



# City of San Antonio

## Agenda Memorandum

**File Number:**

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**Agenda Item Number:** 5

**Agenda Date:** June 13, 2024

**In Control:** City Council A Session

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**DEPARTMENT:** Finance Department

**DEPARTMENT HEAD:** Troy Elliott

**COUNCIL DISTRICTS IMPACTED:** Citywide

**SUBJECT:**

Annual Contract for Food & Beverage Vending Operations at City Facilities and Properties

**SUMMARY:**

This ordinance approves a non-exclusive five-year contract with one (1) additional five-year renewal period with Compass Group USA, Inc., by and through its Canteen Division, to provide fresh food, beverage and snack vending options for employees and visitors at various City facilities and properties. The vendor guarantees annual commissions in the amount of \$5,000 for Micro-Market services and \$30,000 for snack and beverage vending services. In addition, the City will receive a \$100,000 signing bonus of \$20,000 per year for the initial five year contract term.

This agreement also provides for enterprise-wide coffee and tea services which provides brewing equipment, coffees, teas, and related supplies and condiments. City departments will be able to choose from a variety of coffee brewers and coffees/teas that best fit their needs.

**BACKGROUND INFORMATION:**

Submitted for City Council consideration and action is one (1) proposal submitted by Compass Group USA, Inc., by and through its Canteen Division, to service various City facilities and properties with fresh food, beverage, and snack vending options in accordance with the City's

Food Service Guidelines. The solicitation included the following four (4) categories of services for possible contract award: Category 1 (Micro Markets), Category 2 (Snack Vending), Category 3 (Beverage Vending) and Category 4 (Coffee/Tea) Services. Upon conclusion of the evaluation process, staff recommends award of all four (4) categories of services to Compass Group USA, Inc., by and through its Canteen Division for Food & Beverage Operations. All product selections will comply with the City's Healthy Food Service Guidelines.

The proposed contract will make fresh food, snacks, and beverages available through self-service markets and traditional vending machines. Initially, fresh food, beverages and snacks will be vended in self-service markets at the following locations: City Hall, City Tower (Concourse level), Public Safety Headquarters, Police Academy, and Public Safety Answer Point (PSAP). An additional 6 self-service markets will be placed throughout City Tower that will provide snacks and beverages. The City will receive a 1.5% commission on all self-service market sales.

Snacks and beverages will also be available through traditional vending machines. The vendor has agreed to operate the 82 vending machines at 36 locations to align with current vending services. The City will receive an 8.5% commission on all vending sales. The contract allows for the placement of additional self-service markets and vending machines over the life of the contract based upon demand.

## **ISSUE:**

This contract will provide fresh food, snacks and beverages to City employees and visitors at various City facilities and properties. Products vended through the markets and vending machines will comply with the City's Healthy Food Initiative. Following the City's Healthy guidelines creates opportunities for people to choose healthy options making a positive impact. This contract can assist the City in maintaining a Gold medal in Healthy Procurement through CityHealth which rates the nation's 40 largest cities on many initiatives to include Healthy Food Procurement. Health Food Procurement promotes nutrition, fights obesity and provides healthy options to employees and visitors while using the City's purchasing power.

The City issued a Request for Proposals (RFP) for "Annual Contract for Food & Beverage Operations at City Facilities" (RFP 23-041, RFx 6100016027) on December 22, 2022, with a submission deadline of March 8, 2023. The RFP was advertised in the Hart Beat, the City's Bidding and Contracting Opportunities website, the San Antonio e-Procurement System (SAePS) and an email notification was released to a list of potential Respondents. Seven (7) proposals were received. All seven (7) proposals were deemed eligible for the evaluation committee's review.

The evaluation committee consisted of representatives from the Finance Department, Solid Waste Management Department, City Center Development & Operations Department, City Manager's Office, San Antonio Police Department, Public Works Department, San Antonio Metro Health District, and the Information Technology Services Department. The Finance Department, Procurement Division assisted by ensuring compliance with City procurement policies and procedures. The evaluation of each proposal was based on a total of 100 points: 25 points were allotted for experience, background and qualifications; 45 points were allotted for proposed plan; five (5) points were allotted for respondent's price schedule; five (5) preference points were

allotted for the Small Business Economic Development Advocacy Program SBE Prime Contract Program Affirmative Procurement Initiative and five (5) preference points were allotted for the M/WBE Prime Contract Program Affirmative Procurement Initiative; ten (10) points were allotted for the Local Preference Program; and five (5) points were allotted for the Veteran-Owned Small Business Preference Program. Additional categories of consideration included references and financial qualifications.

The evaluation committee met on June 30, 2023, to evaluate the proposals received. Individual scores were submitted, and aggregate scores were presented. After discussion of all four (4) categories of services, a recommendation for award was agreed upon by the evaluation committee for Snack and Beverage vending services to Compass Group USA, Inc., and pricing scores were revealed to the committee. For Micro-Market and Coffee/Tea services, proposals were discussed and evaluated by the committee. Upon conclusion of the initial evaluation, the decision was made to conduct interviews and taste tests.

Prior to interviews and taste-testing, one shortlisted firm withdrew its submission from consideration. On August 4, 2023, interviews with taste-testing were conducted with remaining short-listed firms for Micro-Market and Coffee/Tea services and Respondents were again scored by the evaluation committee based on the original criteria. Compass Group USA, Inc., by and through its Canteen Division, was recommended for award for both categories.

This contract will be awarded in compliance with the Small Business Economic Development Advocacy (SBEDA) Program, which requires contracts be reviewed by a Goal Setting Committee to establish a requirement and/or incentive unique to the particular contract in an effort to maximize the amount of small, minority, and women-owned business participation on the contract. The Goal Setting Committee applied the Small Business Enterprise (SBE) Prime Contract Program with five (5) evaluation preference points, and the Minority/ Women-Owned Business Enterprise (M/WBE) Prime Contract Program with five (5) evaluation preference points; however, the awarded firm was not eligible to receive any points.

The Local Preference Program was applied to this contract. The recommended firm is a local business. The Veteran-Owned Small Business Preference Program was applied to this contract; however, the highest ranked firm is not a veteran-owned small business.

#### **ALTERNATIVES:**

Should this contract not be approved, the City will not be offering fresh food products and healthy vending options at City facilities and properties. Nor will the City have an enterprise-wide contract for coffee and tea services, resulting in departments individually handling their own procurement of said services.

#### **FISCAL IMPACT:**

This ordinance approves a non-exclusive five-year contract with one (1) additional five-year renewal period with Compass Group USA, Inc., by and through its Canteen Division, to provide fresh food, beverage and snack vending options for employees and visitors at various City facilities and properties. The vendor guarantees annual commissions in the amount of \$5,000 for Micro-Market services and \$30,000 for snack and beverage vending services. In addition, the City will receive a \$100,000 signing bonus of \$20,000 per year for the initial five-year contract term.

The commissions received will be deposited into fund that corresponds to the location of the services. Additionally, the signing bonus will be recorded in the City Tower Fund.

Funds are not encumbered by this ordinance. Office coffee and tea services will be funded in accordance with the Department's annually adopted budget.

**RECOMMENDATION:**

Staff recommends approval of this ordinance.

This contract was procured by means of a Request for Proposal and a Contracts Disclosure Form is required.