



CITY COUNCIL ACTION REPORT

July 25, 2008

TO: Phillip L. Nelson, City Manager

FROM: John M. Lamerato, Assistant City Manager/Finance and Administration
Susan A. Leirstein, Purchasing Director

SUBJECT: Standard Purchasing Resolution 8: Best Value Award –
Vending Machine Services

Background

- On April 21, 2008, requests for proposals (RFP) were received for the installation, operation and management of on-site vending machine services for various City of Troy facilities.
- Fifty-Two (52) vendors were notified via the MITN e-procurement website. Five (5) companies responded with two statements of no bid received.
- Six committee members representing the various City facilities independently evaluated the proposals considering factors such as professional competence, sufficient number of employees, service/maintenance plan, reporting system and equipment type.
- Vendors with the ability to out score the highest rated firm were invited to participate in the food sampling portion of the process.
- Based on the scoring criteria of the proposal, commission rates, and sample food, the committee recommends awarding the contract to the highest rated bidder, Vendtek /Satellite Company of Wixom, MI.

Financial Considerations

- Based upon the commission rate schedule ranging from 15% - 18% of gross receipts, the Vendtek/Satellite Company proposal is the most beneficial to the City of Troy with a guaranteed minimum of \$11,000.00 per year.
- Gross sales for 2007 were approximately \$68,000.00 with commissions of \$10,000.00.

Legal Considerations

- RFP-COT-08-04 was competitively bid and all vendors were given the opportunity to respond with their level of interest in providing vending machine services for various City of Troy facilities.
- The contract award is contingent on the recommended bidder's submission of proper contract and proposal documents including insurance certificates, agreement, and all other specified requirements.

Policy Considerations

- By establishing vending machine services for employees, patrons, and visitors; the City will benefit from the quoted commission rates, while offering a variety of products at competitive prices. (Goal I)

July 25, 2008

To: Phillip L. Nelson, City Manager
Re: Best Value Award – Vending Machine Services

Options

- City management recommends awarding a five-year contract for the installation, operation and management of on-site vending machine services for various City of Troy facilities, with additional options to renew at one-year intervals for a maximum length of ten (10) years to Vendtek/ Satellite Vending Company of Wixom, Michigan, the highest rated vendor as a result of best value process with a 15% - 18% return on gross receipts, which is offset by the cost of \$45/month for money changers at the Library and Community Center; or a guaranteed minimum of \$11,000.00 per year whichever is greater.

G:/Purchasing/Bid Award 08-09 New Format/Best Value SR8 – RFP – Vending Machine Services 08.08.doc



EXECUTIVE SUMMARY

VENDING MACHINE SERVICES

STATISTICS:

- ◆ **Fifty-Two (52) company's were notified via the MITN e-procurement website**
- ◆ **Five (5) proposals were received, as well as two (2) statements of no bid**
- ◆ **All Five (5) company's met the pass/fail criteria**
- ◆ **The top three (3) companies participated in a food tasting survey**
- ◆ **Vendtek/Satellite Company received the highest score as a result of a best value process**

The following Five (5) firms received the indicated final scores as a result of the proposal and pricing selection criteria. Only these three top rated firms were invited to participate in food sampling.

Company	SCORE
Vendtek/Satellite Company	82
Austin Vending	77
All Star Services, Inc.	73

Variety Food Services	53
Corporate Dining	52

Attachments:

- ✓ Weighted Final Scoring Including Proposal and Price Scoring
- ✓ Evaluation Process
- ✓ Original Tabulation



WEIGHTED FINAL SCORING
VENDING MACHINE SERVICES

Final Score Calculation:

$$\begin{aligned}
 &40\% \times \text{Commission Rate/Return Score} \\
 &35\% \times \text{Proposal Score} \\
 &15\% \times \text{Sample Food Score} \\
 &\underline{10\% \times \text{Other (Deleted Phase)}} \\
 &100\% \qquad \qquad \qquad = \text{Final Weighted Score}
 \end{aligned}$$

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. **NOTE:** Vendors are listed in the order of their summary score for both the proposal, price and sample food, from highest to lowest. For the final score the vendors are listed in the order of rating from highest to lowest.

Weighted Average Score for Price: 40%

	Weighted Criteria – Difference in Costs [1-(High Return – Proposal Return) / high return] x available points	Final Weighted Score (x .40)
Vendors:		
Vendtek/Satellite Company	{1-(240.50–240.50)/240.50} x 100 = 100	100 x .40= 40
Austin Vending	{1-(240.50–230.00)/240.50} x 100 = 95	95 x .40= 38
All Star Services, Inc.	{1-(240.50–162.20)/240.50} x 100 = 67	67 x .40= 27
Variety Food Services	{1-(240.50–132.80)/240.50} x 100 = 55	55 x .40 = 22
Corporate Dining	{1-(240.50–147.00)/240.50} x 100 = 61	61 x .40= 24

Weighted Average Score for Proposals: 35%

Raters:	1	2	3	4	5	6	Average	Final Weighted Score (x .35)
Vendors:								
Vendtek/Satellite Company	95	60	89	99	76	78	83	29
Austin Vending	76	71	79	91	56	70	74	26
All Star Services, Inc.	98	97	93	97	66	87	90	32
Variety Food Services	95	95	91	99	70	82	89	31
Corporate Dining	94	66	82	99	64	70	79	28

Summary: Proposal and Price Scores

	Price Score	Proposal Score	Score
Vendors:			
Vendtek/Satellite Company	40	29	69
Austin Vending	38	26	64
All Star Services, Inc.	27	32	59
Variety Food Services	22	31	53
Corporate Dining	24	28	52

Only the top three rated firms were invited to participate in the food sampling portion.

(Maximum # of points – 15)



Weighted Average Score for Sample Food: 15%

RATERS	1	2	3	4	5	6	Average	Final Weighted Score (x .15)
Vendors:								
All Star Services, Inc.	100	95	80	96	93	100	94	14
Vendtek/Satellite Company	99	89	85	87	86	92	90	13
Austin Vending	100	87	80	90	61	94	85	13

FINAL SCORE:

VENDORS:	Vendtek/ Satellite Company	Austin Vending	All Star Service, Inc	Variety Food Services	Corporate Dining
Proposal Score	40	38	27	22	24
Price Score	29	26	32	31	28
Food Sampling Score	13	13	14	N/A	N/A
FINAL SCORE	82	77	73	53	52

**HIGHEST RATED VENDOR – RECOMMENDED AWARD



SELECTION PROCESS

CRITERIA FOR SELECTION

The identified 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 and capacity of the company
- 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: Minimum Qualifications Evaluation

Companies will be required to meet minimum established criteria in order to go to the second phase of the process.

Phase 2: Evaluation of Proposals

Each Committee member will independently use a weighted score sheet to evaluate the proposals; each Committee Member will calculate a weighted score. The scores of the Evaluation Committee Members will be averaged into one score for each company for this phase of the process.

Phase 3: Food Evaluation Process (Optional)

Based on the scores from the *Evaluation* – Phase 2, the City, at their option, will invite at least the top three (3) rated company's to participate in a food evaluation process. If less than three (3) company's remain in the process, all will be included in the food evaluation process. Each Committee member will use a weighted scoring sheet to evaluate the submitted food samples. Each Committee Member will calculate a weighted score. The scores of the Committee Members will be averaged into one score for each bidder for this phase of the process.

Phase 4: Commission Rate / Return

Points will be calculated as follows:

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

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 company with the highest final weighted score will be recommended to the Troy City Council for Award.

- 40% Commission Rate/Return Score (100 point base)
- 35% Proposal Score (100 point base)
- 15% Sample Food Score (100 point base)
- 10% Other (100 point base)
- 100%

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.

RFP-COT 08-04

VENDING MACHINE SERVICES

MACHINE	EST. QTY	SELLING PRICE	UNIT SIZE	GROSS SALES	Corporate Dining Concepts		Variety Food Services		All Star Services, Inc.		Vendtek/Satellite Company		Austin Vending	
					%	\$	%	\$	%	\$	%	\$	%	\$
Coffee/Hot Beverage	100	\$ 0.50	8 oz	\$ 50.00	10%	\$ 5.00	N/A	\$ -	22.2%	\$ 11.10	18%	\$ 9.00	20%	\$ 10.00
Bottle Beverage	100	\$ 1.35	20 oz	\$ 135.00	10%	\$ 13.50	10.1%	\$ 13.64	5.2%	\$ 7.02	15%	\$ 20.25	20%	\$ 27.00
Can Beverage	100	\$ 0.90	12 oz	\$ 90.00	10%	\$ 9.00	10.1%	\$ 9.09	10.2%	\$ 9.18	15%	\$ 13.50	20%	\$ 18.00
Can Energy Drinks	100	\$ 1.25	16 oz	\$ 125.00	10%	\$ 12.50	10.1%	\$ 12.63	DMS	\$ -	15%	\$ 18.75	Blank	\$ -
Sports Drinks	100	\$ 1.75	20 oz	\$ 175.00	10%	\$ 17.50	10.1%	\$ 17.68	10.2%	\$ 17.85	15%	\$ 26.25	20%	\$ 35.00
Juice	100	\$ 1.75	15.2 fl oz	\$ 175.00	10%	\$ 17.50	10.1%	\$ 17.68	10.2%	\$ 17.85	15%	\$ 26.25	20%	\$ 35.00
Water	100	\$ 1.00	20 oz	\$ 100.00	10%	\$ 10.00	10.1%	\$ 10.10	5.2%	\$ 5.20	15%	\$ 15.00	20%	\$ 20.00
Snacks/Cookies	100	\$ 0.85	1 oz - 2 oz	\$ 85.00	10%	\$ 8.50	10.1%	\$ 8.59	18.2%	\$ 15.47	16%	\$ 13.60	20%	\$ 17.00
Large Chips	100	\$ 0.90	1.5 oz	\$ 90.00	10%	\$ 9.00	10.1%	\$ 9.09	18.2%	\$ 16.38	16%	\$ 14.40	20%	\$ 18.00
Regular Chips	100	\$ 0.60	1 oz	\$ 60.00	10%	\$ 6.00	10.1%	\$ 6.06	18.2%	\$ 10.92	16%	\$ 9.60	20%	\$ 12.00
Pastry	100	\$ 1.00	2.75oz-4.25oz	\$ 100.00	10%	\$ 10.00	10.1%	\$ 10.10	18.2%	\$ 18.20	16%	\$ 16.00	20%	\$ 20.00
Candy	100	\$ 0.90	1.2 oz - 2.7 oz	\$ 90.00	10%	\$ 9.00	10.1%	\$ 9.09	18.2%	\$ 16.38	16%	\$ 14.40	20%	\$ 18.00
Food/Etc.	100	\$ 3.00	Various	\$ 300.00	0%	\$ -	0%	\$ -	0%	\$ -	0%	\$ -	Blank	\$ -
Novelty	100	\$ 5.00	Each	\$ 500.00	10%	\$ 50.00	0%	\$ -	0%	\$ -	15%	\$ 75.00	Blank	\$ -
OPTIONAL:														
Coffee/Hot Beverage	100	\$ 0.75	12 oz	\$ 75.00	10%	\$ 7.50	12.1%	\$ 9.08	22.2%	\$ 16.65	18%	\$ 13.50		\$ 230.00
SUBTOTAL:				\$ 2,150.00		\$ 185.00		\$ 132.80		\$ 162.20		\$ 285.50		
Additional Equipment - Cost per Month	1			1		\$ (38.00)		\$ -		\$ -		\$ (45.00)		\$ -
TOTAL:						\$ 147.00		\$ 132.80		\$ 162.20		\$ 240.50		\$ 230.00

40%

$[1-(240.50-147.00)/240.50] \times 100$	61	24	Corporate Dining
$[1-(240.50-132.80)/240.50] \times 100$	55	22	Variety Food Services
$[1-(240.50-162.20)/240.50] \times 100$	67	27	All Star Services, Inc.
$[1-(240.50-240.50)/240.50] \times 100$	100	40	Vendtek/Satellite Co
$[1-(240.50-230.00)/240.50] \times 100$	95	38	Austin Vending

FIRM NAME:

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Vendtek/Satellite Vending Company	Austin Vending	All Star Services, Inc.
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PROPOSAL: TO PROVIDE INSTALLATION, OPERATION, AND MANAGEMENT OF ON SITE VENDING MACHINE SERVICES FOR VARIOUS CITY OF TROY FACILITIES

VENDOR QUESTIONNAIRE:	(Yes or No)	Yes	Yes	Yes
SEVEN (7) COPIES	(Yes or No)	Yes	Yes	Yes

INSURANCE:	Can Meet	XX	Current Vendor	XX
	Cannot Meet		Insurance on file	
	Signed Y or N			

MACHINE	SELLING PRICE	UNIT SIZE	COMMISSION RATE	COMMISSION RATE	COMMISSION RATE
Coffee/Hot Beverage	\$.35 - \$.50	8 oz	18%	20%	22.2%
Bottle Beverage	\$1.25 - \$1.35	20 oz	15%	20%	5.2%
Can Beverage	\$.80 - \$.90	12 oz	15%	20%	10.2%
Can Energy Drinks	\$.90 - \$1.25	16 oz	15%	Blank	DMS
Sports Drinks	\$1.50 - \$1.75	20 oz	15%	20%	10.2%
Juice	\$1.50 - \$1.75	15.2 fl oz	15%	20%	10.2%
Water	\$1.00	20 oz	15%	20%	5.2%
Snacks/Cookies	\$.75 - \$.85	1 oz - 2 oz	16%	20%	18.2%
Large Chips	\$.70 - \$.90	1.5 oz	16%	20%	18.2%
Regular Chips	\$.50 - \$.60	1 oz	16%	20%	18.2%
Pastry	\$.85 - \$1.00	2.75oz-4.25oz	16%	20%	18.2%
Candy	\$.75 - \$.90	1.2 oz - 2.7 oz	16%	20%	18.2%
Food/Etc.	\$1.50 - \$3.00	Various	0%	Blank	0%
Novelty	\$.75 - \$5.00	Each	15%	Blank	0%

OPTIONAL:			COMMISSION RATE	COMMISSION RATE	COMMISSION RATE
Coffee/Hot Beverage	\$.50 - \$.75	12 oz	18%	Blank	22.2%
OTHERS: (List)			Blank	Blank	Blank
			Guarantee \$11K/yr		

	COST PER MONTH	COST PER MONTH	COST PER MONTH
ADDITIONAL EQUIPMENT:	\$45.00	\$0.00	\$0.00

FORMS:	Indemnification Clause	Y or N	Yes	Not in RFP Package	Yes
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TERMS: SEE ACCOUNTING (PAGE 20 of 20) of RFP docs

EXCEPTIONS:	SEE RFP		
	No Hot Drink Machine in Library, Too low of sales	Not in RFP Package	Blank
	No Snack in P&R, too low of sales - etc.....		

ACKNOWLEDGEMENT:	Y or N	Yes	Not in RFP Package	Yes
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NO BID:
AVI Food Systems
Continental Canteen

Provided a selling price outside the City's designated range

ATTEST:
Diane Fisher
Julie Hamilton
Linda Bockstanz
G/RFP-COT 08-04 Vending Machine Service:

**** DENOTES HIGHEST RATED BIDDER AS A RESULT OF A BEST VALUE PROCESS**

Susan Leirstein CPPB
Purchasing Director

FIRM NAME:

Corporate Dining

Variety Food

Concepts

Services

PROPOSAL: TO PROVIDE INSTALLATION, OPERATION, AND MANAGEMENT OF ON SITE VENDING MACHINE SERVICES FOR VARIOUS CITY OF TROY FACILITIES

VENDOR QUESTIONNAIRE: (Yes or No)

Yes

Yes

SEVEN (7) COPIES (Yes or No)

Yes

Yes

INSURANCE: Can Meet
 Cannot Meet
 Signed Y or N

XX

XX

MACHINE	SELLING PRICE	UNIT SIZE	COMMISSION RATE	COMMISSION RATE	COMMISSION RATE
Coffee/Hot Beverage	\$.35 - \$.50	8 oz	10%	N/A	
Bottle Beverage	\$1.25 - \$1.35	20 oz	10%	10.1%	
Can Beverage	\$.80 - \$.90	12 oz	10%	10.1%	
Can Energy Drinks	\$.90 - \$1.25	16 oz	10%	10.1%	
Sports Drinks	\$1.50 - \$1.75	20 oz	10%	10.1%	
Juice	\$1.50 - \$1.75	15.2 fl oz	10%	10.1%	
Water	\$1.00	20 oz	10%	10.1%	
Snacks/Cookies	\$.75 - \$.85	1 oz - 2 oz	10%	10.1%	
Large Chips	\$.70 - \$.90	1.5 oz	10%	10.1%	
Regular Chips	\$.50 - \$.60	1 oz	10%	10.1%	
Pastry	\$.85 - \$1.00	2.75oz-4.25oz	10%	10.1%	
Candy	\$.75 - \$.90	1.2 oz - 2.7 oz	10%	10.1%	
Food/Etc.	\$1.50 - \$3.00	Various	0%	0%	
Novelty	\$.75 - \$5.00	Each	10%	0%	

OPTIONAL:

Coffee/Hot Beverage \$\$.50 - \$.75 12 oz
OTHERS: (List)

COMMISSION RATE COMMISSION RATE COMMISSION RATE

10%

12.1%

Blank

Two Coin Changers
 Free Rental

COST PER MONTH COST PER MONTH COST PER MONTH

ADDITIONAL EQUIPMENT:

\$38.00

\$0.00

FORMS: Indemnification Clause Y or N

No

Yes

TERMS: SEE ACCOUNTING (PAGE 20 of 20) of RFP docs

EXCEPTIONS:

Blank

See High Commission
 Offer

ACKNOWLEDGEMENT: Y or N

Blank

Yes