



## CITY COUNCIL AGENDA ITEM

Date: October 9, 2013

To: Brian Kischnick, City Manager

From: MaryBeth Murz, Purchasing Manager

Subject: Standard Purchasing Resolution 3: Exercise Renewal Option – Vending Machine Services

### History

On August 11, 2008, Troy City Council approved a five (5) year contract to provide 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 under the same commission rate structure and terms and conditions, based on mutual consent of both parties to the best value bidder, Vendtek/Satellite Company of Wixom, MI {Resolution #2008-08-254-F-4a}.

Vendtek/Satellite Company of Wixom, MI has successfully provided the City with vending machine services for the past five years. The Company has been reliable and dependable during the term of this contract. Based upon the commission rate schedule ranging from 15%-18% of gross receipts, the contract and partnership with Vendtek has proven to be very beneficial to the City of Troy. The contract includes a guaranteed minimum commission of \$11,000 per year. Each year of the five year contract commission rates have exceeded the annual guaranteed commission dollar amount as detailed below.

	\$ Sales	\$ Commissions
2012/2013	\$ 83,968.93	\$ 12,202.18
2011/2012	\$ 83,241.00	\$ 12,038.89
2010/2011	\$ 90,574.70	\$ 13,222.40
2009/2010	\$ 109,372.85	\$ 16,090.62
2009/2008*	\$ 70,515.09	\$ 10,224.61
<b>Total 5 Yrs.</b>		<b>\$ 63,778.70</b>
<i>*not a full year</i>		

### Purchasing

The Purchasing Department competitively bid vending machine services as per RFP-COT 08-04. As per the contract terms and conditions; Vendtek's performance is reviewed annually. Because the initial five (5) year contract has expired; the Department conducted a market survey of vending machine services and found no reason to solicit new bids. Additionally; Vendtek has agreed to continue to perform the contract under the existing terms and conditions, offer the same commission rate and also guarantee an annual commission dollar amount for the subsequent renewal. The



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Purchasing Department will continue to monitor the contract and evaluate the performance as such; annually. Additionally sales and commissions received are monitored monthly.

### **Financial**

The City will continue to benefit from the commission rates and guaranteed minimum annual commission dollar amount as per the contract.

### **Recommendation**

City management recommends the option to exercise the renewal option of this contract; renewing annually for up to five (5) years upon mutual consent of both parties and successful performance of the contract with Vendtek/Satellite Company of Wixom, MI for Vending Machine Services for the City of Troy under the same terms and conditions, commission rates and guaranteed minimum annual commission dollar amount contained in the bid tabulation opened April 21, 2008, to expire August 31, 2018.