

## RANCHO SANTIAGO COMMUNITY COLLEGE DISTRICT

### DISTRICT OFFICE - BUSINESS OPERATIONS/FISCAL SERVICES

To:	Board of Trustees	Date:	September 8, 2014
Re:	Accept and Award of RFP #1243 – Exclusive Beverage Pouring Rights		
Action:	Request for Approval		

#### **BACKGROUND**

It is very common in California Community Colleges to enter into exclusive beverage agreements. These agreements represent partnerships between the institutions and the bottling companies, which grant exclusive rights for installing and maintaining soft drink vending, fountain, bottle and can refrigerators for use in the retail outlets located on the district premises. These agreements also generate funds from the bottling companies in the form of exclusive rights sponsorship dollars, commissions, rebates and additional funds for scholarships and district programs, such as sustainability.

The current agreement is with PepsiCo and has expired on August 31, 2014. In order to enter into another agreement, competitive bidding was required.

#### **ANALYSIS**

The project was advertised and RFP packets emailed to three companies. Proposals were received from Pepsi Beverages Company (PepsiCo) and Coca-Cola Refreshments. A committee was formed to evaluate and make recommendations. The committee consisted of representatives from the District Office, both colleges and student constituents.

After a thorough evaluation, the committee determined that the PepsiCo agreement best met the overall needs of the District. Highlights of the agreement include sponsorship funding, commission and rebates, scholarship funding, sustainability funds, marketing, product donation and an athletic sideline program. PepsiCo agrees to pay the District an initial sponsorship fee of seventy-thousand dollars (\$70,000) and an annual sponsorship fee payable annually commencing on the first anniversary date of the signing of the agreement and each anniversary date thereafter until the end of the term of the Agreement in the amount of sixty-two thousand five hundred dollars (\$62,500) per year not to exceed four (4) consecutive payments (“Annual Sponsorship Fee”).

The term of this agreement is for a five year (5) period beginning October 1, 2014 through September 30, 2019. Below are the three (3) responses for a five year agreement.

Company	Total Sponsorship, Commissions, Rebates and Scholarships
Pepsi Beverages Company	\$563,100.00
Coca-Cola Refreshments	\$315,000.00
First Class Vending, Inc.	No Response

## **RECOMMENDATION**

It is recommended that the Board of Trustees accept the RFPs and approve the award to Pepsi Beverages Company a subsidiary of Bottling Group, LLC as presented.

Fiscal Impact:	\$563,100.00 (5-Years)	Board Date:	September 8, 2014
Prepared by:	Rhonda Langston, Director of Auxiliary Services Tracey Conner-Crabbe, Director of Purchasing Services		
Submitted by:	Peter J. Hardash, Vice Chancellor, Business Operations/Fiscal Services		
Recommended by:	Raúl Rodríguez, Ph.D., Chancellor		