor and will significantly disadvantage other Offerors and could potentially put the Start-Up Date at risk (even if the Contract is awarded to the incumbent contractor). As such, will the MLGCA revise the RFP (as appropriate) to include a concept that if the Conversion Period does not commence on or about July 1, 2016 (e.g., by July 15, 2016), then the Start-Up Date will be extended on a day-for-day basis for any delay in the commencement of the start of the Conversion Period past this predetermined date (e.g., July 15, 2016)? This will ensure that all Offerors have the approximate one (1) year Conversion Period originally set forth in the RFP, and further confirm that the incumbent contractor will not gain the significant and unjust advantage due to the extension of the Proposal Due Date under Amendment #5.

ANSWER: As a consequence of the extension specified in Amendment #5 to the RFP, the estimated schedule for award of this Contract now allows for a Conversion Period of approximately 10.5 months, which the MLGCA considers to be adequate. The Conversion Period is now anticipated to commence in approximately mid-August 2016 and Offerors should base their proposed conversion schedules on this date. The dates required for completion of the conversion on June 25, 2017 and for the new LCMCS described in the RFP to be fully operational by June 26, 2017 shall remain the same. Any future delays experienced during the evaluation or award process that would significantly impact the Conversion Period would need to be considered by the MLGCA at the time of occurrence.

179. QUESTION: Attachment F: Attachment F-Price Sheet (Rev 4-7-16 Section C and After Unprotected).xlsx, in Additional Task VI (Additional Business Enhancements), Sub-Part CIV, provides Offerors the ability to offer these Additional Business Enhancements under four (4) pricing methodologies, as follows:

- CIV(1) - "Fixed Monthly Fee" (with Unit ranges));
- CIV(2) – "Fixed Percentage of Sales";
- CIV(3) - "Fixed Monthly Fee" (without Unit ranges); and
- CIV(4) - "Fixed Annual Fee"

However, while an Offeror can add additional "pages" (i.e., duplicates of a previously used pricing methodology, but used for different Additional Business Enhancements) *after* the "signature page" (currently page "24 of 24"), the Excel file does *not* currently allow an Offeror to add and/or delete these "pages" within Sub-Part CIV *prior* to the "signature page". The ability to add and/or delete "pages" within the Excel (and *prior* to the signature page) is necessary should an Offeror desire to offer *multiple* Additional

Business Enhancements in Sub-Part CIV utilizing the same pricing methodology (e.g., multiple Additional Business Enhancements utilizing the CIV(3) “Fixed Monthly Fee” (without Unit ranges)).

As such, will the MLGCA revise the Excel Pricing Sheet to allow the Offerors the ability to add and/or delete “pages” within Sub-Part CIV?

Alternatively, will the MLGCA advise if it has further guidance on how an Offeror should include the pricing for these Additional Business Enhancements within Part C – Additional Task VI Sub-Part CIV that differs from this Offeror’s request above to have the ability add additional “pages” (or delete “pages”) within the Excel *prior to* the “signature page”?

Further, will the MLGCA confirm that it requires that all of the pages of the Price Proposal are to be numbered sequentially (i.e., 1 of 24, 2 of 24, etc.) and concluding with the “signature page” on the *last* page of the Price Proposal?

ANSWER: MLGCA acknowledges that additional pages for Section C may appear after the Signature page. Pages will be numbered to reflect the total number of pages (ie. 1 of 30, 3 of 30, 30 of 30, etc.). By signing the Signature Page an Offeror is attesting to all of the pricing provided in Sections A, B and C.

180. QUESTION: Section 5.3, page 176 and Attachment F: In connection with Amendment #6 dated March 31, 2016, the MLGCA removed and replaced Attachment F – Price Sheet in its entirety.

With respect to the “Price Sheet (Summary)” on page “14 of 24” of the restated Attachment F – Price Sheet, the MLGCA revised the “Price Sheet (Summary)” to be based upon a multiple of “**10**” (being the **7** Year Base Contract Term representing the operational period after Start-Up Date *plus* the **3** Year Renewal Option), as opposed to the prior version that utilized a multiple of “**7**” (being only the 7 Year Base Contract Term representing the operational period after Start-Up Date).

However, the term used for the “price” that will be ranked (in accordance with Section 5.3) for purposes evaluating the Financial Proposals of the Offerors is “Total Estimated ***Base*** Contract Term Price (emphasis added)”, which is derived from multiplying the “Total Estimated Annual Price” by 10 (reflecting 7 “base” operating years and the 3 year “renewal” option).

As such, the term “Total Estimated ***Base*** Contract Term Price” implies to the Offerors that this “**total**” amount being evaluated is for the “*base*” contract term (i.e., being the 7 Year Base Contract Term representing the operational period after Start-Up Date).

Given that this “total” amount now reflects both the 7 year “base” operational contract term and the 3 year “renewal” period (i.e., a 10 year period), it is requested that the

MLGCA confirm our understanding for purposes of its evaluation and thereby revise Section 5.3 and the “Price Sheet (Summary)” in Attachment F, so that this term be defined as “Total Estimated Contract Term Price”?

<u>ANSWER:</u> Yes, Section 5.3 and Attachment F – Price Sheet (Summary) will both be revised by deleting the word “Base” and therefore will state “Total Estimated Contract Term Price”. (See Amendment #7 to the RFP)

181. <u>QUESTION:</u> The RFP states that the Prime Contractor will not be paid by the MLGCA for the first one year during the Conversion Period. Does this situation flow down to a small minority business sub-contractor as well? Would an MBE have to provide supplies and services but not be paid until the following year?

<u>ANSWER:</u> The Prime Contractor is paid based on a percentage of MLGCA sales. The first year of the new contract is the "Conversion Period" wherein the Contractor installs its equipment, sets up its computer system, etc. It is not an operational period so there are no MLGCA sales and therefore no payments to the Contractor.

Although the Contractor receives no payments during the Conversion Period, it will have expenses during that year to purchase equipment, pay staff, etc., which it will need to pay out of pocket. Any arrangements between the Contractor and any sub-contractors, suppliers, etc. regarding payments during the Conversion Period would be solely the subject of whatever agreement they make between themselves.