



CITY COUNCIL ACTION REPORT

January 18, 2007

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance & Administration
 Jeanette Bennett, Purchasing Director
 Carol K. Anderson, Parks and Recreation Director
 Jacob Pilat, Director of Golf Operations

SUBJECT: **Agenda Item:** Standard Purchasing Resolution 8: Best Value - Food Service Provider - Sanctuary Lake Golf Course

Background

- On January 9, 2007, request for proposals were received to provide food services at Sanctuary Lake Golf Course.
- Fifty-Five Vendors were notified via the MITN e-procurement website; two (2) companies responded.

Financial Considerations

- Based upon the financial return to the City of Troy from each provider and factoring annual rent, Emerald Food Service LLC proposal was the most beneficial to the City of Troy's Golf operation.

Legal Considerations

- RFP-COT 06-61 was competitively bid and both vendors were given the opportunity to respond with their level of interest in providing a food service for Sanctuary Lake Golf Course.
- The award recommendation is based upon the company offering the best combination of a variety of factors, and not simply the lowest bidder meeting certain minimal requirements. A best value approach addresses ability, experience and quality issues leading to a successful contract and reduction in risk of poor service.
- The awarding of this bid is contingent upon the recommended bidder's submission of proper contract and proposal documents, insurance certificates, payment schedule, and other specified requirements.

Policy Considerations

- Awarding the contract to the vendor whose food service provides the best product and the most return for the City of Troy's Golf operations (Goal II).

January 18, 2007

To: Phillip L. Nelson, City Manager

Re: Best Value Award – Food Service Provider – Sanctuary Lake Golf Course

Options

- City management and the Parks and Recreation Department recommends awarding the two-year contract, with an option to renew for two additional years, for the food service at Sanctuary Lake Golf Course to Emerald Food Service LLC of Troy, MI, the highest rated and highest return bidder as a result of a best value process with a final weighted score of 69.3.

Approved as to Form and Legality:

Lori Grigg Bluhm, City Attorney



EXECUTIVE SUMMARY

Sanctuary Lake Golf Course – Food Service

STATISTICS:

- ◆ **Fifty-Five Companies were notified via the MITN e-procurement website**
- ◆ **Two (2) proposals were received**
- ◆ **Both proposals qualified by passing the minimum requirements**
- ◆ **Phase III (Food Tasting and Interviews) was deleted since staff is familiar with both companies' product.**
- ◆ **Emerald Food Service LLC obtained the highest rating and is, therefore, the recommended vendor to perform the food service for Sanctuary Lake Golf Course**

The following bidders submitted a proposal and received the indicated final scores:

Company	SCORE
Kosch Catering & Corporate Dining	62.8
Emerald Food Service LLC	69.3

Attachments:

- ✓ Weighted Final Scoring
- ✓ Evaluation Process



WEIGHTED FINAL SCORING
Sanctuary Lake – Food Service Provider

Final Score Calculation:

40% x Price Score (100 pt. Base)	=	
35% x Menu Score (100 pt. Base)	=	
15% x Sample Food / Interview Score (100 pt. Base)	= Deleted Phase	
10% x Other (100 pt. Base)	=	
100%		Final Weighted Score

In order to equate the price to the weighted evaluation process scoring, the prices had to be converted into a score with the base of 100.

Menu Score: 35%

	Raters:	1	2	3	AVERAGE
Vendors:					
Emerald Food Service LLC		90	83	80	84
Kosch Catering & Corporate Dining		85	95	92	91

Price Score: 40%

Vendors:	Weighted Criteria – Difference in Return 1-(High Price – Proposal Price) / high price] x available points
Emerald Food Service LLC	(1-(6500-6500)/6500) x 100 = 100
Kosch Catering & Corporate Dining	(1-(6500-5000)/6500) x 100 = 77

Other Score: 10%

	Raters:	1	2	3	AVERAGE
Vendors:					
Emerald Food Service LLC		10	0	0	+3
Kosch Catering & Corporate Dining		- 5	0	0	-2

FINAL WEIGHTED SCORE:

VENDORS:	Emerald Food Service LLC	Kosch Catering & Corporate Dining
Score		
Menu Score: (x .35) =	84 x .35 = 29	91 x .35 = 32
Price Score: (x .40) =	100 x .40 = 40	77 x .40 = 31
Other Score: (x .10) =	3 x .10 = + .30	- 2 x .10 = (.20)
Final Score:	69.3	62.8

**** HIGHEST RATED VENDOR – RECOMMENDED AWARD**



SELECTION PROCESS

CRITERIA FOR SELECTION

A City Committee will review the proposals. The City of Troy reserves the right to award this proposal to the company considered the most qualified based upon a combination of factors including but not limited to the following:

- A. Compliance with qualifications criteria
- B. Completeness of the proposal
- C. Financial strength
- D. Correlation of the proposals submitted to the needs of the City of Troy
- E. Any other factors which may be deemed to be in the City's best interest
- F. Evaluation Process

Phase 1: Qualifications Evaluation.

Bidders will be required to meet minimum established criteria in order to go to the second phase of the process. (Evaluation Sheet Proposal)

Phase 2: Menu Evaluation Process.

- o The City Committee will use a weighted scoring sheet to evaluate the required submitted menus.
- o Each Committee Member will calculate a weighted score.
- o The scores of the three Committee Members will be averaged into one score for each bidder for this phase of the process.

Phase 3: Food Tasting And Interview Evaluation Process.

- o The City Committee will use a weighted scoring sheet to evaluate the food samples and/or interviews.
- o Each Committee Member will calculate a weighted score.
- o The scores of the Committee Members will be averaged into one score for each bidder for this phase of the process.

Phase 4: Price

Points for price will be calculated as follows:

FORMULA -

$[1 - (\text{High Price} - \text{Proposal Price}) / \text{high price}] \times \text{available points}$



Phase 5: Other

Proposals may be assessed "Other" points for items not specified, but for which the Evaluation Committee deems as outstanding.

Phase 6: Final Scoring and Selection

The highest final weighted scored will be the food service operator recommended to the Troy City Council for Award.

40% x Price Score (100 pt. Base)	=	
35% x Menu Score (100 pt. Base)	=	
15% x Sample Food / Interview Score (100 pt. Base)	=	
<u>10% x Other (100 pt. Base)</u>	=	
100%		Final Weighted Score

Note: The City of Troy reserves the right to change the order or eliminate an evaluation phase if deemed in the City's best interest to do so.

CITY OF TROY
RFP TABULATION
SANCTUARY LAKE GOLF COURSE - FOOD SERVICE

Opening Date -- 12/27/06
Date Prepared -- 1/9/2007

FIRM NAME:

	Kosch Catering & Corporate Dining	Emerald Food Service	
CHECK #	10788079	314159414	
CHECK AMT	\$500.00	\$500.00	

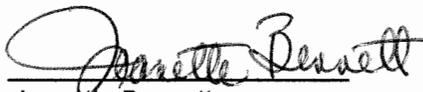
**PROPOSAL: PROVIDE TWO YEAR REQUIREMENTS OF FOOD SERVICE FOR THE CITY OF TROY
SANCTUARY LAKE GOLF COURSE WITH AN OPTION TO RENEW FOR TWO (2) ADDITIONAL YEARS**

SANCTUARY LAKE GOLF COURSE

Return Schedule	Y or N	Yes	Yes
5% of sales over \$125K		Annual Rent - \$7,500 plus 1% of gross	
7.5% of sales over \$150K		revenue over \$150,000; 2% over \$200,000 with beer sales off beverage cart OR	
		Annual Rent - \$6,000 plus 1% of gross	
		revenue over \$150,000; 2% over \$200,000 w/o beer sales from the beverage cart	
Estimated Return on \$200,000 gross sales		\$ 5,000.00	\$6,500.00
Signed	Y or N	Yes	Yes
SITE REVIEW:	Reviewed the Sites Did not Review Sites	12/8/2006	Currently on site 06/07
INSURANCE:	Can Meet Cannot Meet	XX	XX
INSURANCE VERIFICATION:	Y or N	Yes	Yes
PAYMENT SCHEDULE:	Marked as:	Payment Schedule	Return Schedule
EMPLOYEE UNIFORMS DESCRIBED:		Yes	Yes
TERMS:		Blank	Blank
WARRANTY:		Blank	Blank
EXCEPTIONS:		Blank	Attached to RFP
VENDOR QUESTIONNAIRE:	Y or N	Yes	Yes
ACKNOWLEDGEMENT:	Y or N	Yes	Yes

ATTEST:

Dana Forgaciu
Frank Dascenza
Linda Bockstanz


Jeanette Bennett
Purchasing Director

AGREEMENT
FOOD SERVICE AT SANCTUARY LAKE GOLF COURSE

THIS AGREEMENT entered into on January 29, 2007, between the CITY OF TROY, 500 W. Big Beaver Road, Troy, Michigan 48084, hereinafter referred to as the "City", and Emerald Food Services I, L.L.C., a Limited Liability Corporation, whose address is 1980 Greenfield, Berkley, Michigan 48072, as the Food Service provider for Sanctuary Lake Golf Course, hereinafter referred to as the "Operator";

WITNESSETH:

In consideration of the City granting to the Operator the exclusive privilege and right of conducting the sale of food, beverages including alcoholic beverages, vending machines, and catering rights for golf outings as follows:

1. REVENUE PLAN, COMMENCEMENT DATE AND RETURN SCHEDULE:

The Operator agrees to pay the City an annual rent in the amount of \$6,000.00 plus a guaranteed minimum of one (1%) percent of gross revenue over \$150,000.00 annually and a guaranteed minimum of two (2%) percent of gross revenue over \$200,000.00 annually.

The Agreement shall commence on April 1, 2007, or as soon as reasonably possible after that date. All guaranteed minimums shall increase annually on the anniversary date of the Agreement in accordance with the Consumer Price Index Inflation (CPI) Calculator or CPI computation for the published Urban-CPI for the Detroit/Ann Arbor area, whichever CPI calculation is higher. Any guaranteed minimum shall not decrease during the term of the

Agreement. The increase calculation will be made using the CPI index factor between April 1st of the current year and December 31st of the previous year. With the exception of minimums, any other return schedule will be firm for the Agreement period.

The golf course is in operation for eight (8) months from April 1st to November 30th each year. In 2007 and thereafter, on the first day of each month, Operator shall pay to the City one-eighth (1/8th) of the agreed upon rent for each month of the eight (8) months the golf course is in operation, or \$750.00 per month from April 1st to and including November 1st. Operator shall pay the City any profit share due the City by the 31st day of December in the calendar year the profit share was based upon.

2. **USE OF KITCHEN AND LIMITATIONS:** The Operator shall provide a food/beverage service to all users of the Sanctuary Lake Golf Course. The Operator shall be the exclusive caterer of commercially prepared food/beverages served at the golf course. User groups that wish to have food/beverages catered for their golf outings shall make arrangements, including payment, directly with the Operator.

The Operator's services shall include preparation, delivery, and clean-up of food and/ or beverages.

Operator is allowed to purchase and install protective weather screening for the patio area of the outside grill at Operator's expense. The protective weather screening material and design must first be approved by the Parks and Recreation Director or her designee. The protective weather screening shall

become the property of the City as a fixture after installation. City will assist Operator and contractor in the attachment of the screening to any structures and/or concrete or brick surfaces. Methods of attachment shall be pre-approved by the Parks and Recreation Director or her designee.

3. **HOURS OF OPERATION**: The operating schedule for the Sanctuary Lake Golf Course Food Service shall be as follows unless the designated City representative provides written amendments to the following schedule:

MINIMUM OPENING DATES AND TIMES

April 1st – April 25th:	Monday thru Sunday 7:30 am
April 26th – May 16th:	Monday thru Sunday 7:00 am
May 17th – June 6th:	Monday thru Sunday 6:30 am
June 7th – August 22nd:	Monday thru Friday 6:30 am Saturday & Sunday 6:00 am
August 23rd – September 5th:	Monday thru Sunday 6:30 am
September 6th – September 26th:	Monday thru Sunday 7:00 am
September 27th – November 15th:	Monday thru Sunday 7:30 am

Note: Opening dates and times are subject to change to meet user demand. A minimum of 72 hours notice will be given for all changes.

4. **OPERATING TIMES FOR OUTSIDE GRILL AND BEVERAGE CART**

Beverage Cart is expected to be open and running daily. The outside grill is to be open for special events and at other times when warranted. Upon agreement with the Director of Golf, the schedule may be changed due weather and/or special circumstances.

Vending machines may be placed and filled for operation during the normal golf season with the exception of any vending machines that are placed in the golf range area.

5. **MAINTENANCE OF PREMISES**: The Operator shall maintain the interior of the kitchen/dining area, vending area(s), outside food service area, the service window, if applicable, and all adjacent areas in a clean and neat manner and in compliance with all City ordinances, State law and applicable health standards and regulations. The Operator shall maintain the trash receptacles in all kitchen / dining areas. The Operator is responsible for cleaning all equipment and reporting any type of mechanical problem to the Parks and Recreation Department.

6. **OPERATOR'S EMPLOYEES**: The Operator shall provide appropriate uniforms and name badges for its employees and shall require that all employees maintain themselves and their uniforms in a clean and neat appearance. The Operator is responsible for all wages, benefits or any other condition of employment and acknowledges that its employees have no employment relationship with the City. The City shall have the right to mandate that the Operator terminate an employee for inappropriate behavior. All employees serving alcoholic beverages shall do so within the guidelines of the State of Michigan Liquor Laws and may be terminated due to violations of this law.

7. **INSPECTION AND REPAIRS**: The City shall have the right to enter and/or inspect the kitchen area at any reasonable time and make repairs and/or improvements as it deems necessary. The City will pay the expense of periodic

maintenance caused by normal wear and tear of the kitchen equipment. Other repairs will be done at the City's expense unless it is determined that the repair was necessary due to the misuse or negligence of the Operator, its employees and/or agents in which event the Operator shall be responsible for the costs of said repairs. The City will make every effort to notify the Operator in advance if non-City employees will be entering onto the premises at the City's request. Any additions, repairs and/or improvements made on the premises shall become the property of the City.

8. SERVING OF ALCOHOLIC BEVERAGES:

(A) The City shall require the Operator to maintain the liquor license for the premises known as Sanctuary Lake Golf Course and keep the license in good standing under Operator's name during the term of the Agreement. Violation of the State of Michigan Liquor laws will be considered as a violation of the Agreement and may result in termination of the Agreement at the City's discretion. Employees serving alcoholic beverages shall do so in compliance with the State of Michigan Liquor laws and guidelines as set forth by the Michigan Liquor Control Commission. Serving violations by an employee will be just cause for termination of the Agreement at the City's discretion, and the Operator shall be deemed responsible if such conduct occurs. The Operator shall in no way jeopardize the liquor license obtained for the Sanctuary Lake Golf Course facility.

(B) The City grants to the Operator the possession and control of the Sanctuary Lake Golf Course, which includes the Outside Grill, for the limited purpose of controlling and monitoring the consumption of alcohol on the premises, including the collection of money for alcoholic beverages. The City reserves to itself the exclusive right to operate the golf business at Sanctuary Lake Golf Course, including the collection of all fees related to playing of golf and the operation of a pro shop.

(C) The Operator agrees to assume the responsibilities of a liquor licensee at Sanctuary Lake Golf Course, and agrees to be responsible for all sanctions and/or penalties assessed for alleged violations of the Michigan Liquor Control Commission's Administrative Rules and Regulations and/or federal, state, or local laws concerning the sale of alcohol at Sanctuary Lake Golf Course. This includes the assumption of a licensee's responsibility for the actions of the Operator's employees, agents and/or representatives who sell alcohol.

(D) The Operator agrees that there shall be no sales of alcohol on the Sanctuary Lake Golf Course proper, but that the Operator, if licensed to do so by the Michigan Liquor Control Commission, may sell up to two beers per golfer at the Club House or the Outside Grill, which the golfer can then take onto the golf course for consumption.

(E) The City agrees to provide the Operator with a motorized golf cart, at no charge, for operation by the Operator's employees on the Sanctuary Lake Golf Course, in order to facilitate monitoring of alcohol consumption. The Operator agrees to coordinate its operation of the golf cart with the City's Director of Golf Operations, and understands and agrees that the City may provide back up security to monitor alcohol consumption on the Sanctuary Lake Golf Course.

(F) The Operator recognizes and agrees that the operation and control of normal golf activities lies exclusively with the City, except as otherwise provided in this Agreement.

(G) The Operator agrees to indemnify and hold the City harmless from any and all claims arising out of the sale of alcoholic beverages by the Operator, its employees, its agents and/or its representatives which occurred on City property.

(H) The City and the Operator acknowledge that a liquor license in the restaurant industry has a significant market value. Operator further acknowledges that if it desired to open a restaurant with liquor service in the private sector, it would have to secure a liquor license. The liquor license would have to be approved by a municipality, which might have a limited number of licenses or no licenses available; or the Operator might have to pay a substantial amount of money to purchase an existing liquor license from another liquor licensee. Operator understands that the City is not in the restaurant industry but desires to enhance

the services available to the public at the City's Sanctuary Lake Golf Course, a municipal golf course, by having food and beverage service on the premises. The Operator acknowledges that it is the City's responsibility to insure a smooth transition of any food or beverage service at the Sanctuary Lake Golf Course if the Operator's Agreement is not renewed or if it is terminated. Therefore, the City is willing to forgo payment by the Operator of the market value of the liquor license for the premises known as Sanctuary Lake Golf Course in exchange for the continued use of the liquor license by Operator, who was the prior food service vendor of the Sanctuary Lake Golf Course, but if and only if, the Operator transfers the liquor license to the City or the City's approved vendor at the termination of the Agreement by either party for any cause and/or for non-renewal of the Agreement. The Operator understands that this paragraph is an essential term and condition of this Agreement that the liquor license acquired by the Operator shall remain with the premises known as Sanctuary Lake Golf Course. The Operator understands that, but for the Operator's agreement to the terms and conditions in this paragraph, that City Council would not have approved this Agreement. Therefore, the Operator shall transfer the liquor license acquired for the Sanctuary Lake Golf Course to the new food service vendor selected by the City Council or to the City upon termination for any cause or by any party of the Agreement or upon non-renewal of the Agreement.

(l) Upon termination of this Agreement by either party or upon expiration and non-renewal of the Agreement, the Operator shall cooperate fully and

professionally to insure the transfer of the liquor license to the new food service vendor or the City, at the City's discretion. The Operator acknowledges that failure to cooperate in the transfer of the liquor license as set out herein will result in severe money damages to the City, loss of the liquor license and loss of the market value of the liquor license by the City. In lieu of a denial by a court of specific performance under this Agreement for the transfer of the liquor license to the City or a new food service vendor approved by the City, the City shall be entitled to payment of the market value of the liquor license in the amount of \$100,000.00, representing a minimum market value of the liquor license.

9. **KITCHEN SUPPLIES / EQUIPMENT AND MODIFICATION**: The Operator shall provide all necessary supplies and personnel to staff the operation of the kitchen/dining area(s), catering service for golf outings, and vending machines that are required and not on the **Kitchen Equipment** List attached to the Request for Proposal. Building and/or equipment modifications shall be approved in advance by the designated City representative and shall become the property of the City at the conclusion or upon termination by either party of this Agreement. Additionally, the designated City representative shall approve equipment brought into the facility by the Operator or at the request of the Operator in advance of delivery to the Sanctuary Lake Golf Course.

10. **PRICES / PRICE AND HOUR CHANGES**: Products sold or marketed, the prices charged, and the operation schedules of the kitchen/dining area(s) are subject to regulation by the City and, once established, no changes shall be made without prior approval of the Director of Parks and Recreation or his/her

designee. Prices will be re-evaluated at the conclusion of each year of the Agreement. Increases in prices shall be no greater than the percentage increase of the Consumer Price Index of Food Eaten Away from Home. Prices shall be posted for patrons and a detailed printed description of prices shall be available for review by the City.

11. **RECORDS:** The Operator shall keep accurate records of all sales and receipts through the use of computerized/electronic cash registers which provide daily tapes and reports. The City, prior to commencement of the Agreement, shall approve the cash registers that will be used for the operation of the food services described in this agreement. The Operator shall submit a copy of its monthly Michigan Department of Treasury Sales Tax Return by the 20th date of the month following the month for which the Return was filed. An annual report, summarizing the monthly reports, shall be submitted to the City within sixty (60) days after the first anniversary date of the Agreement and each year thereafter that the Agreement is in effect. The City shall have the right to inspect the books, records, and inventories of the Operator at any reasonable time.

12. **ASSIGNMENT OF AGREEMENT / INDEPENDENT CONTRACTOR:** The Operator shall have no authority or power to assign, sublet and/or transfer any rights, privileges or interests under this Agreement without prior written consent from the City. The Operator acknowledges that it is an independent contractor with no authority to bind the City to any contracts or agreements, written or oral.

13. **COMPLIANCE WITH LAWS:** The Operator shall at all times be in

compliance with all federal and state statutes and City ordinances and with all Oakland County Health Department licensing requirements, rules and regulations. The serving of alcoholic beverages will be in full compliance with State of Michigan Liquor Laws. The Operator will be responsible to transfer the current State of Michigan Liquor License and keep it in force during the term of the contract. If the contractor receives liquor violations that jeopardize the facility's liquor license, the violations will be considered a breach of contract and, at the City's discretion, the contract may be terminated considering the severity of the violations.

14. **INSURANCE**: The Operator shall maintain liability insurance in the amount of one million (\$1,000,000.000) dollars for any actions, claims, liability or damages caused to persons and/or property arising out of the operation and/or maintenance of the food service, kitchen/dining area(s) and its catering operation for golf outings where food has been prepared in the Sanctuary Lake Golf Course food preparation area(s), in addition to product liability insurance and worker's compensation. All insurance coverage shall be approved by the City. Certificates of Insurance shall comply with the sample form attached hereto and attached to the Request for Proposal. The City shall be named as an additional insured under all policies except worker's compensation. All insurance companies must be licensed and admitted to do business in the State of Michigan. All insurance set out herein shall be maintained for the duration of the Agreement. Failure to maintain coverage or to continue to maintain coverage shall be considered a breach of contract with immediate termination of the

Agreement at the will of the City. The Operator is responsible for any deductibles under its policies of insurance. The Operator agrees to indemnify and hold the City harmless for any claims, actions, liabilities or damages arising out of the operation, maintenance or management of the food service, kitchen/dining area(s), vending area(s), on-premises catering for golf outings where food has been prepared in the Sanctuary Lake Golf Course food preparation area(s).

15. **REPORTS OF CLAIMS**: Copies of all claims, damage, or accident reports received by the Operator, its employees and/or agents, whether submitted to an insurance company or not, relating to any damage or accident that occurred or is alleged to have occurred shall be sent to the City.

16. **PERSONAL PROPERTY TAXES**: The Operator shall be liable for any personal property taxes assessed against its equipment or inventory.

17. **UTILITY COSTS**: The City will pay utility costs.

18. **TERM OF AGREEMENT**: This Agreement shall terminate in five (5) years from the date of the last signature hereon unless cancelled by either party upon ninety (90) days written notice sent by certified mail as set out in Paragraph 19. At the end of the five (5) year term of this Agreement, the City may at its option renew this Agreement for a two year period under the same terms and conditions as set out in this Agreement if approved by City Council and if agreed to by the Operator.

19. **NOTICE**: All written notices to be given under this Agreement shall be mailed by certified mail, return receipt requested, to the other party at its address set forth herein or at such address as the party may provide in writing from time

to time. Any such notice shall be deemed to have been received five days subsequent to mailing.

20. **SECTION HEADINGS**. All section headings contained herein are for the convenience of reference only and are not intended to define or limit the scope of any provision of this Agreement.

21. **ENTIRE AGREEMENT**: This Agreement incorporates by reference the Request for Proposal and the Operator's Proposal as though fully set out herein. These documents constitute the entire Agreement and any changes thereto shall be in writing signed by both the parties unless otherwise set out in the Agreement.

IN WITNESS WHEREOF, the City and the Operator have executed this Agreement.

WITNESS:

1.



Cheryl Y. Wallace



(Contractor)

2.



Member
(Title)

APPROVED:

BY: _____
(Mayor)

City Manager or Designee

CITY OF TROY
(Owner)

RESOLUTION NUMER: _____

APPROVED AS TO FORM AND LEGALITY:

BY: _____

City Attorney

ATTEST: _____
(City Clerk)