

PERSONNEL AND ANIMAL WELFARE COMMITTEE REPORT relative to proposed contract with First Class Vending, Inc. (First Class) for vending machine services and maintenance at Department of Animal Services (DAS) facilities.

Recommendations for Council action, SUBJECT TO THE APPROVAL OF THE MAYOR:

1. AUTHORIZE the General Manager, DAS, or designee, to negotiate and execute a contract with First Class to provide vending machine services and maintenance at up to six City animal shelters and the DAS Administrative Office with the following provisions, subject to the approval of the City Attorney as to form and legality:
 - a. That the contract term be five years, with one five-year option to extend, subject to the duration of the Department of Recreation and Parks (RAP) Concession No. 270.
 - b. That 34 percent of the gross receipts from vending machine sales, or \$9,838 per year, whichever is higher, be paid to the City in addition to a one-half percent of gross receipts for utilities and an annual sponsorship payment of \$79.
2. AUTHORIZE the DAS to:
 - a. Deposit receipts into the Animal Welfare Trust Fund No. 859/06.
 - b. Transfer any receipts for utility costs to Fund 100/06, Revenue Source Code 5301, Reimbursement From Other Funds, to reimburse the General Fund for utility costs.
 - c. Spend the remaining contract receipts at DAS for one-time purchases and improvements.
3. AUTHORIZE the Controller to establish a receivable and appropriation account titled Vending Sales, account number to be determined, within Fund 859/06 for the receipt and disbursement of funds.
4. AUTHORIZE the DAS to prepare Controller's instructions for any necessary technical adjustments, subject to the approval of the City Administrative Officer (CAO); and AUTHORIZE the Controller to implement the instructions.

Fiscal Impact Statement: The CAO reports that approval of the recommendations within the August 15, 2014 CAO report will authorize the DAS to execute a contract with First Class to provide vending machine services at DAS facilities and will generate revenue to the Animal Welfare Trust Fund for one-time animal shelter purchases and improvements. The DAS estimates gross receipts of \$9,838 per year, in addition to an annual sponsorship payment of \$79 provided by the vendor. An additional 1.5 percent of gross receipts, estimated at \$400 per year, will reimburse the General Fund for utility costs. There is no additional impact on the General Fund.

Community Impact Statement: None submitted.

TIME LIMIT FILE - OCTOBER 14, 2014

(LAST DAY FOR COUNCIL ACTION - OCTOBER 14, 2014)

Summary:

On August 19, 2014, your Committee considered an August 15, 2014 CAO report relative to proposed contract with First Class for vending machine services and maintenance at DAS facilities. According to the CAO, the DAS is requesting authority to execute a contract with First Class for the operation and maintenance of vending machines at the DAS administrative office and six City animal shelters. The term of the proposed contract is five years with one five-year extension option for a total possible term of ten years. There is no cost to the City.

The DAS seeks to utilize an existing concession contract between the RAP and Parks (RAP) and First Class (Concession No. 270, Council File No. 11-0034) to meet the City's Charter Section 371 competitive bidding requirements. In May 2010, RAP used a request for proposals (RFP) process to select First Class to provide vending machines at City recreational facilities. The RAP contract with First Class was executed on May 23 , 2011 for a term of five years, with two five-year renewal options. The contract grants First Class sole and exclusive rights to provide vending machine services at various City recreation facilities. Under the contract, 34 percent of gross receipts from vending machine sales, or \$125,000 per year, whichever is higher, is paid to the City in addition to a one-half percent of gross receipts for utilities and an annual sponsorship payment of \$1,000.

After consideration and having provided an opportunity for public comment, the Committee moved to recommend approval of the proposed contract with First Class as detailed in the above recommendations. This matter is now submitted to Council for its consideration.

Respectfully Submitted,

PERSONNEL AND ANIMAL WELFARE COMMITTEE

MEMBER VOTE

KORETZ: YES

O'FARRELL: YES

FUENTES: YES

ARL

8/19/14

-NOT OFFICIAL UNTIL COUNCIL ACTS-