

RFP – Lottery Drawing Show Production and Televising Services Q&A (#1)

- 1) The proposal states in section 1.2a, “For the service of televising drawing shows in the Raleigh market, the NCEL will spend an agreed upon percentage of its Raleigh media market network TV buy per the NCEL Fiscal Year (July 1-June 30).” When is the agreed upon percentage decided?

The Responding Contractor should propose this percentage in the proposal response. If the station becomes the Successful Contractor the agreed upon percentage will be in place throughout the term of the contract.

- 2) Is the start date July 1, 2019? Will all security and set requirements need to be completed by this date?

The current planned start date is July 1, 2019. If this is not possible, the NCEL may consider a later start date.

- 3) Could the Draw studio space be available for other purposes?

The space does not need to be exclusive to the NCEL. However, access to the studio space is required for set up and testing before all in-state drawings as well as for breakdown and testing following in-state drawings. Rehearsal time will also be needed at various times throughout the year.

- 4) Does the Draw Studio space need to be exactly 25x25 or can it be the equivalent (625 sq. ft.)?

The space requirements are estimated based on the shots the lottery wishes to include in the televised drawings. Current TV drawings can be viewed on the NCEL’s website. The space must be able to provide the same camera shots and angles.

- 5) Is there a minimum height for any of the spaces?

There is not a height requirement so long as there is adequate height for any lighting that is needed in the studio.

- 6) C-Band or K_u band satellite uplink?

Ku Band

- 7) Will you accept viewership ranking/ratings from a different source other than Nielsen?

As specified in the RFP, each Contractor must provide evidence of its relative viewership ranking using the Nielsen ratings systems. Ratings should be included for each of the following time periods: (a) sign-on to sign-off; and (b) 10:30 p.m. E.T. to midnight E.T. In addition, each Contractor must submit a map indicating its geographic coverage area.

- 8) What is the timeframe for rankings/ratings?
Most recent four quarters available.
- 9) If there is a time bank, what % of cash buy will it need to be?
Responding Contractor should make a recommendation as to what it wishes to offer.

Production Questions

2.8 (III): "To the extent the Successful Contractor knows of any pre-emption or interruptions that may occur from time to time, the Successful Contractor should disclose such information in its Proposal."

- 10) Should a list of preempting programming include both known programming and news circumstances that delay or preempt lottery drawings? Does this list need to be provided during the proposal phase or as needed during production?

This is only needed during production. The Successful Contractor should send an email in advance to identify an anticipated event that may pre-empt a drawing as well as an email following the drawing to explain if an actual pre-emption occurred and the time at which the drawing aired.

2.8 (III): "The NCEL may add another draw game to its current product mix."

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

There are no specific plans at this time to add a game/drawing. If during the term of an agreement a game were added the NCEL would work with the Successful Contractor regarding production and time needed.

2.8(I): "The NCEL may add a sixth broadcasting station during the term of the Contract arising from this RFP."

- 12) When will there be a decision relating to the potential addition of a sixth receiving station?

There are no specific plans at this time to add a station.

- 13) What television market will the station be located within?

Wilmington is the market which does not currently air the lottery drawings.

14) Will additional production and share dollars be distributed to the vendor to cover transmission costs?

The NCEL anticipates paying a fee to the Successful Contractor to be applied towards the production, transmission, satellite, talent and associated expenses. The Responding This Production Fee should be included in the proposal.

Award Questions

2.1: Summary of Key Dates

The previous RFP included key information that included the “target date for commission decision of apparent successful contractor,” with the execution to follow 3-to-4 months later.

15) What is the timing for decisions and transition to a new contract execution for this RFP?

The contract would be executed on or about June 4 subject to the approval of the North Carolina State Lottery Commission. The execution time frame would be determined following this approval.

2.7 Proposal Evaluation

16) In what ways will NCEL determine the selection of the vendor and what percentage of priority will be given to each characteristic (such as proximity to the NCEL offices)?

▪ Required Services (includes ratings and proximity)	28%
▪ Drawing Show Approach /Production Quality	22%
▪ Costs	18%
▪ Promotional Offerings (includes ratings)	14%
▪ Minority Participation	9%
▪ Background/Financial Viability	9%

17) Would extra weight be given to a vendor willing to create or renovate a new set?

Please see answer provided for Question 16.

4.5: “The Bid Bond must guarantee the availability of the services offered for the duration of the Proposal Offer Period, identified in Section Error! Reference source not found.”

18) What information was meant for inclusion on page 13 in place of “Error! Reference source not found?”

The "Error! Reference source not found" should be Section 1.5 of the RFP.

Measurement

1.2 (c-d): "The NCEL will include the Successful Contractor's station log on NCEL procured outdoor boards promoting draw games in the Successful Contractor's primary viewing area. The NCEL will include the Successful Contractor's station logo on certain point-of-sale materials that promote the Game Drawings in more than 7,500 retail locations throughout North Carolina."

19) Will billboard and out-of-home locations be available to the vendor?

The Successful Contractor will be provided a list of billboards in the market if desired.

20) Will past performance of billboards and out-of-home displays be available to the vendor?

Assuming the NCEL's media agency of record may share TAB ratings with the draw station, the NCEL will request this.

21) Will proof-of-performance copies of billboards and out-of-home materials be sent to the vendor?

The Successful Contractor should explain what they would like to receive as proof-of performance and the NCEL can supply this.

2.8 (III): "Each Contractor must provide evidence of its relative viewership ranking using the NIELSEN ratings system. Ratings and rankings should be included...as well as all demographic information which is available to describe its viewer base."

22) Can you describe the primary lottery consumer? What do lottery consumers look like? What do you want lottery consumers to look like? Can you provide statistics on who is purchasing lottery tickets?

Player demographics are largely consistent with the general population demographics, with a few minor differences:

- 42% of lottery players are aged 35-54, whereas only 35% of the general population currently belong to that age bracket
- 52% of lottery players are male (vs. 49% of general population)
- 25% of lottery players hold a university degree (compared to 29% of the general population)
- One-in-five North Carolinians are African American (20%), whereas 23% of North Carolina Lottery players belong to this demographic
- In Raleigh approximately 49% of the population has played in the last year and 29% in the last month.

2.8 (III): “The Successful Contract shall be required to provide affidavits of performance attesting to the performance of the Successful Contractor’s obligations with respect to all Promotional Campaigns as referenced above.”

26) What is the time frame and at what frequency will the vendor be required to supply the NCEL with campaign performance affidavits?

Affidavits of performance are typically received with invoicing, so assuming the NCEL is paying the Successful Contractor on a monthly basis, these performance affidavits would be monthly with such invoicing. Affidavits of performance not specific to monthly invoicing can be received quarterly.

Fees and Compensation

Attachment F, 5(a): “As full and complete compensation for all Services and/or Deliverables provided by VENDOR pursuant to this Agreement, the NCEL will pay VENDOR, and VENDOR will accept, an amount (the “Vendor’s Fee”) equal to _____.”

27) What components of the proposal should be included in the Vendor Fee?

Pricing should be proposed as listed in the Cost Proposal form, Page 16 of the RFP. The Sample Contract language is a “sample” language and the actual contract will incorporate the approved upon rate structure as proposed by the Successful Contractor.

Cost Proposal Worksheet

28) In the past, the NCEL provided a flat-fee to cover production charges. Will the NCEL generate a production cost payment by utilizing the worksheet? How will the “Cost Proposal” worksheet information be used?

The items listed in the cost proposal would be added to achieve the total cost. Please note response above. The actual contract will incorporate the approved upon rate structure as proposed by the Successful Contractor.

Sales & Ad Spend

1.2(a): “For the service of televising drawing shows in the Raleigh market, the NCEL will spend an agreed upon percentage of its Raleigh media market network TV buy per the NCEL Fiscal Year (July 1 – June 30). Such expenditures are subject to the NCEL’s gross annual sales

and any changes to the Lottery Act, which could reduce or increase the advertising expenditures in all media markets including media purchased through a draw station.”

29) What is the trend of gross annual sales by the NCEL, is this an area of growth or decline?

Lottery ticket sales began in March, 2006. Since then, the NCEL has contributed more than \$6.24 billion to education and has grown fiscal year sales to more than \$2.6 billion. Both instant and draw games sales were up in FY18 with overall sales up 7.8% and return to education up 9.0% versus FY17. Other highlights of FY18 include:

- \$2.61 billion in sales, an increase of 7.3% over FY17
- \$670.3 million in earnings for education, up 7.7% over FY17
- \$20.88 billion in total sales since inception
- Paying \$182 million in commissions to retailers in FY18.
- Supporting Historically Underutilized Businesses (HUB) and self-identified minority-owned businesses in North Carolina with \$8.3 million in contracts either from the NCEL or its Contractors in FY18.

Period	Totals
FY 2018	\$2,605,313,020
FY 2017	\$2,428,071,567
FY 2016	\$2,383,591,144

30) What is the agreed upon percentage?

The agreed upon percentage would be recommended in the proposal response by the station.

31) Can it be spread across more than one station in the event the contractor is a duopoly?

Yes the NCEL will consider such a proposal.

32) How much did the NCEL spend in total on television advertising in the Raleigh-Durham-Fayetteville market in 2018, and how much is planned to be spent in 2019 and 2020?

The NCEL’s FY20 budget has not been approved. Previous estimated spending is listed below:

Fiscal Year	Total Raleigh Market Spend
2016	\$2,054,999
2017	\$2,391,280
2018	\$2,556,361
2019	\$3,096,422

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

55%

34) What do you currently spend on digital ad campaigns? Will the NCEL consider a digital spend with the vendor in addition to the TV spend?

The NCEL's use of digital has been limited. A digital spend will be considered in addition to a TV spend.

Sponsorship

2.8 (III, 7): "The NCEL will consider, subject to acceptance, negotiation or rejection by the NCEL in its sole discretion, possible sponsorship opportunities for certain of its Drawing Shows which the Contractor should fully describe."

35) Would you be open to sponsorship of drawings or specific portions of a drawing?

Yes the NCEL will consider sponsorship of drawings.

36) Would you be open to sponsor messages within drawing content?

Yes the NCEL will consider sponsored messaging within the drawing content.

37) What minimum revenue split percentage would you find advantageous for sponsorships?

This can be suggested by a station in the proposal or recommended by the Successful Contractor if a sponsorship opportunity arises.

Facilities

2.8 (II, D): Minimum of 25' x 25' Draw Studio space. Minimum of 20' x 25' (or equivalent) secured storage area, adjacent to the Draw Studio. ("Secured Area") for storage of equipment critical to the drawings.

38) Are the current vendor's security and storage spaces adequate or is expansion needed?

Current vendor's security and storage spaces are adequate.

39) Are the current vendor's production and staging areas adequate or is expansion needed?

Current vendor's security and storage spaces are adequate.

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/VIPs (the "Visitor Area"). Visitor's area is estimated as a 10' x 9' space.... The NCEL prefers one or more television monitors in the Visitor Area to show live draw production. Successful Contractor may feed its own programming on the monitors prior to the live draw."

40) Regarding the viewing area for guests, can it be in a second space, contained within the same space, or on a balcony above the space?

The area for guests should be as close as is reasonably possible with a clear view of all that is happening in the studio space. A balcony could be acceptable as long as the space is ADA compliant.

2.8 (II, D): "Implicit permission for visitors, approved by the NCEL, to enter the Draw Studio building/visitor area."

41) Will you agree to a requirement that guests will need to be checked-in at security, go through standard security screening procedures, and be accompanied by lottery officials at all times?

Yes, the NCEL will agree to standard security screening procedures.

Contracting

2.6: "A Contractor submitting a Proposal must complete and submit, as part of its Proposal, the Contractor Certification Form included as Attachment A, and made a part hereof, as referenced in Section 4.1."

42) Are hosts considered independent contractors? Is certification required for on-air talent?

If the hosts are independent contractors (or subcontractors) and/or employees of the station, they are not required to submit Attachment A. However, independent contractors are considered subcontractors which the station must disclose and obtain the NCEL's approval.

4.5-4.7: "Bid, Litigation, and Performance and Payment Bonds"

43) If selected, are bonds expected of the current vendor, or will current documentation suffice?

Yes, pursuant to the North Carolina State Lottery Act, a bid bond must be provided at proposal submission. Performance and Payment Bonds are required upon Contract execution. The Bid Bond or Letter of Credit must be not less than 5% of the Responding Contractor's cost proposal.

Additional Questions

44) What graphical pieces will be provided by the NCEL to enable the vendor to create promotional messaging and facilitate drawing production? What format will these be provided in?

The NCEL can provide all games logos and brand guidelines to assist. These can be provided in the format desired by the Successful Contractor.

45) In addition to the requested RFP materials, can vendors submit an accompanying presentation to elucidate on the details of the vendor's pitch?

Yes additional material may be provided.

46) Is the NCEL's willing to sponsor a game show that ties into education?

The NCEL is willing to consider such a sponsorship, but would need more information regarding the game show to make a decision.

47) Will the NCEL consider increasing share for airing drawings on additional stations in the Raleigh-Durham market, airing midday drawing on a secondary station or sister station in the Raleigh-Durham Market, and/or running a graphical snipe on additional stations in the Raleigh-Durham market in conjunction to the live drawings?

A Responding Contractor may propose some or all of the additions for the NCEL's consideration. As these elements were not specifically requested in the RFP, the NCEL would request an option that also meets the needs as identified in the RFP.

48) What is the perceived value of a dual-station broadcast of drawings?

The value would most likely take into account the ratings from the dual-station broadcast as well as the promotional efforts made by the Successful Contractor to inform viewers of the broadcasts.

49) With the addition of another drawing game or additional programming, will NCEL increase the reimbursement towards production and/or broadcasting costs, or the amount of television advertising paid to the contractor?

There are no specific plans at this time to add a drawing game. The Responding Contractor may propose a cost associated with the addition of another drawing should that occur at a future date.