

RESOLUTION NO. 2017-107

AUTHORIZING CONTRACT NO. 2017-081 WITH PEPSI BEVERAGES COMPANY TO PROVIDE BEVERAGE VENDING SERVICES AT PASSENGER FACILITIES FOR A PERIOD OF THREE YEARS WITH TWO, ONE-YEAR OPTIONS, REVENUE GENERATING (AMOUNT VARIABLE - BASED ON SALES)

WHEREAS, the Authority has approximately twenty beverage vending machines at ten 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 for generating revenue; and

WHEREAS, the proposal of Pepsi Beverages Company, located at 2351 Edison Boulevard, Twinsburg, Ohio 44087, was received on October 11, 2017 to provide the best overall service and revenue plan for vending activity at Authority locations; and

WHEREAS, the CEO, General Manager/Secretary-Treasurer deems the offer of Pepsi Beverages Company, 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 Pepsi Beverages Company, as modified by negotiations, to provide beverage vending at passenger facilities for a period of three years with two, one-year options, be and the same is hereby accepted.

Section 2. That the CEO, General Manager/Secretary-Treasurer of the Authority be, and he is hereby authorized to enter into a contract with Pepsi Beverages Company for beverage vending at passenger facilities for a period of three years, with authority to exercise two, one-year options.

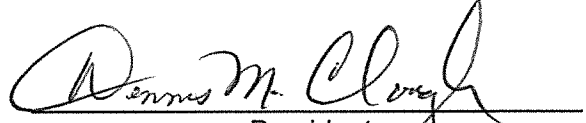
Section 3. The exact amount of revenue that will be generated is directly dependent upon the amount of beverage vending revenue generated. All proceeds shall be deposited into the General Fund.

Section 4. That said contract shall be binding upon and an obligation of the Authority contingent upon funding for future years, compliance by the contractor with the Specifications and Addenda, if any; the Affirmative Action Plan adopted by the Board of Trustees in Resolution No. 2015-076; bonding and insurance requirements and all applicable laws relating to contractual obligations of the Authority.

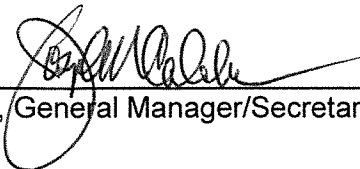
Section 5. That the Greater Cleveland Regional Transit Authority's Board of Trustees expects that Pepsi Beverages Company will attempt to exceed the 0% minimum DBE goal assigned to this procurement.

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

Adopted: December 19, 2017



President

Attest: 

CEO, General Manager/Secretary-Treasurer



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| TITLE/DESCRIPTION: CONTRACT: BEVERAGE VENDING SERVICES AT PASSENGER FACILITIES VENDOR: PEPSI BEVERAGES COMPANY AMOUNT: VARIABLE, DEPENDING ON ACTUAL SALES | Resolution No.: 2017-107 |
| | Date: December 14, 2017 |
| | Initiator: Marketing Department |
| ACTION REQUEST: <input checked="" type="checkbox"/> Approval <input type="checkbox"/> Review/Comment <input type="checkbox"/> Information Only <input type="checkbox"/> Other _____ | |

- 1.0 **PURPOSE/SCOPE:** This action will allow the Authority to enter into a contract for beverage vending services at passenger facilities for a period of three years with two, one-year options.

- 2.0 **DESCRIPTION/JUSTIFICATION:** The Authority has approximately twenty vending machines located at ten of its Rapid Stations, Park-n-Rides and Transit Centers. Service provided by the vendor includes, but is not limited to, providing/installing equipment and all maintenance and support. This contract will generate revenue for the Authority based on sales, and provide a personal convenience for customers.

- 3.0 **PROCUREMENT BACKGROUND:** The Request for Proposal (“RFP”) was posted on the GCRTA Procurement website and advertised in the local newspapers. Seven interested parties downloaded the solicitation package and one proposal was received on October 11, 2017. After evaluation by a panel of Authority employees, in accordance with established Procurement Department policies and procedures, and after negotiations, the proposal of Pepsi Beverages Company was determined to be the most advantageous to the Authority. Pepsi Beverages Company has been the Authority’s provider of beverage vending services at passenger facilities since 2001. Pepsi Beverages Company offers a very competitive commission rate of 55% on revenue generated by each machine, less taxes. Beverages will be priced at \$1.75 per 20 oz plastic containers with resealable caps, which is the Northeast Ohio regional average price. The Pepsi Beverages Company’s market share of sales in Northeast Ohio is twice their nearest competitor. Beverages will include a combination of carbonated soft drinks, water, sport drinks, juice drinks, and tea. Pepsi Beverages Company will provide the vending equipment and bear all costs associated with the manufacturing, maintenance, and installation of the equipment, and will assume all risk of equipment loss or damage. In addition, Pepsi Beverages Company will supply credit card readers to accept credit cards and debit cards to all machines, allow multiple denominations of bills to be accepted, and give back dollar bills as change. They will also provide support of Authority-sponsored community events, including product donations, giveaways, and banners, at no cost to the Authority. Based on the projected rates and usage (3,500 cases annually), the Authority should receive approximately \$74,584.00 per year from this program, plus the benefits of the marketing initiatives.

A revenue analysis was performed and the Procurement Department determined the offer of Pepsi Beverages Company 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 received by the Authority is directly dependent upon the amount of beverage vending revenue generated. All proceeds 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 rider satisfaction.
- 8.0 RECOMMENDATION: It is recommended that the proposal from Pepsi Beverages Company be accepted and the resolution passed authorizing the CEO, General Manager/Secretary-Treasurer to enter into a contract.
- 9.0 ATTACHMENTS: None.

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



CEO, General Manager/Secretary-Treasurer