

# Commonwealth of Virginia



## Request for Unsealed Proposals

Title: Virginia Lottery Compensation Study FY24

Due Date: November 7, 2023

### Contact Information:

Michael Gerdes, CPPB  
Procurement Manager  
mgerdes@valottery.com, 804-692-7644

Request for Proposals (RFP) #: ..... 9142MG

RFP Issue Date: ..... October 5, 2023

Contract Term: ..... TBD

Proposal Due Date and Time: ..... November 7, 2023; 3:00 PM EST

The Virginia Lottery does not discriminate against faith-based organizations or against an Offeror because of race, religion, color, sex, national origin, age, disability or any other basis prohibited by state law relating to discrimination in employment. The Virginia Lottery encourages firms to provide for the participation of small businesses and businesses owned by minorities and women through partnerships, joint ventures and subcontracting opportunities.

Complete Legal Name of Offeror's Firm: \_\_\_\_\_

I.	PURPOSE:.....	4
II.	BACKGROUND: .....	4
III.	STATEMENT OF NEEDS: .....	4
IV.	PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS: .....	5
	A. GENERAL REQUIREMENTS:.....	5
	B. SPECIFIC PROPOSAL REQUIREMENTS:.....	7
	C. SOLICITATION QUESTIONS AND PROCUREMENT TIMELINE: .....	9
V.	SPECIAL TERMS AND CONDITIONS:CLICK HERE TO ENTER TEXT.....	10
	A. ADVERTISING: .....	10
	B. AUDIT:.....	11
	C. PROPOSAL ACCEPTANCE PERIOD: .....	11
	D. CANCELLATION OF CONTRACT: .....	11
	E. CONFIDENTIALITY OF PERSONALLY IDENTIFIABLE INFORMATION: .....	11
	F. CONTINUITY OF SERVICES: .....	11
	G. DATA OWNERSHIP .....	12
	H. DATA USAGE.....	12
	I. DISCOUNTS, PROMPT PAYMENT:.....	13
	J. DISCOUNTS, OR PROMOTIONAL DISCOUNTS: .....	13
	K. FORCE MAJEURE: .....	13
	L. IDENTIFICATION AND DELIVERY OF PROPOSAL: .....	13
	M. INDEMNIFICATION: .....	14
	N. LIMITATION OF LIABILITY: .....	15
	O. NOTICE OF MATERIAL LEGAL DISPUTE:.....	16
	P. PERFORMANCE, CONTRACTOR: .....	16
	Q. PRIME CONTRACTOR RESPONSIBILITIES: .....	17
	R. QUANTITIES: .....	17
	S. REFERENCES:.....	17
	T. RENEGOTIATION OF CONTRACT .....	18
	U. RENEWAL OF CONTRACT:.....	18
	V. SUBCONTRACTS: .....	18
VI.	GENERAL TERMS AND CONDITIONS: .....	18
	A. ANTI-DISCRIMINATION:.....	18
	B. ADDENDA:.....	19
	C. ANNOUNCEMENT OF AWARD: .....	19
	D. ANTITRUST:.....	20

E.	APPLICABLE LAWS AND COURTS: .....	20
F.	ASSIGNMENT OF CONTRACT: .....	20
G.	AVAILABILITY OF FUNDS: .....	20
H.	PROPOSAL PRICE CURRENCY: .....	20
I.	CHANGES TO THE CONTRACT: .....	20
J.	CLARIFICATION OF TERMS:.....	21
K.	DEBARMENT STATUS: .....	21
L.	DEFAULT: .....	21
M.	DRUG-FREE WORKPLACE: .....	21
N.	ETHICS IN PUBLIC CONTRACTING: .....	22
O.	IMMIGRATION REFORM AND CONTROL ACT OF 1986:.....	22
P.	INFORMATION SECURITY REVIEW: .....	22
Q.	INSURANCE: .....	22
R.	NONDISCRIMINATION OF CONTRACTOR:.....	23
S.	PAYMENT: .....	23
T.	PERSONNEL SECURITY CLEARANCES:.....	25
U.	PRECEDENCE OF TERMS: .....	25
V.	QUALIFICATION OF OFFEROR:.....	25
W.	TAXES:.....	26
X.	TESTING AND INSPECTION: .....	26
Y.	TRANSPORTATION AND PACKAGING: .....	26
Z.	USE OF BRAND NAMES:.....	26
VII.	METHOD OF PAYMENT AND INVOICING: .....	26
VIII.	DISCOUNT FOR PROMPT PAYMENT: .....	27
IX.	PRICING:.....	27
X.	ADDENDA:.....	27
XI.	SIGNATURE AND OFFEROR PROFILE SHEET:.....	28
XII.	OFFERORS CHECKLIST: .....	29

I. **PURPOSE:**

The purpose of this Request for Unsealed Proposals (URFP) is to seek a highly qualified vendor to provide a comprehensive employee compensation analysis.

II. **BACKGROUND:**

The Virginia Lottery (Lottery) is an independent agency of the Commonwealth of Virginia and as such is not subject to the provisions of the Virginia Personnel Act, chapter 10, Title 2.1 of the *Code of Virginia* and maintains a separate compensation plan from executive branch government agencies. The Lottery employs approximately 390 full-time employees; approximately 215 employees hold positions in areas including executive management, marketing, security, information technology, and general operations and administration; 82 employees hold gaming compliance positions (at headquarters and throughout the Commonwealth); while 93 employees hold sales positions throughout the Commonwealth.

The Lottery's current total compensation plan is designed to deliver competitive total compensation relative to that offered within the various labor markets in which the Lottery competes for staff talent. The compensation plan is structured to promote performance-based results linked to achievement of the Lottery's annual operating goals and all compensation actions are subject to availability of funds.

In addition to base compensation, the Lottery utilizes variable compensation plans to offer incentive pay. The variable compensation plans include an Agency Incentive Plan (AIP), Sales Incentive Plan (SIP) and a newly created Gaming Compliance Incentive Plan (GCIP). Fiscal year goals are established at the beginning of each fiscal year, and Incentive payments are awarded based on employee and agency achievements in meeting and exceeding the fiscal goals. Incentives are awarded at the discretion of the VA Lottery Executive Director.

The Lottery's Compensation Policy and the Gaming Compliance Incentive Plan are attached to this solicitation.

III. **STATEMENT OF NEEDS:**

Contractor shall have the ability to develop recommendations for the Lottery's compensation plan. Minimum requirements are listed below:

- A. Contractor shall have the ability to review and analyze all job descriptions and Employee Work Profiles (EWP). Based on this review, Contractor shall have the ability to make recommendations for changes as well as determine appropriate private and public sector benchmark comparisons ensuring similar job content.
- B. Contractor shall have the ability to perform a market salary survey of the benchmark comparisons. Contractor shall have the ability to determine if there are compression, inequality, or other issues with the Lottery's current compensation structure as well as determine what changes are necessary to retain the Lottery's workforce.

- C. Contractor shall have the ability to develop and present a recommended compensation plan outlining changes to current compensation structure. These recommendations shall address, at a minimum:
1. Base Pay Structure for non-IT employees
  2. Base Pay Structure for IT employees
  3. Geographical Pay Structure and Shift differentials
  4. Salary Adjustments (Promotions, performance based, new hire etc)
  5. Pay equity (i.e. Male/Female, Race, etc)
  6. Recruitment and retention recommendations based on job
  7. Compression
- D. Contractor shall have the ability to review the Lottery's AIP, SIP, and GCIP and provide recommendations.
- E. Contractor shall have the ability to develop a financial analysis of the recommendations.
- F. Contractor shall have the ability to train Lottery Human Resources (HR) staff on how to properly grade both existing and new positions.
- G. Contractor shall have the ability to recommend software solutions to allow the Lottery to continue to analyze and update its compensation structure.
- H. They will need to present the recommendations to the leadership team at the Lottery.

IV. **PROPOSAL PREPARATION AND SUBMISSION REQUIREMENTS:**

A. **GENERAL REQUIREMENTS:**

1. RFP Response:
  - a. In order to be considered for selection, Offerors must submit a complete response to this RFP. Electronic submissions are preferred however offerors may also submit hard copies.
- (1) Electronic Submission Instructions

Offerors must be registered in eVA to submit an electronic response. Offerors must submit one complete copy of the response as well as a complete copy with any proprietary information removed. The following are instructions for submitting an electronic bid:

  1. Go to [www.eva.virginia.gov](http://www.eva.virginia.gov);
  2. Click on "I Sell To Virginia";
  3. Click on "eVA Supplier Training"; and
  4. Click on "Viewing and Responding to Solicitations Video".

If an offeror needs assistance submitting an electronic response, the Offeror shall contact eVA Customer Care at 866-289-7367 or email [eVACustomerCare@dgs.virginia.gov](mailto:eVACustomerCare@dgs.virginia.gov).

(2) Hard Copy Submission instructions

One (1) original and five (5) copies of each proposal must be submitted to the Lottery. Each hardcopy proposal must also contain the following:

(a) An electronic version of the complete proposal on a jump drive, and

(b) An electronic version of the complete proposal with any proprietary information removed. Proprietary information is detailed in section 2.d. below.

- b. No other distribution of the proposal shall be made by the Offeror.
- c. Offeror is requested to respond to each section/subsection in the order in which it appears in the RFP.

2. Proposal Preparation:

- a. Proposals shall be signed by an authorized representative of the Offeror.
- b. Sections 2 and 3 are limited to a combined 50 pages. Each case study is limited to two (2) pages.**
- c. Failure to submit all information requested may result in the Evaluation Team giving a lowered evaluation score of the proposal.
- d. An explanation describing how the Offeror will accomplish each requirement must be included in the Offeror's proposal. The phrase "fully comply" without an explanation is unacceptable. If a requirement is not being provided, state "Not Provided." Proposals that are substantially incomplete or lack key information may be rejected by the Lottery.
- e. Ownership of all data, materials and documentation originated and prepared for the Lottery pursuant to the RFP shall belong exclusively to the Lottery and be subject to public inspection in accordance with the Virginia Freedom of Information Act. Trade secrets or proprietary information submitted by an Offeror shall not be subject to public disclosure under the Virginia Freedom of Information Act; however, the Offeror must invoke the protections of §2.2-4342 of the *Code of Virginia*, in writing, either before or at the time the data or other material is submitted. The written notice must specifically identify the data or materials to be protected and state the reasons why protection is necessary. The proprietary or trade secret material submitted must be identified by some distinct method such as **highlighting** or underlining and must indicate only the specific

words, figures, or paragraphs that constitute trade secret or proprietary information. The classification of an entire proposal document, line-item prices and/or total proposal prices as proprietary or trade secrets is not acceptable and will result in rejection of the proposal.

3. Oral Presentation: Offerors who submit a proposal in response to this RFP may be required to give an oral presentation to the Evaluation Team. This provides an opportunity for the Offeror to clarify or elaborate on the proposal.

**B. SPECIFIC PROPOSAL REQUIREMENTS:**

Proposals shall be as thorough and detailed as possible so that the Lottery may properly evaluate Offeror's capabilities to provide the required services. In addition to any other requirements imposed by Section III of this Request for Proposals, Offerors are required to submit the following items as a complete proposal. *Sections 2 and 3 are limited to a combined 50 pages. Each case study is limited to two (2) pages.* **Offerors should organize proposal content by sections as requested below:**

**Section 1: Signed Cover Page, Addenda, and Exceptions to T/Cs:**

1. Offeror shall include a cover sheet that indicates the page number(s) containing proprietary information.
2. A fully completed Proprietary Information table which indicates the page number(s) containing proprietary information:

**Proprietary Information Table:**

Section/Title	Page Number(s)	Reason(s) for Withholding From Disclosure

3. The acknowledgement of any addenda released in reference to this RFP.
4. Desired exceptions to any Special Terms and Conditions within the RFP. An Offeror's request to remove or modify a Special Term and Condition within the RFP does not guarantee the Lottery's acceptance of the Special Term and Condition exemption or modification. **\*\*NOTE:** the Lottery will not sign any Offeror's documents, MSAs, or any other type of agreement(s). The Lottery's General Terms and Conditions shall not be negotiated.

## **Section 2: Methodology**

1. Offeror shall describe its approach for benchmarking the Lottery current positions as stated in Section III, Statement of Needs, A.
2. Offeror shall describe its approach to performance market salary survey as stated in Section III, Statement of Needs, B.
3. Offeror shall describe its methodology for developing its recommended compensation plan as stated in Section III, Statement of Needs, C. Details shall include but are not limited the process used to analyze the current compensation plan, the format in which findings will be presented, the delivery method of recommendations, and an implementation/training plan.
4. Offeror shall describe its methodology for developing incentive plans as required in Section III, Statement of Needs, D.
5. Offeror shall describe its approach for developing financial analysis as required in Section III, Statement of Needs, E.
6. Offeror shall describe how a training plan will be developed to ensure Lottery staff know how to use recommended methodologies to ensure the Lottery's compensations structure remains current as required in Section III, Statement of Needs, F.
7. Offeror shall provide an overall plan for conducting the compensation study to include a timeline, schedule, lottery involvements and important milestones.

## **Section 3: Capability**

1. Offeror shall provide its proposed staff that will be dedicated to this specific project to include role, responsibilities, and relevant experience/qualifications.
2. Offeror shall detail what tools and software will be used during this project and their purpose.

## **Section 4: Case Studies**

Offeror shall provide three (3) case studies where work of similar size and scope was performed. Case studies shall include a description of the work performed and how it is relevant to the Lottery's requirements. Case studies shall be similar to the lottery industry such as consumer packaged goods, retail, hospitality, regulatory or entertainment.

## **Section 5: Small, Women-Owned, and Minority-Owned Business (SWaM)**

Offeror shall provide a detailed description of participation of minority-owned, woman-owned, and small businesses in the performance of this Contract through



subcontracting programs. Please complete the SWaM table below. Please note the Lottery only recognizes business certified by the Virginia Department of Small Business and Supplier Diversity (SBSD) as SWaM. Offerors may add additional lines as required:

Small Business Name and Certificate Number	Planned Involvement	Planned Contract Dollars
Certificate #:		\$
Certificate #:		\$
<b>Total Planned Contract Dollars</b>		\$

Offerors may find a list of registered SWaM companies by contacting SBSD or visiting <https://www.sbsd.virginia.gov/certification-division/swam/>.

#### **Section 6. Pricing**

Please refer to “X. Pricing.” Offerors must submit their pricing in their sealed proposal independently of the rest of their proposal.

Alternate pricing schedules may be proposed, but the pricing to furnish goods/services as specified herein **must** be provided with Offerors’ proposals as required and organized in “X. Pricing.” **Failure to provide pricing as required and in section “X. Pricing” may result in the rejection of an Offeror’s proposal.** Alternate pricing schedules can only be proposed as a possible option and not the sole pricing offered.

#### **C. SOLICITATION QUESTIONS AND PROCUREMENT TIMELINE:**

1. Offerors can submit questions via email to the Contract Officer whose name appears on the cover page of this solicitation. All contact, whether verbal or written, pertaining to this RFP, shall be with that designated Contract Officer for the duration of the procurement process. All questions shall be submitted in writing.

The Lottery does not guarantee a response to any questions received after October 27, 2023.

2. The following procurement timeline is subject to change as the procurement progresses. Please note the deadline within which to submit questions.

<b>Procurement Process</b>	<b>Estimated Completion Date</b>
First Round of Questions	October 12, 2023
Addendum #1 issues (if applicable)	October 17, 2023
Second Round of Questions (if applicable)	October 24, 2023
Addendum #2	October 27, 2023
RFP Due Date	November 7, 2023; 3:00PM EST
Estimated Contract Award	February 2024

V. **EVALUATION AND AWARD CRITERIA:**

A. **EVALUATION CRITERIA:**

The Lottery seeks to Contract for the goods and/or services described herein with the responding Offeror who submits the best proposal as modified through negotiations. The written proposals, and any subsequent negotiated offers, will be evaluated and judged by the Lottery based on the following criteria:

<b>Evaluation Criteria</b>	<b>Scoring Points Available</b>
Methodology	35
Capability	20
Case Studies	20
SWaM	10
Pricing	15
<b>Total Points Available</b>	<b>100</b>

B. **AWARD OF CONTRACT:**

Two or more Offerors deemed to be fully qualified and best suited among those submitting proposals will be identified on the basis of the evaluation factors stated herein. Negotiations may be conducted with such Offerors. After negotiations have been conducted with each of these Offerors, the Lottery may select the Offeror(s) that, in its opinion, has made the best proposal, and award the Contract to that Offeror(s). The Lottery may cancel this RFP or reject proposals at any time prior to the award, and is not required to furnish a statement of the reasons why a particular proposal was not deemed to be the most advantageous. Should it be determined in writing that only one Offeror is fully qualified, or that one Offeror is clearly more highly qualified than the others under consideration, a Contract may be negotiated and awarded to that Offeror.

V. **SPECIAL TERMS AND CONDITIONS:**

A. **ADVERTISING:**

In the event a Contract is awarded for supplies, equipment, and/or services resulting from this solicitation, no indication of such sales and/or services to

the Lottery shall be used in product literature or advertising without the Lottery Executive Director's prior written approval. The Contractor shall not state in any of its advertising or product literature that the Lottery has purchased or uses its products and/or services.

B. **AUDIT:**

The Contractor shall retain all books, records, and other documents relative to this Contract for five (5) years after final payment, or until audited by the Lottery and/or the Commonwealth of Virginia, whichever is sooner. The Lottery, its authorized agents, and/or state auditors shall have full access to and the right to examine any of said materials during said period and at no cost to the Lottery nor the Commonwealth of Virginia.

C. **PROPOSAL ACCEPTANCE PERIOD:**

Any proposal in response to this solicitation shall be valid for 180 days. At the end of the 180 day period, the proposal may be withdrawn at the written request of the Offeror. If the proposal is not withdrawn at that time, it remains in effect until an award is made or the solicitation is canceled.

D. **CANCELLATION OF CONTRACT:**

The Lottery reserves the right to cancel and terminate any resulting Contract, in part or in whole, without penalty, upon 30 days written notice to the Contractor. In the event of a material breach with no options to cure, the Lottery reserves the right to cancel this Contract within ten (10) days written notice. If the initial Contract period is for more than 12 months, the resulting Contract may be terminated by either party, without penalty, after the initial 12 months of the Contract period upon 30 days written notice to the other party. Any Contract cancellation notice shall not relieve the Contractor of the obligation to deliver and/or perform on all outstanding orders issued prior to the effective date of cancellation.

E. **CONFIDENTIALITY OF PERSONALLY IDENTIFIABLE INFORMATION:**

The Contractor assures that information and data obtained as to personally-identifiable information and circumstances related to Lottery players/consumers, employees, retailers, vendors, applicants, and/or licensees will be collected and held confidential, during and following the term of this Contract, and will not be divulged without the individual's and the Lottery's written consent and only in accordance with federal law or the *Code of Virginia*. Contractors who utilize, access, or store personally identifiable information as part of the performance of a Contract are required to safeguard this information and immediately notify the Lottery of any breach or suspected breach in the security of such information. Contractors shall allow the Lottery to both participate in the investigation of incidents and exercise control over decisions regarding external reporting. Contractors and their employees working on this project may be required to sign a confidentiality statement.

F. **CONTINUITY OF SERVICES:**

The Contractor recognizes that the services under this Contract are vital to the Lottery and must be continued without interruption and that, upon Contract

expiration, a successor, either the Lottery or another Contractor, may continue them. The Contractor agrees:

1. To exercise its best efforts and cooperation to affect an orderly and efficient transition to a successor;
2. To make all Lottery owned facilities, equipment, and data available to any successor at an appropriate time prior to the expiration of the Contract to facilitate transition to successor; and
3. That the Lottery Contracting Officer shall have final authority to resolve disputes related to the transition of the Contract from the Contractor to its successor.

The Contractor shall, upon written notice from the Contract Officer, furnish phase-in/phase-out services for up to ninety (90) days after this Contract expires and shall negotiate in good faith a plan with the successor to execute the phase-in/phase-out services. This plan shall be subject to the Contract Officer's approval.

The Contractor shall be reimbursed for all reasonable, pre-approved phase-in/phase-out costs (i.e., costs incurred within the agreed period after Contract expiration that result from phase-in, phase-out operations) and a fee (profit) not to exceed a pro rata portion of the fee (profit) under this Contract. All phase-in/phase-out work fees must be approved by the Contract Officer in writing prior to commencement of said work.

**G. DATA OWNERSHIP**

The Lottery shall own and have full and complete access to all data collected on its behalf at all times, through the term of this Agreement. The Lottery shall have the ability to import or export its data in piecemeal or in its entirety at the Lottery's discretion at no charge to the Lottery. This includes the ability for the Lottery to import or export Data to/from other Contractors. This can, if specified within this Agreement, be carried out by providing application programmable interface or other such efficient electronic tools. Upon expiration or termination of this Agreement, the Lottery shall have full access to all pertinent data for a period of 60 calendar days. This period will be covered at no charge. This can, if specified within this Agreement, be carried out by providing application programmable interface or other such efficient electronic tools. During this period, the Contractor shall not take any action to erase and/or withhold any data, except as directed by the Lottery.

**H. DATA USAGE**

The Contractor shall not copy or transfer Lottery data unless authorized by the Lottery. In such an event the data shall be copied and/or transferred in accordance with the provisions of this Section. Contractor shall not access any Data for any purpose other than fulfilling the service. Contractor is prohibited from Data Mining, cross tabulating, monitoring Authorized User's Data usage and/or access, or performing any other Data analytics other than those required within this Contract. At no time shall any Data or processes (e.g., workflow, applications, etc.), which either are owned or used by the Lottery,

be copied, disclosed, or retained by the Contractor or any party related to the Contractor unless explicitly specified by the Lottery. Contractor is allowed to perform industry standard back-ups of Data. Documentation of back-up must be provided to the Authorized User upon request. Contractor must comply with any and all security requirements within this Contract.

**I. DISCOUNTS, PROMPT PAYMENT:**

Discounts for prompt payment will not be calculated in determining net low proposal. Discounts for prompt payment will be shown on the purchase order/Contract and taken if invoices are processed and payment made within the stipulated time frame. If discounts are not offered, payment shall be made thirty (30) days after receipt of an accurate invoice by the Virginia Lottery's Accounts Payable Department. Offeror shall indicate discount (if applicable) with the "Pricing section" near the end of this solicitation.

**J. DISCOUNTS, OR PROMOTIONAL DISCOUNTS:**

The Contractor shall extend any special or promotional sale prices or discounts immediately to the Lottery during the term of the Contract. Such notice shall also advise the duration of the specific sale or discount price.

**K. FORCE MAJEURE:**

The Contractor shall not be in default by reason of any failure in performance of this Contract in accordance with its terms (including any failure by the Contractor to make progress in the prosecution of the work here under which endangers such performance) if such failure arises out of causes beyond the control and without the fault or negligence of the Contractor. Such causes may include, but are not restricted to, acts of God or of public enemy, fires, floods, epidemics, quarantine restrictions, strikes, freight embargoes, and unusually severe weather, but in every case the failure to perform must be beyond the control and without the fault or negligence of the Contractor.

**L. IDENTIFICATION AND DELIVERY OF PROPOSAL:**

The cover page of this solicitation will indicate whether proposals will be accepted as sealed or unsealed. If this solicitation indicates "sealed" proposals will be received for this procurement, all proposals received in hard copy must be enclosed in an envelope or package and identified as follows:

*Electronic submittal through eVA is preferred.*

**IF PROPOSAL IS MAILED:** Offeror must mail proposal to the Virginia Lottery, Attention: 22nd Floor Purchasing Office, 600 East Main Street, Richmond, Virginia 23219. The proposal must be enclosed in an envelope or package and identified as follows:

Name of Offeror  
Due Date and Time  
Offeror's complete address  
RFP No.  
RFP Title

If a proposal is not identified as outlined above, the Offeror takes the risk that the proposal may be inadvertently opened and the information compromised, which may cause the proposal to be disqualified. No other correspondence or other proposals should be placed in the envelope.

**IF PROPOSAL IS HAND DELIVERED (INCLUDING COURIER):** Proposal must be delivered to 600 East Main Street, Richmond, Virginia 23219. Due to increased building security, an Offeror must only deliver a proposal to the Security Guard Station located on the **Main Street entrance** of the Lottery Headquarters, Main Street Centre (address above). **However, the Security Guard is not responsible for identifying the date and time a proposal is received; only a Virginia Lottery employee can make that determination.** The Security Guard will contact an appropriate Lottery employee for proposal receipt and this process could take 30 minutes or longer.

Late proposal will not be accepted.

Note: the Lottery does not conduct public openings.

**M. INDEMNIFICATION:**

Contractor agrees to indemnify and hold harmless the Commonwealth of Virginia, the Lottery, their Board Members, officers, directors, agents and employees (collectively, "Commonwealth's Indemnified Parties") from and against any and all losses, damages, claims, demands, proceedings, suits and actions, including any related liabilities, obligations, losses, damages, assessments, fines, penalties (whether criminal or civil), judgments, settlements, expenses (including attorneys' and accountants' fees and disbursements) and costs (each, a "Claim" and collectively, "Claims"), incurred by, borne by or asserted against any of Commonwealth's Indemnified Parties to the extent such Claims in any way relate to, arise out of or result from: (i) any intentional or willful conduct or negligence of any employee, agent, or subcontractor of the Contractor, (ii) any act or omission of any employee, agent, or subcontractor of the Contractor, (iii) breach of any representation, warranty or covenant of the Contractor contained herein, (iv) any defect in the Contractor/subcontractor-provided products and/or services, or (v) any actual or alleged infringement or misappropriation of any third party's intellectual property rights by any of the Contractor/subcontractor-provided products and/or services. Selection and approval of counsel and approval of any settlement shall be accomplished in accordance with all applicable laws, rules and regulations. For state agencies, the applicable laws include §§ 2.2-510 and 2.2-514 of the Code of Virginia. In all cases involving the Commonwealth or state agencies, the selection and approval of counsel and approval of any settlement shall be satisfactory to the Commonwealth.

In the event that a Claim is commenced against any of Commonwealth's Indemnified Parties alleging that use of the Contractor/subcontractor-provided products and/or services, including any components thereof, or that the Contractor's/subcontractor's performance or delivery of any product

and/or service under this Contract infringes any third party's intellectual property rights and the Contractor is of the opinion that the allegations in such Claim in whole or in part are not covered by this indemnification provision, Contractor shall immediately notify the Lottery in writing, via certified mail, specifying to what extent the Contractor believes it is obligated to defend and indemnify under the terms and conditions of this Contract. The Contractor shall in such event protect the interests of the Commonwealth's Indemnified Parties and secure a continuance to permit the Lottery to appear and defend their interests in cooperation with the Contractor as is appropriate, including any jurisdictional defenses the Lottery may have.

In the event of a Claim pursuant to any actual or alleged infringement or misappropriation of any third party's intellectual property rights by any of the Contractor/subcontractor-provided Deliverables, Products, Software, Services, Solution, including Solution Components, Application and Licensed Services, as applicable, or Contractor's/subcontractor's performance, and in addition to all other obligations of the Contractor in this Section, the Contractor shall at its expense, either (a) procure for all Authorized Users the right to continue use of such infringing Deliverables, Products, Software, Services, Solution, including Solution Components, Application and Licensed Services, as applicable, or any component thereof; or (b) replace or modify such infringing Deliverables, Products, Software, Services, Solution, including Solution Components, Application and Licensed Services, as applicable, or any component thereof, with non-infringing Deliverables, Products, Software, Services, Solution or Solution Component(s), Application and Licensed Services, as applicable, satisfactory to the Lottery. And in addition, the Contractor shall provide the Lottery with a comparable temporary replacement product and/or service or reimburse the Lottery for the reasonable costs incurred by the Lottery in obtaining an alternative product and/or service, in the event the Lottery cannot use the affected Deliverable, Product, Software, Services, Solution or Solution Component(s), Application and Licensed Services, as applicable, or any component thereof. If the Contractor cannot accomplish any of the foregoing within a reasonable time and at commercially reasonable rates, then the Contractor shall accept the return of the infringing Deliverables, Products, Software, Services, Solution, Solution Component, Application and Licensed Services, as applicable, or any component thereof, along with any other components rendered unusable by the Lottery as a result of the infringing component, and refund the price paid to the Contractor for such components.

**N. LIMITATION OF LIABILITY:**

To the maximum extent permitted by applicable law, the Contractor will not be liable under this Contract for an indirect, incidental, special or consequential damages, or damages from loss of profits, revenue, data or use of the supplies, equipment and/or services delivered under this Contract. This limitation of liability will not apply, however, to liability arising from: (a) personal injury or death; (b) defect or deficiency caused by willful misconduct or negligence on the part of the Contractor/subcontractor; or (c) circumstances where the Contract expressly provides a right to damages,

indemnification and/or reimbursement.

O. **NOTICE OF MATERIAL LEGAL DISPUTE:**

Contractor shall notify the Lottery of its involvement in any legal dispute that is or may become material to this Contract. Contractor shall provide the Lottery with pertinent, non-privileged details upon request.

P. **PERFORMANCE, CONTRACTOR:**

Contractors providing goods and/or services to the Lottery are required to perform in accordance with the terms and conditions of their contract. When contractual requirements are not met, the following actions may be taken (at the Lottery's option):

1. **Contractor Complaint Form:**

If a Contractor fails to perform in accordance with the terms and conditions of the contract, the Lottery will prepare a Contractor Complaint Form. This form will be sent to the Contractor for a corrective action plan.

2. **Default:**

If the Contractor is non-responsive to the complaint form or does not satisfy the corrective action plan provided in the complaint form or provides an unsatisfactory corrective plan as determined by the Lottery, the Contractor may, at the Lottery's discretion, be placed in default and notified via Contractor Complaint Form.

3. **Ineligible for Award:**

Once placed in default, the Contractor will be ineligible to do business with the Lottery for purchases exceeding \$5,000 for a period of **three years**.

4. **Re-procurement of Goods and/or Services:**

In addition to a Contractor's ineligibility for award of contracts over \$5,000, the Lottery may procure the goods and/or services from other sources and hold the Contractor responsible for the price difference of the original contract amount and the amount of the new contract. The Lottery will follow competitive principles as outline herein for the re-procurement.

The Contractor will remain in default until the re-procurement costs have been paid to the Lottery. The Contractor is still subject to the three year ineligibility based on the default regardless as to when the re-procurement cost is paid.

5. **Number of Complaints:**

a) For Term Contracts: If the Contractor has received three or more complaints within the initial contract period as documented by Contractor Complaint Forms, the Contractor may, at the Lottery's discretion, be ineligible to



submit a bid/proposal if the goods/services are re-solicited at expiration of contract. Ineligibility shall apply even though a satisfactory resolution to all complaints occurred.

- b) For a Renewal Period: If the Contractor has received three or more complaints within a renewal period as documented by Contractor Complaint Forms, the Contractor may, at the Lottery’s discretion, be ineligible to submit a bid/proposal if the goods/services are re-solicited at expiration of contract. Ineligibility shall apply even though a satisfactory resolution to all complaints occurred.
- c) For Spot Purchases: If the Contractor has received three or more complaints within a period of one year as documented by Contractor Complaint Forms, the Contractor may, at the Lottery’s discretion, be ineligible to do business with the Lottery for purchases exceeding \$5,000 for a period of one year after the issuance of the third Contractor Complaint Form. Ineligibility shall apply even though a satisfactory resolution to all complaints occurred.

**Q. PRIME CONTRACTOR RESPONSIBILITIES:**

The Contractor shall be responsible for completely supervising and directing the work under this Contract and all subcontractors that it may utilize, using its best skill and attention. Subcontractors that perform work under this Contract shall be responsible to the prime Contractor. The Contractor agrees that it is as fully responsible for the acts and omissions of its subcontractors and of persons employed by them as it is for the acts and omissions of its own employees.

**R. QUANTITIES:**

Quantities set forth in this solicitation are estimates only, and the Contractor shall supply at Contract prices actual quantities as ordered, regardless of whether such total quantities are more or less than those shown.

**S. REFERENCES:**

Offerors shall provide a list of at least three (3) references where similar goods and/or services have been provided. Each reference shall include the name of the organization, the complete mailing address, the name of the contact person, telephone number and email address.

Organization:	
Contact Person:	
Address:	
Telephone:	
Email:	

  

Organization:	
---------------	--

Contact Person:	
Address:	
Telephone:	
Email:	

Organization:	
Contact Person:	
Address:	
Telephone:	
Email:	

**T. RENEGOTIATION OF CONTRACT**

The Lottery reserves the right, at any time during the Contract term or any renewals of the term, to renegotiate with the Contractor a reduction in the compensation paid to the Contractor that is less than the compensation initially agreed to by the Contractor and the Lottery at the time of Contract execution. The Lottery may initiate such negotiations whenever the Lottery determines that it is in the Lottery's best fiscal interests to do so. Notwithstanding any other provision of this Contract to the contrary, the Lottery may terminate this Contract immediately and without penalty if the Lottery is unable to renegotiate the compensation with the Contractor to an amount which the Lottery determines to be appropriate.

**U. RENEWAL OF CONTRACT:**

This Contract may be renewed by the Lottery upon written agreement of both parties for successive one year periods, under the terms of the current Contract, and at a reasonable time (approximately 90 days) prior to the expiration.

**V. SUBCONTRACTS:**

No portion of the work shall be subcontracted without prior written consent of the Lottery. In the event that the Contractor desires to subcontract some part of the work specified herein, the Contractor shall furnish the Lottery the names, qualifications and experience of their proposed subcontractors. The Contractor shall, however, remain fully liable and responsible for the work to be done by its subcontractor(s) and shall assure compliance with all requirements of the Contract.

**VI. GENERAL TERMS AND CONDITIONS:**

**A. ANTI-DISCRIMINATION:**

By submitting their proposal, Offerors certify to the Lottery and the Commonwealth that they will conform to the provisions of the Federal Civil Rights Act of 1964, as amended, as well as the Virginia Fair Employment Contracting Act of 1975, as amended, where applicable, the Virginians with Disabilities Act, the Americans with Disabilities Act. If the award is made to a faith-based organization, the organization shall not discriminate against any recipient of goods, services, or disbursements made pursuant to the Contract

on the basis of the recipient's religion, religious belief, refusal to participate in a religious practice, or on the basis of race, age, color, gender or national origin and shall be subject to the same rules as other organizations that Contract with public bodies to account for the use of the funds provided; however, if the faith-based organization segregates public funds into separate accounts, only the accounts and programs funded with public funds shall be subject to audit by the Lottery.

In every Contract over \$10,000, the provisions in 1. and 2. below apply:

During the performance of this Contract, the Contractor agrees as follows:

1. The Contractor will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of the Contractor. The Contractor agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
2. The Contractor, in all solicitations or advertisements for employees placed by or on behalf of the Contractor, will state that such Contractor is an equal opportunity employer.
3. Notices, advertisements and solicitations placed in accordance with federal law, rule or regulation shall be deemed sufficient for the purpose of meeting these requirements.

The Contractor will include the provisions of 1. above in every subcontract or purchase order over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

**B. ADDENDA:**

Any changes or supplemental instructions to this Request for Proposals shall be in the form of written addenda. Each Offeror is responsible for determining that all addenda issued have been received and shall acknowledge receipt of all addenda in the space provided within the Pricing Schedule or by returning a copy of each signed addendum. Failure to do so may result in rejection of the proposal. All addenda so issued shall become part of the RFP and any resulting Contract documents.

**C. ANNOUNCEMENT OF AWARD:**

Upon the award or the announcement of the decision to award a Contract over \$50,000, as a result of this solicitation, Lottery will publicly post such notice on the DGS/DPS eVA web site ([www.eva.virginia.gov](http://www.eva.virginia.gov)).

D. **ANTITRUST:**

By entering into a Contract, the Contractor conveys, sells, assigns, and transfers to the Lottery and the Commonwealth of Virginia all rights, title and interest in and to all causes of action it may now have or hereafter acquire under the antitrust laws of the United States and the Commonwealth of Virginia, relating to the particular goods and/or services purchased or acquired by the Lottery under said Contract.

E. **APPLICABLE LAWS AND COURTS:**

This solicitation and any resulting Contract shall be governed in all respects by the laws of the Commonwealth of Virginia, and any litigation with respect thereto shall be brought in the courts of the Commonwealth, in particular, Richmond, Virginia. The Contractor shall comply with all applicable federal, state and local laws, rules and regulations including Virginia Lottery Law § 58.1-4000 et seq. and the Virginia Lottery Purchasing Manual.

F. **ASSIGNMENT OF CONTRACT:**

A Contract shall not be assignable by the Contractor in whole or in part without the written consent of the Lottery.

G. **AVAILABILITY OF FUNDS:**

It is understood and agreed between the parties herein that the Lottery shall be bound hereunder only to the extent of the funds available or which may hereafter become available for the purpose of this Contract.

H. **PROPOSAL PRICE CURRENCY:**

Unless stated otherwise in the solicitation, Offerors shall state proposal prices in US dollars.

I. **CHANGES TO THE CONTRACT:**

Changes can be made to the Contract in any of the following ways:

1. The parties may agree in writing to modify the scope of the Contract. An increase or decrease in the price of the Contract resulting from such modification shall be agreed to by the parties as a part of their written agreement to modify the scope of the Contract.
2. The Lottery may order changes within the general scope of the Contract at any time by written notice to the Contractor. Changes within the scope of the Contract include, but are not limited to, things such as services to be performed, the method of packing or shipment, and the place of delivery or installation. The Contractor shall comply with the notice upon receipt. The Contractor shall be compensated for any additional costs incurred as the result of such order and shall give the Lottery a credit for any savings. Said compensation shall be determined by one of the following methods:

By mutual agreement between the parties in writing; or

By agreeing upon a unit price or using a unit price set forth in the Contract, if the work to be done can be expressed in units, and the Contractor accounts for the number of units of work performed, subject to the Lottery's right to audit the Contractor's records and/or to determine the correct number of units independently; or

By ordering the Contractor to proceed with the work and keep a record of all costs incurred and savings realized. A markup for overhead and profit may be allowed if provided by the Contract. The same markup shall be used for determining a decrease in price as the result of savings realized. The Contractor shall present the Lottery with all vouchers and records of expenses incurred and savings realized. The Lottery shall have the right to audit the records of the Contractor as it deems necessary to determine costs or savings. Any claim for an adjustment in price under this provision must be asserted by written notice to the Lottery within thirty (30) days from the date of receipt of the written order from the Lottery. If the parties fail to agree on an amount of adjustment, the question of an increase or decrease in the Contract price or time for performance shall be resolved in accordance with the procedures for resolving disputes provided by the Disputes Clause of this Contract or, if there is none, in accordance with the disputes provisions of the Lottery's Purchasing Manual. Neither the existence of a claim nor a dispute resolution process, litigation or any other provision of this Contract shall excuse the Contractor from promptly complying with the changes ordered by the Lottery or with the performance of the Contract generally.

J. **CLARIFICATION OF TERMS:**

If any prospective Offeror has questions about the specifications or other solicitation documents, the prospective Offeror should contact the Contract Officer whose name appears on the face of the solicitation no later than five working days before the due date. Any revisions to the solicitation will be made only by addendum issued by the Lottery.

K. **DEBARMENT STATUS:**

By submitting their proposal, Offerors certify that they are not currently debarred by the Lottery and/or Commonwealth of Virginia from submitting proposals on contracts for the type of goods and/or services covered by this solicitation, nor are they an agent of any person or entity that is currently so debarred.

L. **DEFAULT:**

In case of failure to deliver goods or services in accordance with the Contract terms and conditions, the Lottery, after due oral or written notice, may procure them from other sources and hold the Contractor responsible for any resulting additional purchase and administrative costs. This remedy shall be in addition to any other remedies which the Lottery may have.

M. **DRUG-FREE WORKPLACE:**

During the performance of this Contract, the Contractor agrees to (i) provide a drug-free workplace for the Contractor's employees; (ii) post in conspicuous

places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the Contractor's workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of the Contractor that the Contractor maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the provisions will be binding upon each subcontractor or vendor.

For the purposes of this section, "*drug-free workplace*" means a site for the performance of work done in connection with a specific Contract awarded to a Contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the Contract.

N. **ETHICS IN PUBLIC CONTRACTING:**

By submitting their proposal, Offerors certify that their proposal are made without collusion or fraud and that they have not offered or received any kickbacks or inducements from any other Offeror, supplier, manufacturer or subcontractor in connection with their proposal, and that they have not conferred on any public employee having official responsibility for this procurement transaction any payment, loan, subscription, advance, deposit of money, services or anything of more than nominal value, present or promised, unless consideration of substantially equal or greater value was exchanged.

O. **IMMIGRATION REFORM AND CONTROL ACT OF 1986:**

By entering into a written Contract with the Lottery, the Contractor certifies that it has not, and shall not during the performance of the Contract for goods and services in the Commonwealth, knowingly employ an unauthorized alien as defined in the federal Immigration Reform and Control Act of 1986.

P. **INFORMATION SECURITY REVIEW:**

Should the Contractor's obligations involve creating, collecting, or storing Lottery information which is deemed sensitive by the Lottery, said Contractor shall participate in an annual information security review conducted by the Lottery Information Security Administrator to ensure that information protection policies and practices of the Contractor are sufficient for the Lottery information being created, collected and/or stored.

Q. **INSURANCE:**

By signing and submitting a proposal under this solicitation, the Offeror certifies that if awarded the Contract, it will have the following insurance coverage at the time the Contract is awarded. For construction contracts, if any subcontractors are involved, the subcontractor will have workers' compensation insurance in accordance with §§ 2.2-4332 and 65.2-800 et seq. of the *Code of Virginia*. The Offeror further certifies that the Contractor and any

subcontractors will maintain this insurance coverage during the entire term of the Contract and that all insurance coverage will be provided by insurance companies authorized to sell insurance in Virginia by the Virginia State Corporation Commission.

**Minimum Insurance Coverages and Limits Required for Most Contracts:**

1. Workers' Compensation - Statutory requirements and benefits. Coverage is compulsory for employers of three or more employees, to include the employer. Contractors who fail to notify the Lottery of increases in the number of employees that change their workers' compensation requirements under the *Code of Virginia* during the course of the Contract shall be in noncompliance with the Contract.
2. Employer's Liability - \$100,000.
3. Commercial General Liability - \$1,000,000 per occurrence. Commercial General Liability is to include bodily injury and property damage, personal injury and advertising injury, products and completed operations coverage. The Lottery and the Commonwealth of Virginia must be named as an additional insured and so endorsed on the policy.
4. Automobile Liability - \$1,000,000 per occurrence. (Only used if motor vehicle is to be used in the Contract.

R. **NONDISCRIMINATION OF CONTRACTOR:**

A Offeror or Contractor shall not be discriminated against in the solicitation or award of this Contract because of race, religion, color, sex, national origin, age, disability, faith-based organizational status, any other basis prohibited by state law relating to discrimination in employment or because the Offeror employs ex-offenders unless the Lottery has made a written determination that employing ex-offenders on the specific Contract is not in its best interest. If the award of this Contract is made to a faith-based organization and an individual, who applies for or receives goods, services, or disbursements provided pursuant to this Contract objects to the religious character of the faith-based organization from which the individual receives or would receive the goods, services, or disbursements, the Lottery shall offer the individual, within a reasonable period of time after the date of his objection, access to equivalent goods, services, or disbursements from an alternative provider.

S. **PAYMENT:**

1. To Prime Contractor:
  - a) Invoices for items ordered, delivered and accepted shall be submitted by the Contractor directly to the payment address shown on the purchase order/Contract. All invoices shall show the Lottery Contract number and/or purchase order number; social security number (for individual contractors) or the

federal employer identification number (for proprietorships, partnerships, and corporations).

- b) Any payment terms requiring payment in less than 30 days will be regarded as requiring payment 30 days after invoice or delivery, whichever occurs last. This shall not affect offers of discounts for payment in less than 30 days, however.
- c) All goods or services provided under this Contract or purchase order, that are to be paid for with Lottery funds, shall be billed by the Contractor at the Contract price.
- d) The following shall be deemed to be the date of payment: the date of postmark in all cases where payment is made by mail, or the date of offset when offset proceedings have been instituted as authorized under the Virginia Debt Collection Act.
- e) Unreasonable Charges. Under certain emergency procurements and for most time and material purchases, final job costs cannot be accurately determined at the time orders are placed. In such cases, contractors should be put on notice that final payment in full is contingent on a determination of reasonableness with respect to all invoiced charges. Charges which appear to be unreasonable will be researched and challenged, and that portion of the invoice held in abeyance until a settlement can be reached. Upon determining that invoiced charges are not reasonable, the Lottery shall promptly notify the Contractor, in writing, as to those charges which it considers unreasonable and the basis for the determination. A Contractor may not institute legal action unless a settlement cannot be reached within 30 days of notification. The provisions of this section do not relieve the Lottery of its prompt payment obligations with respect to those charges which are not in dispute.

2. To Subcontractors:

- a) A Contractor awarded a Contract under this solicitation is hereby obligated:
  - i. To pay the subcontractor(s) within seven (7) days of the Contractor's receipt of payment from the Lottery for the proportionate share of the payment received for work performed by the subcontractor(s) under the Contract; or
  - ii. To notify the Lottery and the subcontractor(s), in writing, of the Contractor's intention to withhold payment and the reason.



- b) The Contractor is obligated to pay the subcontractor(s) interest at the rate of one percent per month (unless otherwise provided under the terms of the Contract) on all amounts owed by the Contractor that remain unpaid seven (7) days following receipt of payment from the Lottery, except for amounts withheld as stated in (2) above. The date of mailing of any payment by U. S. Mail is deemed to be payment to the addressee. These provisions apply to each sub-tier Contractor performing under the primary Contract. A Contractor's obligation to pay an interest charge to a subcontractor may not be construed to be an obligation of the Lottery.

- 3. The Lottery encourages contractors and subcontractors to accept electronic and credit card payments.

T. **PERSONNEL SECURITY CLEARANCES:**

The Lottery requires that all Board members, officers and employees working directly on a Contract with the Lottery for such goods or services shall be subject to a criminal background search to be conducted by the chief security officer of the Lottery. Additionally, Lottery Regulation 5-20-410 extends this to include any parent or Subsidiary Corporation of the vendor providing Lottery online or instant ticket goods or services, and any shareholder of 5% or more of the vendor, its parent or Subsidiary Corporation.

No person who has been convicted of a felony, bookmaking or other form of illegal gambling, or of a crime involving moral turpitude, shall be employed on Contracts with vendors described in this section.

No Board member, officer, or employee of a vendor to the Lottery of online or instant ticket goods or services working directly on a Contract for such goods or services, or any person residing in the same household of such Board member, officer or employee, shall purchase a lottery ticket or share, or receive a prize paid on a ticket purchased by or transferred to such person.

U. **PRECEDENCE OF TERMS:**

The following General Terms and Conditions, APPLICABLE LAWS AND COURTS, ANTI-DISCRIMINATION, ETHICS IN PUBLIC CONTRACTING, IMMIGRATION REFORM AND CONTROL ACT OF 1986, DEBARMENT STATUS, ANTITRUST, CLARIFICATION OF TERMS, PAYMENT shall apply in all instances. In the event there is a conflict between any of the other General Terms and Conditions and any Special Terms and Conditions in this solicitation, the Special Terms and Conditions shall apply.

V. **QUALIFICATION OF OFFEROR:**

The Lottery may make such reasonable investigations as deemed proper and necessary to determine the ability of the Offeror to perform the services/ furnish the goods and the Offeror shall furnish to the Lottery all such information and data for this purpose as may be requested. The Lottery reserves the right to inspect Offeror's physical facilities prior to award to

satisfy questions regarding the Offeror's capabilities. The Lottery further reserves the right to reject any proposal if the evidence submitted by, or investigations of, such Offeror fails to satisfy the Lottery that such Offeror is properly qualified to carry out the obligations of the Contract and to provide the services and/or furnish the goods contemplated therein.

W. **TAXES:**

Sales to the Lottery are normally exempt from State sales tax. State sales and use tax certificates of exemption, Form ST-12, will be issued upon request. Deliveries against this Contract shall usually be free of Federal excise and transportation taxes. The Commonwealth's excise tax exemption registration number is 54-73-0076K.

X. **TESTING AND INSPECTION:**

The Lottery reserves the right to conduct any test/inspection it may deem advisable to assure goods and services conform to the specifications.

Y. **TRANSPORTATION AND PACKAGING:**

By submitting their proposal, all Offerors certify and warrant that the price offered for FOB destination includes only the actual freight rate costs at the lowest and best rate and is based upon the actual weight of the goods to be shipped. Except as otherwise specified herein, standard commercial packaging, packing and shipping containers shall be used. All shipping containers shall be legibly marked or labeled on the outside with purchase order number, commodity description, and quantity.

Z. **USE OF BRAND NAMES:**

Unless otherwise provided in this solicitation, the name of a certain brand, make or manufacturer does not restrict Offerors to the specific brand, make or manufacturer named, but conveys the general style, type, character, and quality of the article desired. Any article which the Lottery, in its sole discretion, determines to be the equivalent of that specified, considering quality, workmanship, economy of operation, and suitability for the purpose intended, shall be accepted. The Offeror is responsible to clearly and specifically identify the product being offered and to provide sufficient descriptive literature, catalog cuts and technical detail to enable the Lottery to determine if the product offered meets the requirements of the solicitation. This is required even if offering the exact brand, make or manufacturer specified. Failure to furnish adequate data for evaluation purposes may result in a lower score of Offeror's proposal. Unless the Offeror clearly indicates in its proposal that the product offered is an equivalent product, such proposal will be considered to offer the brand name product referenced in the solicitation.

VII. **METHOD OF PAYMENT AND INVOICING:**

Invoices shall be rendered directly to:  
Virginia Lottery  
Attention: Accounts Payable

[VLAP@valotery.com](mailto:VLAP@valotery.com) (*preferable*)

600 East Main Street  
Richmond, VA 23219

Invoice must contain the following information:

- Virginia Lottery's contract number;
- description of the goods and services;
- date goods and services were provided;
- invoice total;
- Contractor's Federal Identification Number or Federal Employer's Number.

If this information is not contained in the invoice, the invoice may be returned to the Contractor.

VIII. **DISCOUNT FOR PROMPT PAYMENT:**

Discount for prompt payment at: \_\_\_\_%/Net \_\_\_\_ days (see Discount for Prompt Payment requirement herein). This Discount will not be calculated in determining low bid amount(s).

IX. **PRICING:**

The Offeror agrees to furnish the goods/services as specified herein, and in compliance with the terms and conditions of this Request for Proposal at the following price(s):

Alternate pricing strategies are encouraged in addition to the below pricing. **All pricing information shall be submitted independently and separate from the rest of the Offeror's response.**

Compensation Plan: \$\_\_\_\_\_

X. **ADDENDA:**

Offeror hereby acknowledges receipt of and incorporation of all requirements of any addenda issued for this Request for Proposals:

Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_  
Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_  
Addendum No. \_\_\_\_\_ Dated \_\_\_\_\_

XI. **SIGNATURE AND OFFEROR PROFILE SHEET:**

**All proposals must be signed below in order to be considered.**

All prices shall be F.O.B. to the delivery address(s) as specified herein. Freight, delivery costs, and incidental charges shall be included in the proposal price(s).

In compliance with this Request for Proposal #click here to enter RFP # and subject to all conditions thereof, the undersigned offers and agrees to furnish any or all items and/or services proposal herein.

Complete Legal Name of Firm	
Address	
Remit To Address	
Authorized Signature	
Print Name	
Title	FIN #
Email	Telephone
Offeror Profile: Offeror shall indicate whether they are <i>certified</i> with the Virginia Department of Small Business and Supplier Diversity as a (check all that apply)	
<input type="checkbox"/> Small Business <input type="checkbox"/> Minority-Owned Business <input type="checkbox"/> Woman-Owned Business	
Certification Number:                      Expiration Date:	
Definitions and information on how to become certified may be obtained at <a href="http://www.sbsd.virginia.gov">www.sbsd.virginia.gov</a>	
Contact person regarding this Proposal	
Check here to use above contact <input type="checkbox"/> or provide name below:	
Name:	
Email	Phone

**XII. OFFERORS CHECKLIST:**

The intent of the checklist is to assist the Offeror in providing a responsive proposal. It may not include all the requirements necessary to submit a responsive proposal. It is the responsibility of the Offeror to read the entire solicitation.

<input type="checkbox"/>	Offeror has clear understanding of goods/services requested
<input type="checkbox"/>	Offeror understands and agrees to all Special and General Terms & Conditions
<input type="checkbox"/>	Any tables/boxes within the Special Terms and Conditions must be completed by the Offeror (Offeror must write in these tables/boxes).
<input type="checkbox"/>	Offeror understands when proposal is due
<input type="checkbox"/>	Offeror understands where to mail or deliver proposal
<input type="checkbox"/>	Offeror understands that once a proposal is opened, it is a binding document
<input type="checkbox"/>	Offeror signed and provided all information requested on RFP Signature Page
<input type="checkbox"/>	Offeror understands that contact with the Contract Officer is encouraged if any questions arise prior to submitting a proposal
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	
<input type="checkbox"/>	

## **Attachment 1 - Virginia Lottery Compensation Policy**



## POLICY HISTORY:

EFFECTIVE DATE	DESCRIPTION
August 24, 2023	Policy revised to include SIP and AIP eligibility to active employees within 45 days of the end of the SIP/AIP quarter/year to receive their incentive award payments. Gaming Compliance employee AIP exclusion added.

## I. POLICY APPLICATION, INTERPRETATION, AND AUTHORITY

This policy applies to all salaried employees of the Virginia Lottery ("Lottery") occupying full-time and part-time positions. All actions taken under this policy shall be approved by the Executive Director or designee. The Executive Director or designee has final interpretation and authority over all policy matters and compensation and classification actions.

## II. TOTAL PAY COMPENSATION PHILOSOPHY

The Lottery is the premier provider of games for Virginians. The mission of the Lottery is to contribute to Virginia's future, one play at a time. To carry out its mission, the Lottery recognizes the importance of a qualified staff to maintain its operational excellence. All employees play an active role in the execution of the Lottery's strategic operational plans. As a result, the Lottery provides competitive compensation to attract, retain and engage staff with the skills critical to achieve its mission, goals and objectives.

The Lottery's total compensation plan is designed to deliver competitive total compensation relative to that offered within the various labor markets in which the Lottery competes for top talent. The compensation plan is structured to promote performance-based results linked to the achievement of the Lottery's annual operating goals. All compensation actions are subject to funding availability.

## III. DEFINITIONS

### Annual Salary

Base salary plus any supplemental pay or geographic differential.

### Average Market-Based Salary

The salary that reflects the average of all figures reported for a particular survey or surveys in the relevant labor market.

### Base Salary

A fixed amount of money paid to an employee in return for work performed. Base salary does not include benefits, or other potential compensation (e.g., geographic differentials or incentive pay).



#### Job Classification

A system for objectively and accurately defining and evaluating the duties, responsibilities, tasks, and authority level of a job.

#### Competitive Differential

Competitive differentials are based on local market conditions and extend the minimum and maximum salaries of an existing salary grade. Competitive differentials are administered as a percentage of base pay that may be added to the salary grade to address a particular job because the normal salary range is not competitive due to market conditions.

#### Employee Work Profile (EWP)

A written document that identifies, describes, and defines a job in terms of its duties, responsibilities, qualifications, and physical demands. The EWP is sometimes referred to as a job description.

#### Geographic Differential

Percentage of base pay that may be added because the normal salary range is not competitive due to local market conditions in a specific geographic location.

#### Hourly Employee

Hourly (wage) employees receive pay for hours worked rather than a fixed salary and are intended to cover peak workloads and seasonal or short-term needs. Hourly employees are limited to working no more than 1500 hours, which is roughly equivalent to 29 hours per week, during each twelve-month period of May 1 – April 30.

#### Internal Equity/Internal Salary Alignment

Internal Equity/Internal Salary Alignment is a fairness criterion that takes into consideration the proximity of one employee's salary to the salaries of others who have comparable levels of training and experience; duties and responsibilities; performance; and knowledge, skills, abilities, and competencies.

#### Job

A job is a collection of related tasks and responsibilities that are grouped together for the purpose of accomplishing work within an organization. A job has specific characteristics. For example, a person must possess certain skills, education and occupational experience to qualify for that job. It has a job grade (for compensation purposes), a targeted salary, and a compensation market value. It requires certain competencies that may be used for career/succession planning or individual performance management.





#### Job Evaluation

A means of determining the relative importance of jobs in an organization within a structured, orderly and consistent manner, which takes account of job content and organizational context. The key factors of job evaluation include Know-How, Problem-Solving, and Accountability.

#### Job Profile

A job profile is similar to an EWP or job description. The profile outlines the key components/job duties of a job, with the emphasis on outcomes. The main difference between a job description and a job profile is the level of detail. A job description provides a higher level of detail.

#### Knowledge, Skills, Abilities (KSAs)

Knowledge refers to acquired principles and practices related to a particular job; Skills refer to acquired psychomotor behaviors; and Abilities are the talents, observable behaviors or acquired dexterity. Together, KSAs are the elements listed for job requirements, hiring qualifications or employee credentials. Additionally, KSAs are a job evaluation consideration for the Compensable Factor, Know-How. The application of acquired KSAs are essential to the In-Grade Adjustment pay practice.

#### Labor Market

The nominal market in which workers find paying work, employers find willing workers, and wage rates are determined. Labor markets may be local or national (even international) in their scope and are made up of smaller, interacting labor markets for different qualifications, skills, and geographical locations.

#### Market Pricing

Market pricing is the process of setting pay structures almost exclusively by collecting, analyzing, and matching job salary survey data to determine rates paid in the external market. Market pricing may be applied across the board or just for certain professions that are market-driven.

#### Salary Grade

A salary grade is a step within a compensation system that defines the amount of pay an employee will receive. The pay grade is generally defined by the level of the responsibilities performed within the job description of the position, the authority exercised by the position, and the length of time the employee has performed the job.

#### Position

A position is a specific occurrence of a job within an organization. The position is linked to the job and inherits all of the characteristics of a job. In some cases, there is only one position attached to a job. In other cases, there might be one job and many positions. One position = one employee, but one job (may) = many employees.



Probationary Period

Introductory period of employment that allows the employee and the organization to determine if the employee is suited for the job.

Salaried Employee

An employee who regularly receives a predetermined amount of compensation each pay period.

Total Pay

A concept including base salary plus any variable pay that is utilized to reward and recognize employees.

Variable Pay Plan

Provides incentive opportunities for employees when individual and organizational established performance targets are met. Variable Pay is intended to create a close linkage between pay, individual performance and contribution, and organizational performance.

#### **IV. CLASSIFICATION: BASE SALARY GRADING SYSTEM**

Position Assignment to Salary Grades

The Lottery's compensation structure consists of twenty (20) Salary Grades. Each base Salary Grade includes a range of market-based salaries for positions assigned to each Salary Grade. The Lottery Salary Grades for the current timeframe are available in [Appendix A](#).

Salary Grade Range

Each Salary Grade has a range that specifies the minimum, midpoint, and maximum compensation rate, reflecting market levels of competitiveness, allowing for progression within the same position and job.

Employee Assignment to Grades

Employees are assigned to Salary Grades within the designated Grade Range on the basis of knowledge, skills, and abilities based on job evaluation and market analysis.

Pay Practices

These practices provide the rules for setting and changing compensation and include Starting Pay, Annual Increase, In-Grade Adjustment, In-Grade Bonus, Upgrade, Downgrade, Promotion, Demotion, Lateral Transfer, and Supplemental Pay. (See [Appendix C](#).)

*Starting Pay:* Starting pay guidelines are flexible to attract top talent with the necessary skills for the organization to achieve its mission.

*Annual Increase:* Eligible employees' base salaries will be considered for adjustment based on Department of Labor (DOL) data and individual job performance.



*In-Grade Adjustment:* This multi-faceted Pay Practice allows Lottery management the flexibility to adjust employees' salaries on the basis of change in duties, professional/skill development required, demonstrated application of new KSAs from education, certification, training, etc., retention, and internal alignment. This non-competitive pay practice allows Lottery management the flexibility to provide potential salary growth and career progression within a Salary Grade or to resolve specific salary issues.

*In-Grade Bonus:* A non-competitive pay option that allows the Lottery to provide a lump-sum payment in lieu of a base pay adjustment to an employee for changes in duties, the application of new KSAs retention, or internal salary alignment.

*Upgrade:* As employees develop, acquire, and expand KSAs that relate directly to their positions, they may be approved for Upgrades to higher Salary Grades within the Grade Ranges associated with the positions they occupy. An Upgrade should reflect superior goal attainment and KSA acquisition and application, resulting in an employee making a greater contribution to the organization.

*Downgrade:* As a result of reorganization, poor performance, disciplinary actions, or competitive recruitment, employees may be assigned to a lower Salary Grade.

*Promotion:* As a result of reorganization or competitive recruitment, employees may be assigned to different positions in higher Salary Grades.

*Demotion:* As a result of reorganization, competitive recruitment, poor performance, or disciplinary actions, employees may be assigned to different positions in lower Salary Grades.

*Lateral Transfer:* As a result of reorganization or competitive recruitment, employees may be assigned to different positions in the same base Salary Grade Range as their current positions.

*Supplemental Pay:* Employees may receive Supplemental Pay for acting, on an interim basis, in a higher-level position in a higher Salary Grade.



#### Adjustment of Grades and Ranges

The Salary Grades and Ranges shall be reviewed annually. Adjustments to Salary Grades and Ranges do not result in automatic changes in individual salaries. Salary Grades and Ranges shall be reconfigured periodically as needed.

#### Position Audit and Evaluation

The foundation of an effective employee pay plan is the collection and analysis of pertinent job content data for all positions, including those newly created or changed. Such data will be collected by utilizing an established format, which shall be provided to the Human Resources work unit for review, evaluation, and classification before being submitted for approval.

#### Overpayments and Repayment of Wages Paid in Error

Employees who have incurred an overpayment due to invalid pay entitlements or due to errors in employment status are obligated to repay the agency upon discovery of the error. The Finance Department may establish a payroll deduction to collect the repayment if the employee is still in an active status and provides written authorization for the deduction.

### **V. JOB PROFILES, POSITION DESCRIPTIONS, AND POSITION TITLING**

#### Job Profiles

Job profiles should be developed for each job in the organization. The job profile should outline criteria for In-Grade Adjustments and Upgrades.

#### Employee Work Profile (EWP)

Each employee occupying a position should have an EWP. EWPs are intended to outline the general nature and level of work being performed; they are not intended to be construed as an exhaustive list of all responsibilities, duties, and skills required. Changes to an EWP, including assignment of job duties, may occur without any resulting compensation action. Relevant sections of the EWP include: position classification information; position summary; duties and responsibilities; KSAs minimum requirements for education and work experience; and physical demands.

#### Position Titling

Position titles shall be aligned with Salary Grades and Ranges of the compensation plan. A titling system clearly identifies and designates positions at different responsibility and accountability levels. The titling system shall consist of two components:

- 1) hierarchical designations to identify the level of authority and responsibility assigned to positions (i.e., individual contributor, manager, director, deputy executive director), and
- 2) department or work unit names to identify the work functions.



For Grades 7 through 17, classification titles with roman numerals may be used to delineate employee progression within a position on the basis of KSA acquisition and application, and goal attainment. See [Appendix B](#) for more detail on position titling.

## **VI. EMPLOYEE PAY PLAN**

### Total Pay Philosophy

The employee pay plan is structured to provide market-based salary opportunities and above market total pay (base salary plus incentives) based on the achievement of the Lottery's performance expectations within any given year. Base salary is driven by market demands for certain skill sets in diverse disciplines. Variable pay is provided to reward and recognize staff members for contributing to the achievement of the Lottery's annual operational goals and strategic objectives via two incentive plans:

- 1) Sales Incentive Plan for Field Sales employees and their management team, and
- 2) Agency Incentive Plan for all Lottery employees not eligible for the Sales Incentive Plan.

### Base Salary Compensation

The Lottery targets mean (average) market-based salaries relative to its competitive labor markets. The various base salary compensation actions are detailed in [Appendix C](#).

### Variable Pay Compensation: Incentive Plans

Variable pay plans include an Agency Incentive Plan (AIP) and a Sales Incentive Plan (SIP). The AIP and SIP award opportunities, when combined with Lottery employee base salaries, generally provide above average total pay opportunities. The Virginia Lottery operates as a business on a fiscal year basis (July 1 through June 30); accordingly, the AIP, SIP, and employee performance evaluation cycle mirror the fiscal year. Employee performance evaluations, agency net income achievement, and individual sales goal achievement determine incentive payments under the two plans. Incentives are awarded at the discretion of the Executive Director.



### Agency Incentive Plan (AIP)

The primary objectives of the AIP are to:

- Focus the attention of employees on the achievement of the Virginia Lottery's net income goals;
- Provide eligible employees with a stake in the Virginia Lottery's overall financial success;
- Link employees' pay to the successful achievement of individual performance objectives;
- Promote and encourage teamwork among all Virginia Lottery employees; and
- Deliver competitive total cash compensation when the Virginia Lottery's performance results warrant it.

The AIP is in effect under the authority of Item #475 of the 2017 Appropriation Act (Chapter 780, 2017 Acts of Assembly). For a complete description of the AIP, including eligibility criteria, see [Appendix D](#).

### Sales Incentive Plan (SIP)

The primary objectives of the SIP are to:

- Focus the attention of sales employees on the achievement of the Virginia Lottery's financial objectives;
- Provide eligible Sales employees with a stake in the Virginia Lottery's overall financial success;
- Link Sales employees' pay directly to the successful achievement of their individual performance objectives (both financial and non-financial);
- Promote and encourage teamwork among all Virginia Lottery employees; and
- Deliver competitive total cash compensation when the Virginia Lottery's performance results warrant it.

For a complete description of the SIP, including eligibility criteria, see [Appendix E](#).

## **VII. GEOGRAPHIC DIFFERENTIALS**

The Lottery will provide, for selected positions, pay differentials in job markets where market conditions justify the payment of differentials to attract and retain a quality workforce. See [Appendix B](#) for further information on geographic differentials.

## **VIII. COMPETITIVE DIFFERENTIALS**

The Lottery will provide, for selected positions, pay differentials in job markets where market conditions justify the payment of differentials to attract and retain a quality workforce.



## **IX. PROCEDURES**

The Human Resources Department is responsible for establishing procedures to ensure consistency, sufficient communication to other departments, and appropriate documentation regarding classification and salary actions taken under this policy.

Approved:           /s/ Kelly T. Gee            
Kelly T. Gee, Executive Director

          08/24/2023            
Date



## APPENDIX A: VIRGINIA LOTTERY SALARY GRADES

VIRGINIA LOTTERY PAY GRADES as of 10/10/22			
GRADE	MIN	MID	MAX
26	\$ 198,024	\$ 247,530	\$ 297,036
25	\$ 177,767	\$ 222,208	\$ 266,650
24	\$ 165,132	\$ 206,416	\$ 247,699
23	\$ 154,327	\$ 192,910	\$ 231,494
22	\$ 143,012	\$ 178,765	\$ 214,518
21	\$ 130,816	\$ 164,740	\$ 198,663
20	\$ 124,701	\$ 157,103	\$ 189,505
19	\$ 118,582	\$ 149,454	\$ 180,327
18	\$ 104,762	\$ 132,158	\$ 159,555
17	\$ 90,965	\$ 114,930	\$ 138,895
16	\$ 83,088	\$ 105,046	\$ 127,004
15	\$ 69,227	\$ 87,720	\$ 106,214
14	\$ 58,000	\$ 73,723	\$ 89,446
13	\$ 52,117	\$ 66,366	\$ 80,615
12	\$ 46,930	\$ 59,877	\$ 72,825
11	\$ 42,298	\$ 54,086	\$ 65,873
10	\$ 38,487	\$ 49,317	\$ 60,148
9	\$ 35,188	\$ 45,188	\$ 55,188
8	\$ 32,727	\$ 42,110	\$ 51,492
7	\$ 30,673	\$ 39,539	\$ 48,405

*\*The Lottery reviews market data on a regular basis and updates the pay table as needed. Adjustments to the structure are based on analysis of market data and economic conditions. The aim is to maintain the appropriate level of competitiveness with our relevant external markets, which include other state governments and employers within Virginia, both public and private sector.*

For positions eligible for geographic and competitive differentials, the associated Grade Range maximum amounts exceed those in the above table. The Grade Range maximum amounts for such positions are determined by applying the position's approved differential percentage to the associated Grade Range maximum amount.

Approved: \_\_\_\_\_/s/ Kelly T. Gee \_\_\_\_\_ 08/24/2023  
Kelly T. Gee, Executive Director Date





## APPENDIX B: BASE SALARY GRADE DESCRIPTIONS AND TITLING

This Appendix is approved as part of the Compensation Policy.

Salary Grade	Position Titling: Hierarchical Designation	Position Titling: Individual Functional Designation
Grades 20-24	<b>Deputy Executive Director/Director:</b> responsible for establishing the strategic direction of a department and for directing and prioritizing its daily work activities, associated financial accountabilities, and people management responsibilities of two or more full-time employees or their equivalent (including performance management, compensation, and classification approval)	Reflects the scope of department responsibilities
Grades 14-19	<b>Manager:</b> supervises and/or administers the daily work activities of a specific work unit, associated financial accountabilities, and people management responsibilities of two or more full-time employees or their equivalent	Use department or work unit names to identify the work functions
Grades 13-17	<b>Specialist or Coordinator:</b> possesses specialized skills required for work and project responsibilities; skills and/or competencies are at different experience levels  (levels III and IV may not apply to all jobs)  I. Possesses basic work requirements; no prior to limited relevant work experience; some KSA development required  II. Possesses sufficient work experience to perform the full scope of responsibilities; minimal KSA development required  III. Possesses significant work experience to perform the full scope of responsibilities; able to provide some direction to other employees; KSAs highly developed  IV. Possesses extensive work experience to perform at the highest level; able to provide technical direction to other employees; KSAs highly developed	Use department or work unit names to identify the work functions  <i>May utilize industry-specific working titles when appropriate, subject to approval of Human Resources and department management</i>



Salary Grade	Position Titling: Hierarchical Designation	Position Titling: Individual Functional Designation
Grades 7-13	<p><b>Associate:</b> provides support by means of operational, administrative, and clerical responsibilities; skills are at different experience levels</p> <p>(level III may not apply to all jobs)</p> <ul style="list-style-type: none"><li>I. Possesses no prior to limited relevant work experience; direct supervision required; some KSA development required</li><li>II. Possesses sufficient work experience to perform full scope of responsibilities; general supervision is sufficient; minimal KSA development required</li><li>III. Possesses extensive work experience to perform at the highest level; capable of overseeing work flow and assigning work tasks to other employees; KSAs highly developed</li></ul>	Use department or work unit names to identify the work functions



## APPENDIX C: BASE SALARY COMPENSATION ACTIONS

This Appendix is approved as part of the Compensation Policy.

*For all compensation actions, employees' base salaries shall not fall below the minimums (unless due to poor performance) or exceed the maximums (exception: salary freeze) of the grades to which the employees are assigned. Appropriate base salary adjustments to address these situations, and the timing of such adjustments, shall be determined at the time of the associated compensation or classification action.*

Action	Basis of Action	Guidelines	Supporting Documentation
Starting Pay	Commensurate with prior work experience and qualifications to perform the duties and responsibilities of the position	Negotiable from minimum of assigned Grade Range up to 15% of current salary; internal equity considered  Employees who will begin working on or after the effective date of updated base Salary Grades shall receive a starting salary commensurate with the new Salary Grade	Personnel Action Request  Salary History
Annual Increase	Annual review	Probationary employees eligible upon successful completion of probationary period  Employees on PIP at any time during past 12 months will be considered on a case-by-case basis  Employees must have a rating of at least "meets expectations" on the most recent performance evaluation  Ensure salary is within assigned Grade Range	Probationary evaluation  Performance Improvement Plan (PIP)  Most recent performance evaluation



Action	Basis of Action	Guidelines	Supporting Documentation
In-Grade Adjustment	Market driven, retention  Internal alignment  Demonstrated application of new knowledge, skills, and abilities from education, certification, training, etc.  Significant change in duties as determined by position audit	Employees should have at least one annual performance evaluation on file  Employees on PIP at any time during past 12 months will be considered on a case-by-case basis  For increases, base salary may be adjusted up to 10%; internal equity considered  Ensure salary is within assigned Grade Range	Most recent performance evaluation  Personnel Action Request  History of salary actions  Performance Improvement Plan (PIP)
In-Grade Bonus	Market driven, retention  Internal alignment  Demonstrated application of new knowledge, skills, and abilities from education, certification, training, etc.  Significant change in duties as determined by position audit	Lump-sum payment in lieu of a base pay adjustment; up to 10% of base salary in a fiscal year.	Most recent performance evaluation  Personnel Action Request  History of salary actions  Performance Improvement Plan (PIP)



POLICY #3.05 – Compensation  
Human Resources Policies & Procedures  
Effective Date: August 24, 2023

Action	Basis of Action	Guidelines	Supporting Documentation
Upgrade  Example: movement from I to II	<p>Movement to a higher Salary Grade upon completion of semi-annual position audit confirming:</p> <p>Increased complexity including difficulty &amp; scope; knowledge, skills, abilities; and interactions</p> <p>Increased accountability including leadership, judgment &amp; decision-making, independence of actions</p> <p>Increased results including impact, effect, and consequences</p>	<p>Base salary may be adjusted up to 15%; internal equity considered</p> <p>Employees should have at least one annual performance evaluation on file</p> <p>Employees on PIP at any time during past 12 months will be considered on a case-by-case basis</p>	<p>Most recent performance evaluation</p> <p>Updated EWP Personnel Action Request</p> <p>History of salary actions</p> <p>Performance Improvement Plan (PIP)</p>



POLICY #3.05 – Compensation  
Human Resources Policies & Procedures  
Effective Date: August 24, 2023

Action	Basis of Action	Guidelines	Supporting Documentation
Downgrade  Example: movement from II to I	Movement to a lower Salary Grade	Reductions in employees' base salaries will be reviewed on a case-by-case basis  Internal equity considered	Most recent performance evaluation  Updated EWP  History of salary actions  Personnel Action Request  Performance Improvement Plan (PIP)
Promotion	Competitive movement to a higher Salary Grade  Substantially increased responsibilities	Base salary shall consider market-pricing and internal equity	Most recent performance evaluation  EWP for new position  Personnel Action Request  History of salary
Demotion	Movement to a lower Salary Grade  Substantially decreased responsibilities as determined by position audit	Reductions in employees' base salaries will be reviewed on a case-by-case basis  Internal equity considered	Most recent performance evaluation  Updated EWP  Personnel Action Request  History of salary actions  Performance Improvement Plan (PIP)



POLICY #3.05 – Compensation  
Human Resources Policies & Procedures  
Effective Date: August 24, 2023

Action	Basis of Action	Guidelines	Supporting Documentation
Lateral Transfer	Movement to a different position in the same Salary Grade	Adjustments to base salary reviewed on a case-by-case basis  Consider employees' experience relative to the specifications of the new positions	Personnel Action Request  EWP  History of salary actions
Supplemental Pay	Employees assigned to perform duties of vacant positions classified in higher Salary Grade on a temporary basis	Supplemental compensation will vary depending on the scope and breadth of the duties  Up to 15 percent of the assigned employee's base salary  Supplemental compensation shall cease upon the vacancy being filled or subsequent reorganization	Personnel Action Request



## **APPENDIX D: AGENCY INCENTIVE PLAN (AIP)**

### Eligibility

- AIP participants include all salaried employees except for those occupying the following positions: Sr. Business Development Coordinator, Business Development Coordinators, Sales Representatives, Area Managers, Field Sales Manager, Director of Sales, Deputy Directors, Gaming Compliance employees, and Executive Director.
- Employees are eligible based on their AIP positions and annual salaries as of June 30 and must have an annual performance evaluation on file (probationary evaluations are not sufficient).
- All plan participants must be active employees within 45 days of the AIP payout (usually end of October 31<sup>st</sup>) to receive their incentive award payments.
- Employees who move from a position eligible for the SIP to one covered by the AIP will be compensated under the AIP for that year; however, their AIP payment will be reduced by any SIP payments already received for that year. If the SIP already paid to the employee for the fiscal year exceed the employee's AIP, no additional AIP will be paid.
- Employees who move from a position eligible for the AIP to one covered by the SIP will be compensated under the SIP.
- The following employees are not eligible: those on performance improvement plans (PIP) at any time during the fiscal year as a result of unsatisfactory performance, employees who received formal disciplinary action (Written Notice) during the fiscal year, new employees on probation as of June 30, and employees who fail to meet expectations in the objectives category of their annual performance evaluations, and any employee holding a position appointed by the Governor's Office at the time of an AIP award distribution.

### AIP Award Opportunities

The AIP award opportunities vary based on net income goal attainment and on individual performance evaluations. The pool of funding for AIP awards is established based on Target and Stretch goals. The goals in place at the start of the fiscal year are based on the official forecast completed the previous year. Final Target and Stretch goals for the current fiscal year will be established no later than January 1, and will be based on the forecast approved by the Virginia Lottery Board.





	Target	Stretch
Virginia Lottery Net Income Goal	Current FY Turnover Goal	Current FY Turnover Goal + 2%
Annual AIP Award Opportunity for Meeting Expectations	2% of base pay	2% of base pay
Annual AIP Award Opportunity for Exceeding Expectations	2% of base pay	4% of base pay

- **Target** reflects the competitive incentive awards for which the Lottery is willing to pay out for meeting performance expectations.
- **Stretch** reflects exceeding performance expectations for which the Lottery is willing to pay out above competitive incentive awards.

#### AIP Funding

Incentives are awarded at the discretion of the Executive Director. No AIP incentive pool will be funded if the Lottery fails to achieve the established Target net income goal.

#### AIP Award Distribution

Incentives will be paid by October 31, subject to the performance management process, financial audits, and state payroll system requirements.

The Lottery will allocate the AIP award opportunities to employees on the basis of their individual performance evaluation and organization performance as measured by net income attainment.

Deputy executive directors and/or department directors are ultimately responsible for determining an overall performance evaluation rating for each AIP participant and will ensure that:

- the overall performance evaluation rating takes into account the relative weighting of the established individual goals and objectives for AIP participants, and
- the Lottery's overall performance results are considered when determining the overall performance evaluations ratings for individual AIP participants.

Approved: \_\_\_\_\_/s/ Kelly T. Gee \_\_\_\_\_ 08/24/2023  
Kelly T. Gee, Executive Director Date



## APPENDIX E: SALES INCENTIVE PLAN (SIP)

### Goal Periods

The SIP will be broken into four separate goal periods during which each eligible employee will be able to earn incentive monies; each goal period represents 1/4 of the annual award opportunity. The four goal periods are defined as quarters of the Lottery's fiscal year.

Goal Period	Goal Period Dates	Goal-setting Basis*	Portion of Annual Award Opportunity
Quarter 1	July 1 – September 30	Working goals	1/4
Quarter 2	October 1 - December 31	Quarterly component of annual official goal	1/4
Quarter 3	January 1 – March 31		1/4
Quarter 4	April 1 – June 30		1/4

\*Note: the sum of the four quarterly goals may not equal the annual official goal, because the first quarter goal is a working goal.

### Eligibility

- SIP participants include salaried employees who occupy the following positions: Sr. Business Development Coordinator, Business Development Coordinators, Sales Representatives, Area Managers, Field Sales Manager, and Director of Sales.
- Employees are eligible based on their SIP positions and annual salaries as of the tenth day of the second month of the quarter. Employees who are not employed in a SIP position as of such date are not eligible for that quarter.
- All plan participants must be active employees within 45 days of the end of the SIP quarter/ year to receive their incentive award payments.
- Employees who move from a position eligible for the SIP to one covered by the AIP will be compensated under the AIP for that year; however, their AIP incentive will be reduced by any SIP payments already received for that year. If the SIP already paid to the employee for the fiscal year exceed the employee's AIP, no additional AIP will be paid.
- Employees who move from a position eligible for the AIP to one covered by the SIP will be compensated under the SIP.



- New employees who meet the other eligibility criteria may earn quarterly incentives, but incentive payments will be delayed until successful completion of the entire probationary period is documented and on file in Human Resources.
- Employees who are on Performance Improvement Plans (PIPs) or who received formal disciplinary action (Written Notice) at any time during a quarter as a result of unsatisfactory performance or misconduct, are not eligible for an incentive that quarter.
- Employees must work at least 50 percent of the work hours during the quarter to be eligible for an incentive for that quarter.

#### SIP Award Opportunities

The SIP annual award opportunities, expressed as percentages of employees' annual salaries, are the same for all plan participants. In recognition of the variability introduced to the individual goal-setting process as statewide goals are distributed to the territory level, incentive payments will be made as indicated in the following table. The individual goal attainment percentages are applicable for both scratch and draw game product categories.

Annual SIP Award Opportunities					
	Minimum	Threshold	Target	Stretch	Maximum
Annual Award Opportunity (% of Salary)	0%	10%	15%	20%	25%
Individual Goal Attainment*	0.0 – 94.9%	95.0 -99.9%	100.0 - 104.9%	105.0 - 109.9%	110.0% +

\* Goal attainments will be calculated to the tenth decimal position.

The definitions of the annual SIP award opportunities are as follows:

- **Minimum** represents an unacceptable level of performance for which the Lottery is unwilling to pay out any incentive awards.
- **Threshold** reflects the lowest level of acceptable performance for which the Lottery is willing to pay out incentive awards.
- **Target** reflects the competitive incentive awards for which the Lottery is willing to pay out for meeting performance expectations.
- **Stretch** reflects exceeding performance expectations for which the Lottery is willing to pay out above competitive incentive awards.



- **Maximum** reflects greatly exceeding performance expectations for which the Lottery is willing to pay out the highest incentive awards.

#### SIP Funding

Incentives are awarded at the discretion of the Executive Director. Funding will be available for the plan once 95% of statewide sales goal attainment (all products) is achieved on a quarterly basis. When determining funding, total combined retail and non-retail (online and events) sales will be used to determine if the 95% threshold is met. The threshold will be considered met if the total combined sales divided by the total goal is precisely 95.0% or greater (no rounding up from 94.x%).

#### SIP Award Distribution

The Lottery will allocate the SIP award opportunities to employees on the basis of their individual contributions. An employee's annual SIP award can be earned based upon actual sales goal attainment on a quarterly basis. Individual sales goal attainment is the performance objective for the quarterly goal periods and will be weighted by product category, draw game and scratch. Scratch sales goal attainment will be weighted 75% in recognition of the amount of influence that Sales employees have on the product; draw game sales goal attainment will be weighted 25%. Quarterly incentives will be paid within 15 working days of the end of the quarter, subject to state payroll system requirements. The following table summarizes the quarterly calculations for the SIP (\$x = an employee's annual salary as of the last day of the quarter).

			Online (25%)				
			Minimum No earnings	Threshold 10% of salary	Target 15% of salary	Stretch 20% of salary	Maximum 25% of salary
Scratch (75%)	Minimum No earnings	Online	No earnings	$\$x \times 0.25 \times 0.1 \times 0.25$	$\$x \times 0.25 \times 0.15 \times 0.25$	$\$x \times 0.25 \times 0.2 \times 0.25$	$\$x \times 0.25 \times 0.25 \times 0.25$
		Scratch	No earnings	No earnings	No earnings	No earnings	No earnings
	Threshold 10% of salary	Online	No earnings	$\$x \times 0.25 \times 0.1 \times 0.25$	$\$x \times 0.25 \times 0.15 \times 0.25$	$\$x \times 0.25 \times 0.2 \times 0.25$	$\$x \times 0.25 \times 0.25 \times 0.25$
		Scratch	$\$x \times 0.25 \times 0.1 \times 0.75$	$\$x \times 0.25 \times 0.1 \times 0.75$	$\$x \times 0.25 \times 0.1 \times 0.75$	$\$x \times 0.25 \times 0.1 \times 0.75$	$\$x \times 0.25 \times 0.1 \times 0.75$
	Target 15% of salary	Online	No earnings	$\$x \times 0.25 \times 0.1 \times 0.25$	$\$x \times 0.25 \times 0.15 \times 0.25$	$\$x \times 0.25 \times 0.2 \times 0.25$	$\$x \times 0.25 \times 0.25 \times 0.25$
		Scratch	$\$x \times 0.25 \times 0.15 \times 0.75$	$\$x \times 0.25 \times 0.15 \times 0.75$	$\$x \times 0.25 \times 0.15 \times 0.75$	$\$x \times 0.25 \times 0.15 \times 0.75$	$\$x \times 0.25 \times 0.15 \times 0.75$
	Stretch 20% of salary	Online	No earnings	$\$x \times 0.25 \times 0.1 \times 0.25$	$\$x \times 0.25 \times 0.15 \times 0.25$	$\$x \times 0.25 \times 0.2 \times 0.25$	$\$x \times 0.25 \times 0.25 \times 0.25$
		Scratch	$\$x \times 0.25 \times 0.2 \times 0.75$	$\$x \times 0.25 \times 0.2 \times 0.75$	$\$x \times 0.25 \times 0.2 \times 0.75$	$\$x \times 0.25 \times 0.2 \times 0.75$	$\$x \times 0.25 \times 0.2 \times 0.75$
	Maximum 25% of salary	Online	No earnings	$\$x \times 0.25 \times 0.1 \times 0.25$	$\$x \times 0.25 \times 0.15 \times 0.25$	$\$x \times 0.25 \times 0.2 \times 0.25$	$\$x \times 0.25 \times 0.25 \times 0.25$
		Scratch	$\$x \times 0.25 \times 0.25 \times 0.75$	$\$x \times 0.25 \times 0.25 \times 0.75$	$\$x \times 0.25 \times 0.25 \times 0.75$	$\$x \times 0.25 \times 0.25 \times 0.75$	$\$x \times 0.25 \times 0.25 \times 0.75$

Approved: /s/ Kelly T. Gee 08/24/2023  
Kelly T. Gee, Executive Director Date



## **APPENDIX F: GEOGRAPHIC DIFFERENTIALS**

This Appendix is approved as part of the Compensation Policy.

*NOTE: A copy of this Appendix should be provided at time of hire to each employee who will be occupying a position approved to receive a differential.*

### Differential Localities

The Virginia localities identified for differential include the counties of Fairfax, Arlington, Prince William, and Loudoun; and the cities of Alexandria, Fairfax, Falls Church, Manassas, and Manassas Park.

### Differential Positions

Security Investigators, Sales Representatives, Sales Area Managers, and Customer Service Center staff are eligible for differentials. At least 2/3 of the geographical work area or job duties routinely performed by a position must occur in differential localities in order for the position to be eligible for a differential.

### Differential Determination

Differentials are based on the cost of competing for employees to perform specific kinds of work in the Northern Virginia area. They are not cost-of-living allowances (COLAs), and they are subject to change.

Differential is 15% of base salary. Annual salaries of employees occupying positions approved to receive differentials may be set 15% higher than those of employees in comparable positions in other Lottery offices that have similar knowledge, skills, and abilities.

### Change in Position and Impact on Differential

Differentials will be adjusted or removed if the employee's position or geographic location changes. Employees who are receiving a differential and are transferred, promoted, demoted, or accept a lateral move to another position shall have their annual salaries adjusted to reflect the differential that applies to the new position. If no differential applies to the new position, then the annual salary shall be adjusted to reflect the base salary only.

### Discontinuation of Differentials

If the Lottery discontinues a differential, affected employees will retain their annual salaries, in accordance with other pay practices, for a period of up to six months. After that period of time, the differential may be permanently removed.

## **Attachment 2 - Gaming Compliance Incentive Plan**



## **Gaming Compliance Division**

### **Proposed Incentive Program for Fiscal Year 2024**

#### **Mission**

The Gaming Compliance Division (“Division”) is responsible for the regulation of sport betting and casinos to ensure the integrity of expanded gaming in the Commonwealth. In partnership with sports betting and casino operators, the Division assists the operators in maximizing their profit contributions to the Commonwealth.

#### **Goals for Fiscal Year 2024**

##### **Sports Betting:**

The following goals have been developed to assist sports book operators in maximizing their profit contributions to the Commonwealth in fiscal year 2024:

- Complete the renewal process, in a timely manner, for all sports book licenses that are due to expire by June 30, 2024.
  - Licenses are defined as permit holders, suppliers, principals, vendors and employees.
  - Timely is defined as on or before the expiration date so there is no break in service.

##### **Casinos:**

The following goals have been developed to assist casino operators in maximizing their profit contributions to the Commonwealth in fiscal year 2024:

- Work with Hard Rock Bristol to assist in opening the permanent facility as follows:



- License all employees in a timely manner in order for them to have sufficient staff to support the permanent facility.
- Review and approve all updates to internal controls and standard operating procedures that are required as a result of the permanent facility.
- Coordinate the receipt of new slot machines and the move of existing machines in accordance with a schedule approved by both Gaming Compliance and Hard Rock.
- Coordinate the readiness of the gaming floor in accordance with a schedule approved by Gaming Compliance and Hard Rock.

**Unit of Measurement – Risk is that the schedule may slide for reasons outside the control of Gaming Compliance. Should this happen, the unit of measurement would be to have completed all work that has been submitted to Gaming Compliance.**

- Complete all fiscal year scheduled audits and compliance reviews as scheduled. The auditors and casino compliance representatives are charged with reviews to be performed on a daily, weekly, monthly, quarterly and annual basis to ensure the integrity of gaming. Audit and reviews are based on a risk assessment that is done for each casino.

**Unit of Measurement – Each casino has been charged with completing the following audits/reviews for fiscal year 2024.**

<b>Frequency</b>	<b>Audit</b>	<b>Compliance</b>
Daily	3	12
Weekly	0	1
Monthly	5	2
Quarterly	8	1
Annually	10	2

**Incentive Payment:**

**The Gaming Compliance Division recommends that meeting the aforementioned goals should result in a 2% bonus payment for Gaming Compliance Division employees that receive a “meet standards” on their annual performance review and a 4% bonus payment for Gaming Compliance Division employees that receive a “exceeds standards” on their annual performance review. Gaming Compliance Division employees that receive a “fails to meet standards” on their annual performance review shall not be entitled to a bonus.**