



TEXAS LOTTERY COMMISSION
REQUEST FOR PROPOSALS FOR
ADVERTISING SERVICES

#362-18-0002

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

NOVEMBER 14, 2017

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FOR
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Note to All Prospective Proposers:

The following responses include HSP questions raised and answers provided during the pre-proposal conference held on October 25 and questions submitted in writing prior to the deadline for Proposals. This document will be updated as necessary to respond to additional questions.

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

**PRE-PROPOSAL CONFERENCE QUESTIONS AND RESPONSES –
October 25, 2017**

1. The point on multiple proposals, understood that we may not submit more than one but if we're planning to submit as a lead agency can we also be included in another proposers HUB plan?

RESPONSE: Yes. A Proposer can only submit one Proposal and HSP for the RFP, however they can be listed as a subcontractor on numerous Proposers HSP submissions.

2. If you're a HUB company can you be submitted in two different HSP plans?

RESPONSE: Yes, subcontractors (HUB or non-HUB) can be listed on various Proposers HSP submissions.

WRITTEN QUESTIONS RECEIVED BY DEADLINE FOR PROPOSALS

3. The HUB participation goal for this RFP 26%. Can you clarify how this is calculated? Is the 26% calculated based upon the total of all agency/sub-contractor fees, or all fees + *production* costs (e.g., services such as printing, research, editing, etc.)? Or is the 26% calculation inclusive of all *fees, production costs* and *working media* dollars (the entire \$26.6MM annual budget)?

RESPONSE: The 26% HUB participation goal represents the total aggregated percentage of the contract expected to be subcontracted based on the total contract amount. The total contract amount is defined as the total estimated amount for all services to be performed/paid under the contract. Per Section 2. d. of the HSP form,

the HUB goal may be met by subcontracting with one or more Texas Certified HUBs with which the proposer has not had a continuous contract in place for more than five (5) years.

4. If my company is in the process of applying for HUB certification, do I fill out the HSP forms as HUB or non-HUB.

RESPONSE: If a Proposer has submitted a HUB Certification application, through the Statewide HUB Program, and has not received their HUB Certification approval, their status as a non-HUB has not changed. When submitting your HSP forms with the proposal, you should indicate the then current status of your company; HUB or non-HUB. All proposers, HUB or Non-HUB, must submit an HSP with their proposal.

5. Agency staffing: if a staff role would be filled by a current freelance/subcontractor, would we list them in the HSP, even though we would put them on staff for purposes of working on The Lottery?

RESPONSE: As defined by Texas Government Code §2251.001, "Subcontractor" means a person who contracts with a vendor to work or contribute toward completing work for a governmental entity. All subcontractors must be listed in the HSP in accordance with the method chosen for completing the HSP forms.

6. If we have a sister company (i.e., owned by the same parent), do they qualify as a subcontractor or can they be considered part of the Proposer?

RESPONSE: If the parent company or subsidiary is operating under the same federal tax identification number (FEIN) as the Proposer, they would not be considered a subcontractor. However, if the parent company or subsidiary is operating under a different FEIN, they would be considered a subcontractor.

7. We will be subcontracting a portion of the media buying to a HUB. We will triple bid this media buying assignment each year. So, we would like to list 3 HUB media buying agencies that would be in our consideration set within our HSP Good Faith Effort - Method A (Attachment A). Is this an acceptable approach?

Any given year, only one would win the assignment for that year, so we do not want to be misunderstood or locked in to splitting the business between all 3 each year. Are there additional notes we should be making to this attachment to help clarify the intent?

Lastly, we are allocating \$7 million to media buying, is it most appropriate to list each of the 3 HUB partners each with 1/3 of the budget (since each has equal odds of winning the contract)? Or do you have another recommendation?

RESPONSE: While this approach is possible, the Texas Lottery Commission isn't requiring Media buying to be triple bid in accordance with section 5.5.2. The TLC would

prefer that Media Buying not be reassigned from year to year to maintain continuity and consistency under the contract.

8. I am fulfilling the HUB utilization goal of 26% and am executing method A(2) using a mix of HUB and non HUB - what are the outreach requirements specific for this method A(2)?

RESPONSE: All Proposers should contact and notify any subcontractor listed in their HSP as a courtesy. However, there are no outreach requirements for Method A(2) Meeting the Specified HUB Contract Goal.

9. Section A-2: Subcontractor Selection – Per section 7.13.2, for any service expenditures identified in Section 5.5.2 with an asterisk that exceed \$5,000, the Successful Proposer must obtain at least three (3) competitive bids to be used in the preparation of written estimates. In obtaining bids, the Successful Proposer must comply with the HSP requirements. The Successful Proposer shall be required to provide all supporting documentation of bids for each estimate. Then with opportunities marked with an asterisk is it not necessary to list them on the HSP plan since they will need to be bid when those opportunities arise?

RESPONSE: Yes, all subcontracting opportunities must be listed in the HSP. Proposers who intend to subcontract any portion of the Contract are responsible for listing and identifying all known subcontracting opportunities and shall submit a completed HSP demonstrating evidence of good faith effort.