



**TEXAS LOTTERY COMMISSION**  
**REQUEST FOR PROPOSALS FOR**  
**INSTANT TICKET MANUFACTURING AND SERVICES**

**#362-12-0001**

**RESPONSES TO PROPOSERS'**  
**HISTORICALLY UNDERUTILIZED BUSINESS (HUB)**  
**SUBCONTRACTING PLAN (HSP) QUESTIONS**

**January 12, 2011**

**REQUEST FOR PROPOSALS  
FOR INSTANT TICKET MANUFACTURING AND SERVICES:  
RESPONSES TO PROPOSERS' HISTORICALLY UNDERUTILIZED BUSINESS  
(HUB) SUBCONTRACTING PLAN (HSP) QUESTIONS**

**Note to All Prospective Proposers:**

The following responses include questions raised and answers provided during the individual HSP workshops held November 29 and November 30, 2011. In its answers to the following questions, the Texas Lottery has attempted to provide both accurate and thorough responses.

Proposers should review Section 5 of the RFP along with this document to ensure a complete understanding of the HSP requirements.

**Questions received during Workshops:**

1. Question: Is the HSP required for services that are not unique to the Texas Lottery Commission, but are necessary for the operation of the business? (Examples: Natural gas for equipment, repairs on print equipment)

Response: Please refer to the definition of 'Subcontractor' in the RFP Glossary of Terms. The examples you cite (natural gas for equipment and repairs on print equipment) are ancillary to instant ticket manufacturing and related services under the RFP. Consequently, the Texas Lottery has determined subcontracting opportunities for these areas are not probable.

2. Question: Following the contract award, should the copy of the notice to all selected subcontractors be provided to Angela or Joyce?

Response: Following contract award, all communication regarding the HSP should be forwarded directly to the agency HUB Coordinator, Joyce Bertolacini.

3. Question: For purposes of the HSP, in estimating the value of the contract, should we consider Options which may or may not be selected by the agency. (Example: Holographic)

Response: Historically, the TLC has spent approximately \$16,000,000 per year for instant ticket manufacturing and services, which includes options selected by TLC.

4. Question: When identifying HUB's for purposes of sending out notices, what happens if a HUB becomes decertified after the process?

Response: The HUB vendor must be a certified Texas vendor at the time the solicitation notice is sent.

5. Question: For purposes of the HSP, how do we estimate the value of the contract based on the RFP?

Response: Refer to the response to Question No. 3 and the fourth bullet in RFP Section 1.1.9.

**Written Questions:**

6. Sole Source Proprietary Licenses. Certain licenses for proprietary content which is displayed on instant tickets and used in promotional events and advertising are available only through a single licensor (i.e. sole source) for lottery purposes. Because there are no Certified HUB vendors in Texas who could sub-license these proprietary marks, will the Lottery please confirm that proprietary sole-source licenses are not subcontracting opportunities for the purposes of RFP No. 362-12-0001, and therefore not subject to the HUB good faith effort?

Response: The Texas Lottery has determined that no subcontracting opportunities exist for licensed properties that must be obtained through a single licensor.

7. Physical Plant and Press Components. As vendors responding to RFP No. 362-12-0001 are required to have a minimum of two (2) years experience related to instant ticket printing in North America and at least three current clients who are part of the North American Association of State and Provincial Lotteries, it can be inferred that any such eligible vendor will already have an established, operational printing facility in place. As such, an existing facility would already include certain physical components of the building itself (such as, heating, plumbing and electric), and would also house a fully operational printing press.

In addition, the existing physical facility and printing equipment referred to above do not exist for the sole purposes of servicing the Texas Lottery, but rather are in place to service all of a vendor's printing customers, worldwide. Therefore, will the Lottery please confirm that a vendor's existing printing facility, including any printing press already in operation, is not a subcontracting opportunity and therefore not subject to the HUB good faith effort? For ease of reference, please see the following relevant categories below, which might be considered part and parcel of the facility and/or printing press for purposes of responding to this question.

**Existing Facility**

- a) Security equipment including hardware and software, security equipment installation and security monitoring services;
- b) Existing electronic equipment (including but not limited to, computers, laptops, printers, monitors, copy machines, flat screen TV's etc.);
- c) Existing office furniture;
- d) Existing components of the physical plant, including plumbing, HVAC systems, electrical systems, UPS, generators, etc.;

- e) Existing software programs, already installed and operational, including but not limited to, Microsoft Developers Studio, UltraEdit Professional and UltraCompare Professional;
- f) Baling equipment;
- g) Conveyor and packing equipment.

#### Press Components

The following press components are custom pieces, purpose-built as part of the design and operation of the existing printing press and therefore cannot be substituted or replaced with alternative parts: Plates, processor rolls, plate mounters, cameras, prepress servers, pumps, sensors, etc.

Response: With the exception of item 'a', the physical plant and press components noted above are ancillary to the goods and services requested in RFP No. 362-12-0001 for Instant Ticket Manufacturing and Services. The Texas Lottery has determined subcontracting opportunities are not probable for physical plant and press components noted above, with the exception of item 'a'.

For item 'a' noted above, the Texas Lottery has determined that the purchase of security equipment and monitoring services to meet the requirements of the RFP would represent a potential subcontracting opportunity, and in that event the HUB GFE requirements must be met for this area.

8. Goods or Services with Geographic Significance. Due to the nature of printing services, a printing facility is often located outside of the state and/or country where the customers it services are located. Therefore, certain services which are fundamental to the operations of the printing facility must be located in the same state and general area as the physical facility itself. Not only is this necessary to ensure services are delivered in a timely fashion and without disruption, but also because it would be cost prohibitive for an out-of-state vendor to provide such services. As such, will the Lottery please confirm that the following services are not subcontracting opportunities for the purposes of RFP No. 362-12-0001 and therefore are not subject to the HUB good faith effort?
- a) Repair to electrical, plumbing or HVAC systems at the plant facility;
  - b) Emergency press repair services;
  - c) Waste hauling and Hazmat disposal;
  - d) Commercial cleaning services;
  - e) Forklift and other equipment and machinery rental services;
  - f) Recycling services;
  - g) Catering services for luncheons and other events held at the printing facility;
  - h) Employee assistance and job placement services for employees of the printing facility;
  - i) First aid and fire safety training, including provision of first aid supplies, fire extinguishers, etc. for use in the printing facility.

Response: The goods or services identified in items 'a' through 'i' above are ancillary to instant ticket manufacturing and related services under the RFP. Consequently, the Texas Lottery has determined subcontracting opportunities are not probable.

9. Game Merchandise Warehousing. In addition to already having an established printing facility in place, many vendors may also have existing warehousing facilities for the storage of certain promotional merchandise and prize packages for second chance drawings and other promotional events. This type of secure warehousing and inventory control do not exist solely for servicing the Texas Lottery, but for servicing the vendor's customers worldwide. As such, will the Lottery please confirm that warehousing for promotional merchandise and prize packages is not a subcontracting opportunity for purposes of RFP No. 362-12-0001 and therefore is not subject to the HUB good faith effort?

Response: The HUB GFE requirements must be met for this area if Proposers must acquire new or additional warehouse space in Texas to meet the requirements specified in RFP No. 362-12-0001 for Instant Ticket Manufacturing and Services.

10. Can the Lottery kindly provide the HUB commodity code for the following subcontracting opportunities:

**Independent Lab Reports.** Summary of services requested: Laboratory to provide full instant ticket security reports, including, for example, evaluations of ticket durability, compromises and other ticket security features.

Response: 962-22 Chemical Laboratory Services or 961-40 Forensic Services

**ISO Quality Assurance Audit.** Summary of services requested: Conduct a surveillance audit and issue ISO 9001:2008 certification. Minimum Qualifications: Must be accredited by ANAB.

Response: 918-88 Consulting Services, Quality Assurance/Control

11. Can the Lottery confirm that the HUB good faith effort does not have to be followed for Specified and Invited Options until such time as the Lottery has accepted any such Specified or Invited Option?

Response: The HUB Good Faith Effort (GFE) requirements must be met for any options offered to satisfy requirements included in the RFP. However, the HUB GFE requirements do not have to be met for items specifically identified as Specified or Invited Options until such time as the Texas Lottery accepts the Specified and Invited Options.

12. The Subcontracting Opportunity Notification Form – Section B requests the Agency Name, Point-of-Contact, Phone #, Requisition # and Bid Open Date. Please confirm that we are not required to complete this Section of the form or if we do, the Point-of-

Contact and Phone # provided in this section should be the same as the contact provided in Section A.

Response: Use of the pre-printed HUB Subcontracting Opportunity Notification Form is optional, not required. Please refer to Section B-3 of Attachment B for the information that must be included in a notification of subcontracting opportunity to a HUB. Completion of Section B of the HUB Subcontracting Opportunity Notification Form is not a requirement.

13. HSP Good Faith Effort – Method B (Attachment B) – Section B-3, d. includes the question “Was the Notice Accepted” and a box for checking “yes” or “no”. Please explain this requirement?

Response: The TLC will evaluate whether the Proposer notified two or more organizations by confirming that correct addresses were used and that minimum time deadlines were met. Checking “no” to this question will not disqualify an HSP. The Comptroller’s office has stated that this question was included in the form to encourage bidders/proposers to perform follow-up with organizations.

14. The HSP requires that proposer to provide notice to all subcontractors of their selection as a subcontractor if awarded the contract. Some of the subcontracting opportunities may be tied to Offered Options which may or may not be exercised by the Lottery upon award of the contract. In such cases, should the notice to the subcontractor state that the award for subcontracting is contingent upon the Texas Lottery requesting the goods/services?

Response: Yes. In such cases, Proposers should clearly state that the particular subcontracting award is tied to an option which may or may not be exercised by the TLC. Refer to Section 4 (Affirmation) of the HSP form for additional details about this notice requirement.

15. If a potential vendor is a subsidiary whose parent company may provide financing and/or ancillary services to its subsidiary during the course of any resulting printing contract with the Texas Lottery, will the Lottery please confirm that such parent company is not considered a subcontracting opportunity for purposes of the HUB Subcontracting Plan?

Response: In the example cited, financing and ancillary services provided by a parent company to its subsidiary are not considered potential subcontracting opportunities under the RFP.

16. Is the VID# required for all vendors or just certified Texas HUBs?

Response: As stated in the HSP form, the VID# is required if the selected vendor is a Texas Certified HUB (see Section A-2 of Attachment A and Section B-4 of Attachment B). Note, however, that if awarded a contract, the Successful Proposer

will be required to provide VID#s for all selected subcontractors to be used on the contract.

17. Can all notices to the HUBs and Minority/Women Trade Organizations or Development Centers be sent in one email?

Response: Notices may be sent in one consolidated e-mail, provided that it is possible to verify from the documentation provided each individual recipient to whom the e-mail was sent.

18. This vendor uses certain pre-press workflow processes which include products that are licensed and available only through a single licensor, and therefore cannot be obtained through a certified HUB vendor. Will the Lottery please confirm that such products that are licensed and available only through a single licensor are not subcontracting opportunities which are subject to the HUB solicitation process?

Response: The Texas Lottery has determined that no subcontracting opportunities exist for software licensed properties that must be obtained through a single licensor.

**January 12, 2012 - Please note that the previous response to Question No. 7 has been amended. Please see the amended response to Question No. 7 above.**