



DATE: May 27, 2015  
TO: THE DISTRICT BOARD OF TRUSTEES  
of Valencia College

FROM: SANFORD C. SHUGART  
President

RE: ITN 2015-05, FOOD SERVICES, DINING AND CATERING, COLLEGE  
WIDE, CONTRACT AWARD

On February 25, 2015, The Board of Trustees approved commencement of negotiations with the shortlisted firms. The original Proposal Review Committee, comprised of ten persons representing the students, faculty and staff, had shortlisted the respondents for Retail Food Services: Food Services, Inc. (FSI) and Ovations. They also shortlisted two companies for Vending Services: Canteen Vending Services Division (Canteen) and The Vending Station. The Negotiation Team was comprised of three members of the original committee, and the consultant as a non-voting member. Meetings were held to discuss in more detail each contractor's approach, capabilities and plans for enhancing the dining and vending services program. After several negotiation meetings, the team requested best and final offers from each company. After the review and analysis of the best and final offers, the Negotiation Team unanimously agreed that FSI, Inc. and Canteen offered the best combination of value to the College for food services and vending services, respectively.

FSI, Inc. will provide multiple national branded concepts at various campuses. In addition, FSI will provide a mobile application for pre-ordering and payment of food orders.

Canteen will provide the vending program and will maintain the pouring rights. They will include an expanded vending market place at various campuses to include beverage, snack machines, cold food, coffee and ice cream machines, as well as Starbucks glass front machines. In addition, they will promote a customer loyalty program.

**The relevant business terms for the proposed Retail Food Services agreement with FSI, Inc. are as follows:**

**Term:** Five (5) year agreement, with option to renew five (5) year one year terms.

**Scope of Services:** Provide retail dining and non-exclusive catering services program.

**Key Financial Provisions:**

- Commission to the College: Three and one-half percent (3.5%) Commission or \$75,000 whichever is greater for the first year, excluding National Brand Concepts which charge a Franchise Fee.
- Commission increase to four percent (4%) or \$75,000 whichever is greater for the second year.
- Commission increase to five percent (5%) or \$75,000 whichever is greater for the third through fifth year.

- Profit Sharing: All profits in excess of two percent (2%) will be split with College on a fifty/fifty (50%/50%) basis.
- FSI will provide multiple national branded food service concepts for each campus.
- Use of Mobile application for pre-ordering and payment of food initially, Canteen will provide the Mobile application in one test market, then it will be deployed to other locations.

**The relevant business terms for the proposed Vending Services agreement with Canteen are as follows:**

**Term:** Five (5) year agreement, with option to renew five (5) year one year terms.

**Scope of Services:** Provide food, select sundry items and related services through non-beverage vending machines located in various areas and pouring rights for beverage vending and retail sales.

**Key Financial Provisions:**

- Commission to the College: 25.9 % on snacks, GM, ice cream
  - 36.9% on drinks
  - 31.6% on energy drink/juice
  - Advance Commission of \$400,000 (assuming minimum commission income to the College of \$200,000 annually. on contract execution.
  - 50/50 pouring rights with Coke and Pepsi to maximize commission return to College.
  - 100% of machines will accept credit/debit cards and nutritional information will be provided for products using Canteen Connect application platform, as well as a Touch Screen providing nutritional information.
- Average annual foodservice and vending commissions revenues from the recently concluded Cabin Creek contract over the past six years = \$162,000.
- Projected annual revenues (not including product donations) as a result of the FSI and Canteen contracts, including beverage pouring rights = \$297,000.

**RECOMMENDATIONS:**

**Recommendation #1:** The President recommends that the District Board of Trustees of Valencia College approve the contract award of Food Services, Dining and Catering to Food Services, Inc. (FSI) and the President further recommends that the District Board of Trustees of Valencia College authorize the College to enter into an agreement with FSI, consistent with the business terms presented, and other terms/conditions as deemed appropriate by the Parties.

**Recommendation #2:** The President recommends that the District Board of Trustees of Valencia College approve the contract award of Vending Services to Canteen Vending Services Division (Canteen), and the President further recommends that the District Board of Trustees of Valencia College authorize the College to enter into an agreement with Canteen, consistent with the business terms presented, and other terms/conditions as deemed appropriate by the Parties.

  
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 President