



## Legislation Text

---

**File #:** 2013-0743, **Version:** 1

---

### Title

Beverage Supply/Sponsorship and Vending Services

### History

The current village beverage contract, a three-year agreement, is due to expire on January 31, 2014. It was suggested by several vendors that the Village may want to consider combining the beverage contract with the contract for snack vending machine services in our facilities. The idea that some vendors may be able to better balance the lower volume snack machines if they also provided the higher volume beverage machines. With this in mind, a request for proposals (RFP) was released and advertised on October 16, 2013. The RFP offered the option to provide a proposal for snack vending, beverage supply and sponsorship.

The RFP package included a comprehensive listing of Village requirements including the specifications for provisions at all of the Village concession areas. Proposals were opened on November 8, 2013, with two companies providing proposals for beverages and a third company providing a proposal strictly for snack vending.

The Village's current vendor, Dr. Pepper Snapple Group, who provided beverage service, product and sponsorship to the Village since 1999, did not submit a proposal. The representative indicated he thought his home office was handling the response and was not aware that they did not submit a proposal.

### **Beverage Supply and Sponsorship**

PepsiCo and Coca-Cola both responded with excellent product selection and competitive pricing, they also provided a proposal to offer marketing and sponsorship as part of their promotional incentives. As required, a price was also provided by both for the Village's contracted concessionaire's post-mix for fountain drinks.

Attached (Exhibit A) you will find a listing of the financial information in the RFP.

The two proposals for beverages and sponsorship were thoroughly reviewed. Staff recommends approval of the proposal submitted by PepsiCo as it had desirable products, competitive product pricing, the best proposal for commission and sponsorship for Village events and a proven ability to serve the needs of the Village at our facilities and events. PepsiCo's proposal does require that a minimum sales be met before contract termination. Using previous years' sales reports, it is estimated that the requirement would be met in approximately three years, however, it could be sooner if consumers respond positively to the change in brand.

Staff interviewed the PepsiCo representative assigned to our area to better understand the proposal and service expectations. References were checked with very high recommendations from the municipalities and park districts we spoke to. A copy of relevant proposal documents from PepsiCo is attached (Exhibit B).

### **Snack Vending Services**

The third proposal in the RFP was strictly for snack vending and was provided by Hometown Vending & Foodservice. The proposal met the requirements of the Village and offers the possibility for a variety of healthful snacks as well as other popular snack items. References from similar facilities and park districts were provided by the vendor and the company appears to be equipped appropriately to handle the Village needs.

This proposal offered a 21% commission from product purchases to the Village. We have not previously been offered this type of commission for snack vending and in some locations, the addition of a commission may drive up costs to where the product loses appeal due to cost. Staff is recommending that discretion be provided for the Village to approve a waiver of the snack vending commission in lower volume locations to allow for a price reduction to encourage business where it is deemed prudent. Sales reports provided by the vendor should allow staff to determine the need.

A copy of relevant proposal documents from Hometown is attached (Exhibit C).

On December 16, 2013, this item was reviewed and approved by the Parks & Recreation Committee and referred to the Board for approval.

**Financial Impact**

Revenue of \$8,000 Sponsorship plus 30% commission on product sold. Snack Vending revenue as part of a 21% commission available.

**Recommended Action/Motion**

I move to approve the proposal submitted by Pepsico Company of Munster, IN to provide cold beverage vending services and a variety of beverage products for resale for a three (3) year contract with provision to meet the minimum sales required and an option to renew for additional years;

And

Approval the proposal submitted by Hometown Vending & Foodservice to provide snack vending services for a period of three (3) years with the option to renew for two (2) additional one year terms.