Government of the District of Columbia

Office of the Chief Financial Officer
Office of Contracts

Testimony of
Eric W. Payne, Esq.
Director

Public Hearing

on

CA 17-429, "Contract No. CFOPD-7-C-053, Online Gaming System and Related Services Approval Resolution of 2008"

Councilmember Jack Evans, Chairman
Committee on Finance and Revenue

Monday, April 7, 2008

John A. Wilson Building
Room 120
1350 Pennsylvania Avenue, NW
Washington, DC 20004

OPENING STATEMENT OF ERIC W. PAYNE
ON
CA 17-429, Contract No. CFOPD-7-C-053, Online Gaming System and Related Services Approval Resolution of 2008
TO THE
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INTRODUCTION

Chairman Evans and members of the Committee on Finance and Revenue, I am Eric W. Payne, Director of the Office of Contracts for the Office of the Chief Financial Officer (OCFO). My colleague, Jay Young of the District of Columbia Games and Charitable Control Board (DCLB) and I thank you for the opportunity to address this Committee today, on CA 17-429, Proposed Contract with W2I.

The current DC LB gaming system is an antiquated system, with components dating back over the last 25 years. In fact, it has been said that the DC gaming system is the oldest system in North America. As a result of the age of the system and limits in its functionalities, the DCLB has had limited capacity to develop, market and provide new product offerings, which has a direct impact on the DCLB's ability to maximize revenue generation and, conversely, the annual transfer to the District. Consequently, in the Spring of 2005, the Office of Contracts began working with the

DCLB to develop a procurement timeline for soliciting new proposals for a replacement, modern gaming platform. These efforts, following countless hours of research, analysis and planning, resulted in the issuance of a Request for Proposals (RFP) on May 23, 2007. The purpose was to solicit offers from firms who could provide an online gaming system and ancillary support services to the DCLB. This contract is essential to the fundamental operation of the gaming network in the District of Columbia among the 500 plus retailer locations that conduct daily lottery transactions. Given some of the historic challenges with the current contract and previous iterations of related contracts, it is imperative that the new awardee be able to provide efficient and efficacious service to the DCLB, in addition to fundamentally overhauling the current gaming network and installing 21st century technology to conduct the aforementioned services.

As the Director of the Office of Contracts for the OCFO, it is my responsibility to ensure that a full and open competitive procurement process is conducted for the acquisition of services and goods. Moreover, I am responsible for ensuring that the process is fair, transparent and consistent with the prescribed procurement laws, regulations and best practices. In acquisitions, where RFPs are utilized to solicit proposals on the open market, the contracting officer is tasked with making a best value determination in determining who the ultimate contract recipient will be. In addition, the contracting officer is responsible for ensuring that all parties are treated in a fair and impartial manner, that the evaluative process is equitable and

that the overall source selection process is conducted in a consistent and objective manner. It is my belief that this proposed contract, which represents the culmination of these efforts, is consistent with the aforementioned principles and represents the best value for the District of Columbia.

The proposed contract is a six year contract with W2I, a joint venture comprised of W2 Tech LLC and Intralot, Inc. The Office of Contracts, in concert with the Source Selection Evaluation Board, determined that the contract should be awarded to W2I following an extensive vetting and evaluation process of all offerors. The universe of potential offerors technically qualified to fulfill these RFP requirements is fairly limited. The same offerors compete for similar contracts throughout the US and in other countries as well. Not only did the Office of Contracts contact each potential offeror directly, we also emailed each a copy of the RFP, phoned and emailed each to confirm receipt and contacted each prior to the deadline for submissions to encourage each potential offeror to respond. Our goal was to have maximum competition and to view as many technical proposals as possible to determine the best technological solution for the DCLB. As the chief procurement officer for the OCFO, I then appointed a technical review panel, comprised of subject matter experts, to review the technical proposals received. This panel was chaired by my colleague, Jay Young, who currently serves as the Chief Operating Officer for the DCLB. The panel was charged with reviewing the technical proposals received and determining, using the objective evaluative criteria

contained in the RFP, the ability of each to meet the technical requirements delineated in the solicitation. To further validate their scores, ensure the capacity of the vendor to meet the requirements and to clarify questions naturally arising from the technical proposals, the panel traveled to other domestic lottery locations where the offeror currently has implemented and is conducting similar gaming transactions akin to those sought by the DCLB. Each offeror selected the site that they wanted the panel to visit and made their senior representatives and clients (these other lotteries) available for site visits and discussions. Lastly, each offeror was given an opportunity to submit Best and Final Offers ("BAFOs"). Following each round of scoring and review, the technical solution offered by W2I was consistently ranked highest across all the evaluative criteria. It is important to note that, given the significance and importance of this fundamental overhaul of the DCLB gaming system and network, I and/or a member of my staff was present and available in every evaluation meeting, discussion and site visit. The purpose was to ensure the adherence to the standard procurement protocols discussed previously and to make certain that this selection process was transparent, fair, impartial and objective. The panel conducted their technical evaluation without any knowledge of the price proposal. Further, the OCFO/DCLB engaged an independent consulting firm, Battelle Institute, to assist in reviewing the technical proposals, provide input on areas needing additional clarification, and validate the technical recommendations of the panel. Across all evaluation categories: knowledge of the technical requirements, experience in delivering on those

requirements, the proscribed technical approach to meeting DCLB's requirements, past performance, and the qualifications of key personnel, W2I stood head and shoulders above the other offeror.

Following the SSEB's review, as is standard RFP procedure, the Office of Contracts evaluated the cost component of the proposals, in concert with Battelle. In accordance with District law, both offerors were given preference points for being a Certified Business Enterprise. In the end, the cumulative value of the evaluative criteria for both the technical and price proposals, provided clear demonstrative proof that the proposed award of the contract to W2I represented the best value for the District. I then reviewed all offers, BAFOs, recommendations and consulting reports and concluded that the award of this contract to W2I was in the best interest of the District.

Again, Chairman Evans, I thank you for the opportunity to testify today and provide this brief statement for the record. At this time, Mr. Young will provide brief remarks on the technical merits of the proposed contract award. Following his testimony, he and I would be happy to address any questions that you may have about the contracting process or the technical qualifications of the proposed vendor.