

Agenda Report

TO: CITY COUNCIL

DATE: SEPTEMBER 10, 2001

FROM: CITY MANAGER

SUBJECT: AUTHORIZATION TO ENTER INTO A NON-EXCLUSIVE LICENSE AGREEMENT WITH R. J. VENDING INC., FOR SNACK VENDING SERVICES AT VARIOUS CITY FACILITIES

Recommendation

It is recommended that the City Council authorize the City Manager to enter into a non-exclusive license agreement, without competitive bidding pursuant to City Charter Section 1002(F), contracts for professional or unique services, with R. J. Vending that will provide for the placement of snack vending machines at City facilities in exchange for a 20% portion of gross revenues. The term of the agreement shall be five years with two, three-year optional extension periods subject to the approval of the City Manager and without further City Council consideration.

It is further recommended that the City Council grant the proposed contract an exemption from the Competitive Selection process of the Affirmative Action in Contracting Ordinance, pursuant to P.M.C. Section 4.090.060[C], contracts for which the City's best interests are served.

Background

On March 27, 2000 the City Council directed staff to pursue the establishment of a corporate sponsorship agreement that would provide support for City parks through the placement of beverage vending machines at various City facilities. Prior to this time the City had not taken a unified approach towards vending at its facilities. Rather a number of employee associations and private businesses held concessions, formal and informal, with City departments and agencies.

On April 23, 2001 the City Council approved a corporate sponsorship agreement with Coca-Cola that provides for the placement of beverage vending machines at various City facilities. Staff has been unable to identify a similar corporate sponsorship opportunity with respect to snack food vending and wishes to formalize relationships with R. J. Vending, a local firm located in Northwest Pasadena, who presently has the

greatest number of snack vending machines located at City facilities. R. J. Vending has had a relationship with the City since 1993, has been paying the City 20% commission on gross sales since that time and has been cooperative in removing its beverage vending machines subsequent to the approval of the agreement with Coke. Staff does not believe that undertaking a selection process for snack vending would provide any more value to the City than contracting with R. J. Vending.

Fiscal Impact

Under the terms of the proposed agreement R. J. Vending will pay the City a 20% commission from the gross sale of snack machines located at City facilities. The actual amount of revenue the City will receive as a result of this agreement will be a function of the number of machines placed. Typically, a snack machine placed in a location accessible by 50 people will generate approximately \$200 in gross receipts per month. The City's portion of this gross would be 20%, or \$40. To the extent revenues are from machines in employee areas, they will be used to support employee recognition activities. Revenues received from machines available to the general public will be deposited in the General Fund.

Respectfully submitted,



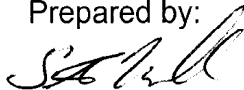
Cynthia J. Kurtz
City Manager

Approved by:



Jay M. Goldstone
Director of Finance

Prepared by:



Steve Mermell
Purchasing Administrator