

RESOLUTION NO. 2006-121

AUTHORIZING CONTRACT NO. 2006-050 WITH PEPSIAMERICAS TO PROVIDE BEVERAGE VENDING SERVICE AT PASSENGER FACILITIES FOR A PERIOD OF THREE YEARS WITH TWO ONE-YEAR OPTIONS, REVENUE GENERATING (AMOUNT VARIABLE - BASED ON USAGE)

WHEREAS, the Greater Cleveland Regional Transit Authority has approximately 30 beverage vending machines at 20 locations throughout the Greater Cleveland area at selected Rapid Stations, Park-n-Rides, and Transit Centers; and

WHEREAS, having beverage vending machines located on Authority property is deemed desirable for public convenience, as well as generating revenue; and

WHEREAS, the proposal of PepsiAmericas, located at 3209 Chester Avenue, Cleveland, Ohio 44114, was received on June 5, 2006 to provide the best overall service and revenue plan for the type of vending activity at the GCRTA locations; and

WHEREAS, the General Manager/Secretary-Treasurer deems the offer PepsiAmericas, as negotiated, to be in the Authority's best interest and recommends the same to the Board of Trustees.

NOW, THEREFORE BE IT RESOLVED by the Board of Trustees of the Greater Cleveland Regional Transit Authority, Cuyahoga County, Ohio:

Section 1. That the proposal submitted by PepsiAmericas, as modified by negotiations, be accepted to be in the best interest of the Authority to provide beverage vending service for a period of three years, with two one-year options.

Section 2. That the General Manager/Secretary-Treasurer be and he is hereby authorized to enter into a contract with PepsiAmericas to provide beverage vending service for a period of three years, with two one-year options.

Section 3. That the proceeds to the Authority shall be deposited into the General Fund.

Section 4. That said contract shall be binding upon and an obligation of the Authority and contingent upon compliance by the contractor to Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution 2006-77; bonding and insurance requirements and all applicable laws relating to the contractual obligation of the Authority.

Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that PepsiAmericas will attempt to exceed the 0% DBE goal assigned to this procurement.

Section 6. That this resolution shall become effective immediately upon its adoption.

Adopted: July 18, 2006

President

Attest: _____
CEO, General Manager/Secretary-Treasurer



Greater Cleveland Regional Transit Authority
STAFF SUMMARY AND COMMENTS

TITLE/DESCRIPTION:

AUTHORIZING CONTRACT NO. 2006-050 WITH PEPSIAMERICAS TO PROVIDE BEVERAGE VENDING SERVICE AT PASSENGER FACILITIES FOR A PERIOD OF THREE YEARS, WITH TWO ONE-YEAR OPTIONS, REVENUE GENERATING (AMOUNT VARIABLE - BASED ON USAGE)

Resolution No.:
2006-121

Date:
July 13, 2006

Initiator:
Marketing Department

ACTION REQUEST:

Approval Review/Comment Information Only Other _____

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a contract for beverage vending services for a period of three years with two one-year options. Service provided by the vendor includes, but is not limited to, providing/installing equipment, all maintenance and support, and all recurring services.
- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority has approximately 30 vending machines located at 20 of its Rapid Stations, Park-n-Rides, and Transit Centers. This contract will generate revenue for the Authority and provide a personal convenience for its customers. In addition to commissions received from sales, Pepsi Americas has agreed to provide four marketing initiatives at no cost to the Authority.
- 3.0 **PROCUREMENT BACKGROUND:** A Request for Proposals (RFP) was posted on the GCRTA website and advertised in the local newspapers. Proposals were received on June 5, 2006 for this solicitation. After evaluation by a panel of Authority employees in accordance with established Procurement Policies and Procedures, and after negotiations, the proposal of Pepsi Americas was determined to be the most advantageous to the Authority. PepsiAmericas offers a very competitive overall commission rate as well as an appealing marketing plan. Based on the projected rates and usage (6,500 cases annually), the Authority should realize approximately \$97,700.00 per year from this program plus the benefits of the marketing initiatives. The key marketing aspects of the proposal are included under Attachment A.

A revenue analysis has been performed and the Procurement Department has determined that the Pepsi Americas proposal is fair and reasonable to the Authority.
- 4.0 **AFFIRMATIVE ACTION/DBE BACKGROUND:** All Affirmative Action requirements have been met. A 0% DBE goal was established for this procurement due to the lack of certified DBE firms.
- 5.0 **POLICY IMPACT:** Does not apply.
- 6.0 **ECONOMIC IMPACT:** The exact amount of revenue expected to be generated is directly dependent upon the amount of beverage vending revenue generated. Funds shall be deposited into the General Fund.

- 7.0 ALTERNATIVES: Reject this offer. Rejection of the offer would deny the Authority the economic benefits of beverage vending revenue, as well as, increasing the level of ridership satisfaction.
- 8.0 RECOMMENDATION: It is recommended that the offer of PepsiAmericas, as modified by negotiations, be accepted and the resolution passed authorizing the General Manager/Secretary-Treasurer to enter into a contract.
- 9.0 ATTACHMENTS: Attachment A – “Key Features of PepsiAmericas Proposal”.

Recommended and certified as appropriate to the availability of funds, legal form and conformance with the Procurement requirements.

CEO, General Manager/Secretary-Treasurer

ATTACHMENT A

Key Features of PepsiAmericas Proposal

1. GCRTA receives 55% commission on revenue generated by each machine less taxes. Beverages will be priced at \$1.25 per 20 oz plastic containers with resealable caps.
2. PepsiAmericas will provide vending equipment and bear all costs associated with the manufacturing, maintenance, and installation of the equipment. The company assumes all risk of equipment loss or damage.
3. Machines will be secured to prevent tipping.
4. Pepsi Americas will provide the following **marketing initiatives** at no cost to GCRTA:
 - a. Minimum 2 truck back promotions per year on approximately 100 trucks for 1 month
 - b. Minimum 1 RTA vending game per year
 - c. Minimum 1 Pepsi retail partner promotion per year, contingent on mutual agreement between Pepsi, GCRTA, and specific partner.
 - d. Support minimum one RTA community event (may include product donation, banners, etc.) up to \$775 per year.