TO: Board of Trustees

FROM: Kathleen F. Burke, Chancellor

RE: SOCCCD: Award of Contract for Vending and Pouring Rights for Beverage Products District-wide, Bottling Group, LLC, DBA Pepsi Beverages Company

ACTION: Approval

BACKGROUND
There is an ongoing need for vending and pouring rights for beverage products District-wide. Both colleges have agreements with PepsiCo that are near/at end of term. The end of term for both contracts presented the District with an opportunity to leverage consumption volumes from both colleges to attain better pricing and contributions.

STATUS
On April 2, 2019, Request for Qualifications and Proposals 373D for Vending and Pouring Rights for Beverage Products (RFQ&P) was issued by placing advertisements in the OC Register on April 2 and 9, 2019. The RFQ&P document was also made available on the District’s website. The District further identified and distributed the RFQ&P to four (4) firms. On May 3, 2019, three (3) proposals were received that were deemed responsive in conformance to RFQ&P specifications (EXHIBIT A).

Based on a combination of contributions, pricing, product, qualifications and expertise, demonstrated knowledge and experience with higher education, and client references, the committee recommends award of contract to PepsiCo as the lowest cost, best value and fit to the District (EXHIBIT B). The term of the contract is for five (5) years from July 1, 2019 through June 30, 2024 and includes the following. The District successfully negotiated the following financial terms:

- $350,000 in cash contributions (IVC: $150,000 for 95% exclusivity and SC: $200,000 for 98% exclusivity).
- Value contributions in the amount of $92,000 for sponsorships and sideline kits (IVC: $38,500 and SC: $53,500).
- Pepsi also agreed to hold firm the current pricing at $1.50 per bottle for an additional two years of the new agreement term with a price escalation of only 10 cents per bottle for the remaining three years of the term.
- All other packaged and post mix products are locked in at a not to exceed 3% escalation for years three through five.
- Commissions were negotiated at 30% on vending beverages estimated in the amount of $178,200 (IVC: $78,500 and SC: $99,700).
• Rebates of $2 per case sold, estimated at $70,000 (IVC: $30,000 and SC: $40,000), for vended bottles and cans.

The combined estimated total contribution for the five (5) year term is $690,200. There is no cost to the District for this contract.

**RECOMMENDATION**

The Chancellor recommends that the Board of Trustees approve award of the contract to Bottling Group, LLC, DBA Pepsi Beverages Company to provide vending and pouring rights for beverage products District-wide, at no cost to the District, for a contract period of July 1, 2019 through June 30, 2024.