



November 13, 2024

Adam Steen, Director
Iowa Department of Administrative Services
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RE: Waiver Request

Director Steen,

Pursuant to Iowa Administrative Code rule 11-118.16(2), the Iowa Department of Revenue (IDR) hereby requests a waiver for the Lottery Division from the requirements of Iowa Administrative Code rule 11-118.11(3) regarding the maximum duration of service contracts with respect to the following agreement (herein collectively referred to as the Contract):

- Agreement for Advertising Creative Services Between the Iowa Lottery Authority and Strategic America, July 1, 2018.

For the reasons outlined below, IDR submits that good cause exists for waiving the six-year requirement in Iowa Administrative Code rule 11-118.11(3) and extending the above contract for one more year through and to include June 30, 2026.

Background:

The Lottery Division of the IDR has two contracts in place for marketing support including one for creative services and one for media planning and buying services. Strategic America (an Iowa organization) was awarded the Creative Services contract in 2018, with an extension granted earlier this year through June 30, 2025. Flynn Wright (also an Iowa organization) was awarded the Media Planning and Buying contract in 2023 (RFP, IL-23-02 released on April 6, 2023) and starting July 1, 2023.

As you are aware, the Lottery Division of the IDR has been working on an RFP for Scratch-Ticket Printing and Loyalty Program Services. Your team's efforts on this RFP has been greatly appreciated. Due to the changes in process resulting from Alignment, IDR requested the contract extension for Strategic America for creative services through the end of Fiscal Year 2025. The intent here was twofold. First, with the change in vendor for media services to Flynn Wright, the Lottery Division has experienced the type of coordination and communication that was lacking in the prior media planning and buying vendor. Second, the Lottery Division needed to ensure coordination of all marketing, creative services, and media buying and planning services along with the data and marketing support that will be a significant component resulting from the new primary vendor agreement for the scratch-ticket printing and loyalty program services.

Request for Waiver:

IDR is requesting that the current Advertising Creative Services Contract with Strategic America be extended for one additional year so that a fully competitive RFP process can take place for the following reasons:

- Enhanced Proposal Opportunity: Similar to the request last spring, the Lottery Division will be in a significantly better position a year from now to create a new RFP that will better outline the needs of the Division for the short term, as well as how it needs to evolve over a longer period of time in order to better serve IDR and the State of Iowa.
- Future Primary Lottery Vendor Model Impact: As the Lottery Division transitions to the new primary lottery services vendor model as a result of the Scratch Ticket & Loyalty Program now scheduled to start in the summer of 2025, the Lottery will also have significantly enhanced data and analytics capabilities a year from now. These new capabilities will greatly influence the requirements of an advertising creative services vendor. It is anticipated that these new capabilities will be fully defined once work starts with the primary lottery vendor for the enhanced scratch ticket and loyalty program services by next fall. Therefore, it would be in the best interest for IDR and the State of Iowa to have these fully defined so that a new RFP can be created in late calendar year 2025 for implementation for Fiscal Year 2027.
- Vendor Competition and Department Efficiency: Although the Lottery Division has experienced strong service from both Strategic America and Flynn Wright, strategically the Lottery Division will also be in a better position to combine these two services into one RFP. with the intent of awarding both the creative services and the media planning and buying services to one vendor in order to gain the greatest vendor efficiency and cost savings as well as efficiencies greater efficiencies for the Department.

This waiver request meets the requirements of Iowa Code section 17A.9A(2) because:

- Strict application of the rule will prevent IDR from extending the Contracts. Losing the systems and support provided under the Contracts could result in critical failures within IDR's processes, limiting IDR's ability to collect revenue for the State and creating an undue hardship on IDR and its constituents.
- Approval of this waiver would not prejudice the substantial legal rights of any person.
- The term-limit provision of Iowa Administrative Code rule 11-118.11(3) is not specifically mandated by statute or another provision of law.
- Waiver of the rule will provide substantially equal protection of the public health, safety, and welfare as it will ensure proper vendor support to systems, allowing IDR to support the continuance of State of Iowa government by collecting revenue.

Respectfully Submitted by:



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Waiver Approval:



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