

**CITY OF SAN ANTONIO
DEPARTMENT OF ASSET MANAGEMENT
CITY COUNCIL AGENDA MEMORANDUM**

TO: Sheryl Sculley, City Manager

FROM: Shawn P. Eddy, Interim Director of Asset Management

SUBJECT: Request for Proposals for Beverage and Snack Services

DATE: June 15, 2006

SUMMARY AND RECOMMENDATIONS

An Ordinance authorizing staff to execute two separate agreements with (1) Independent Vendors of San Antonio (IVSA) to provide snack, fresh/frozen food, and hot drink vending machine services and (2) Bottling Group, L.L.C. d/b/a The Pepsi Bottling Group (Pepsi) to provide beverage services to include pouring rights and vending machines in certain City-owned and City-leased facilities for an initial seven-year term with up to a three-year extension subject to City Council approval and amending the Professional Services Agreement with Active Network, Inc. (Active).

Staff recommends approval of this Ordinance.

BACKGROUND INFORMATION

In 2001, the City entered into two separate agreements for the provision of beverage and snack vending services. Currently, IVSA provides snack vending services for 78 machines and the San Antonio Coca-Cola Bottling Company (Coca-Cola) provides beverage vending services for approximately 140 machines. Both agreements are for a five-year term, which ended in March 2006 and were extended by City Council on March 16, 2006 for up to 180 days. Under the current agreements, IVSA pays 10% commission and Coca-Cola pays 30% commission on 12 oz., 40% commission on 20 oz. and \$50,000 Annual Contribution for a combined total of \$220,000 per year. Both agreements included specific provisions for price, maintenance, quality, variety, reporting and were not exclusive and did not include pouring rights.

As part of the FY 06 Budget, the City initiated a comprehensive and integrated Municipal Marketing Partnership Program to identify opportunities and strategies, allowing the City to generate cash, goods and services over a specified amount of time. The City hired Active to develop a plan and assist with implementation of the program. Beverage and Snack Services, specifically vending and pouring rights at designated City facilities were identified as the initial partnership. A Request for Proposals (RFP) was released resulting in responses from Coca-Cola and Pepsi for beverage services and IVSA for snack services. Active assisted with the identification of potential vending locations and clarification of offers.

Prior to the close of the RFP, the City established an evaluation team, consisting of representatives from Asset Management, Convention Facilities, Office of Management & Budget, and Parks and Recreation. Representatives from the City Attorney's Office, Contract Services, Economic Development, and Finance Department served in an advisory capacity. On May 1, 2006, the two beverage firms made a presentation to the evaluation team in addition to answering questions from team members. The proposals were scored based upon the criteria established in the RFP. The evaluation criteria and the points allocated to each item are outlined below:

<u>Criteria</u>	<u>Points (100)</u>
Respondent's Experience / Capability	20
Proposed Plan	25
Compensation to the City	35
Small Business Economic Development Advocacy Program (SBEDA)	20

The evaluation team scored the proposals and overall ratings based on the above criteria are as follows:

<u>Firm</u>	<u>Score</u>
Pepsi Bottling Group	80.7
San Antonio Coca-Cola Company	72.6

Details of the final scores are attached as Attachment I.

Based upon the above scores, the evaluation team determined that Pepsi should be recommended to the City Council for consideration for beverage vending and pouring rights and IVSA should be recommended to the City Council for consideration for snack vending services.

POLICY ANALYSIS

Approval of this ordinance will be a continuation of City Council support for the policy of establishing guidelines for the use of City-owned property, promoting City assets, both real and intangible, and maximizing the revenue potential of such said property and is consistent with the City's policy to use a competitive process with specific criteria to select vendors to provide City services.

FISCAL IMPACT

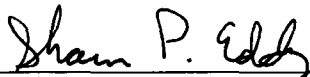
The total estimated revenue is approximately \$550,000 for the beverage contract and \$50,000 for the snack agreement for a total combined value of approximately \$600,000 per year over the seven-year terms of these two contracts. This estimate includes vending commission sales, a rebate based upon concessionaire case and bag in box (BIB) sales, a \$50,000 annual partnership support payment from Pepsi plus an electrical rebate of approximately \$25,000, annual payments of \$2,000 per municipal golf course and \$15,000 for the Convention Center and payment to APEG. The commission revenue would be deposited into the General Fund and any applicable enterprise fund, based on the location of the machines; and the \$50,000 annual partnership and \$25,000 electrical

rebate is proposed to be deposited into the Facility Services Fund for facility improvements. The annual support payments for Municipal Golf Courses and the Convention Center and any rebates would be deposited into the appropriate Golf or Convention Facilities Fund.

The amended Professional Services Agreement allows Active to retain the \$30,000 originally paid for the plan, which was to be returned as a rebate over term of resulting vending contracts and the \$60,000 paid over the last year to assist staff. The Amendment also reduces the consideration to be paid to Active from 10% of gross revenues over the entire term of the Beverage Services Agreement to 10% of gross revenue for only the first three (3) years of the Beverage Services Agreement, commensurate with the quantity of work performed by the consultant.

COORDINATION

This request was coordinated with the Parks and Recreation Department, Contract Services Department, Convention Facilities Department, Economic Development Department, Office of Management and Budget, San Antonio Metropolitan Health Department, and the City Attorney's Office.



Shawn P. Eddy, Interim Director
Department of Asset Management



Erik J. Walsh
Assistant City Manager

Approved for Council Consideration:



Sheryl Sculley
City Manager

Attachment I

Criteria	Maximum Points	Pepsi-Cola (Beverages)	Coca-Cola (Beverages)
Experience, Background & Qualifications	20	17.0	16.8
Proposed Plan	25	21.7	19.6
Compensation to the City	35	35.0	29.2
Local Business Enterprise Participation (LBE)	10	6.0	6.0
Disadvantaged Business Enterprise Participation (DBE)	5	0.0	0.0
Small Business Development Advocacy Policy Compliance (SBEDA)	5	1.0	1.0
Total Score	100	80.7	72.6