AMENDMENT NO. 1 TO SOLICITATION

TO: ALL VENDORS

FROM: Charles Johnson, Procurement Manager

SUBJECT: SOLICITATION NUMBER: USC-RFP-3244-CJ

DESCRIPTION: Drink Vending Services for the Beaufort, Columbia, Lancaster, and Union Campuses of the University of South Carolina

DATE: January 19, 2018

This Amendment No. 1 modifies the Request for Proposals only in the manner and to the extent as stated herein.

Questions and Answers

Revised/Modified Attachment B of Section IX of the solicitation

Revised/Modified SubSections 3.11.1 and 3.11.9 of Section III of the solicitation

BIDDER SHALL ACKNOWLEDGE RECEIPT OF AMENDMENT NO. 1 IN THE SPACE PROVIDED BELOW AND RETURN IT WITH THEIR BID RESPONSE. FAILURE TO DO SO MAY SUBJECT BID TO REJECTION.

Authorized Signature	Name of Offeror
Date	

THE FOLLOWING QUESTIONS WERE SUBMITTED BY VENDOR A:

Current Vending across all campuses:

QUESTION # 1: Please provide details as to the revenue declines from 2011/2012 to 2016/2017 across the campuses (see declines by campus below) per RFP pages 13-14?

a. Columbia: 18% decline
b. Beaufort: 6% decline
c. Lancaster: 41% decline
d. Union: 40% decline

ANSWER: The University is not able to fully answer this question. National trends, product mix, and machine functioning can all effect sales. There has been a large amount of construction activity on the Columbia campus recently that may have had an impact on traffic patterns.
At the Beaufort Campus, students have moved away from using cash and moved toward using their "Carolina Card" declining balance to make purchases in venues across campus. Although the Beaufort campus' machines are equipped with credit and debit card readers they are not currently equipped with Carolina Card readers.
At the Lancaster campus, there was a slight decline in student enrollment (full-time) during the period 2011/2012 to 2016/2017. However, enrollment has recently increased to record levels for the campus.

QUESTION # 2: When was the last vending mech rate (price) increase and how much per unit on 20oz Carbonated Soft Drinks (CSD)?

ANSWER: The last price increase on 20 oz. CSDs was in 2007 when the price increased from $1.00 to $1.25.

QUESTION # 3: What has been the strategy in vending regarding significantly lower vending mech rates (pricing) on 20oz Carbonated Soft Drinks (CSD) @ $1.25 on campus versus the Campus Bookstore 20oz CSD @ $1.89 and current Food Service provider @ $1.79?

ANSWER: Prices at the Campus Bookstore and in the Food Service areas are established by the contractors who operate those businesses.

a. With Vending pricing significantly lower than campus outlets, why the continual decline in Vending Revenue over the last 6 years?

ANSWER: Please see the response (answer) to question # 1 above.

QUESTION # 4: Are any water brands other than current provider water brands sold via vending machines on campuses today? If yes, what brands and how are they vended (whose machines)?

ANSWER: The only water brands currently being sold from the vending machines that are covered by this contract are those offered by the current provider.

QUESTION # 5: Are Energy products currently allowed to be sold in vending machines?

ANSWER: Energy products are allowed to be sold currently in vending machines on campus, although they should not be the predominant beverage offered in any machine. The University wants a limited offering and marketing of these products on campus.

a. If so, are all vending machines on campus authorized to dispense Energy products?

ANSWER: Yes, subject to the University's oversight.

b. If not allowed in all machines, how many currently are authorized to dispense Energy products?

ANSWER: NA

QUESTION # 6: What volume driving programs has the school or current beverage provider executed over the past several years? Were they successful in driving incremental revenue?

ANSWER: Marketing efforts have taken various forms over the years. They have included random give-aways in machines through purchases, monthly taste testing of products on Greene Street in connection with student activities, and once per semester "Hug Me" events. The success of these efforts has been difficult to measure and we have no reliable data on this.

<u>Minimum Guarantee:</u>

QUESTION # 1: The minimum guarantee of $515,000 constitutes an unprofitable vending business proposition.

a. Will the University be open to alternative bids not meeting the minimum guarantee?

ANSWER: The Minimum guaranteed amounts must be met in bidding either or both options. The University is receptive to considering a lower percentage commission, as long as the minimum guaranteed amount remains at or above the established amount.

i. Will the University be open to a Healthy Vending option in limited scope; 20% of space for Healthy Vending?

ANSWER: The University encourages healthy vending in all vending machines and will support a vendor's desire to provide the largest percentage of healthy vending in any of the vending spaces for which it receives the contract award.

b. If all bidders do not meet the minimum guarantee of $515,000;

i. Will the University accept alternative bids?

ANSWER: To be considered responsive for a given Option, a bid must meet the applicable minimum guarantee.

ii. Will the current RFP be canceled and another RFP generated?

ANSWER: There are no plans for this.

Carolina Card 3% Fee:

QUESTION # 1: Please elaborate on the 3% fee charged to the contractor;

a. Is this on top of the 78% minimum commission?

ANSWER: Yes. This will be in addition to percentage based or guaranteed commissions.

b. Is this in addition to the Minimum Guarantee?

ANSWER: Yes.

c. What comprises the 3% fee costs?

ANSWER: This is the fee that is charged to all vendors who accept payment in the form of Carolina Cash and is charged to support the operation of the Carolina Card

Office.

Brands:

QUESTION # 1: Will any limitation be placed on Energy products in Vending?

ANSWER: The University reserves the right to approve the type and mix of products that are vended from machines on campus. There is not a pre-determined limitation on the vending of Energy products, but where they are offered, they must be one of many alternative drinks, including water and other healthy alternatives, that are offered as choices from any machine.

a. If so, what are those limitations?

ANSWER: See answer above.

QUESTION # 2: Please explain the Water non-exclusivity verbiage in Section 3.2 of the RFP?

ANSWER: The University reserves the right to sell water at any location on campus where water is needed and will not be limited in its ability to provide water where it is needed and not otherwise provided in a convenient and affordable fashion. Water is a necessity of life and will not be denied where a need exists due to exclusivity of a contract. There will not be another machine vending contract that will be awarded for the sale of water. There is no anticipated additional vending of water at this time; however, the sale of water if a non-exclusive right.

a. What brands and through what vending avenue?

ANSWER: See answer above.

QUESTION # 3: Please explain the non- exclusivity of certain brands;

ANSWER: Exclusivity is limited to soft drinks that are sold from vending machines. Other non-soft drinks (like juices and smoothies) may be sold through snack machines if needed and approved by the University.

a. What brands and through what vending avenue?

ANSWER: See answer above.

QUESTION # 4: Does the current Snack Vending Company have authorization to vend beverages out of their snack machines?

ANSWER: There is no current approval from the University for the Snack Vending Company to sell beverages from their machines.

a. If so, what brands?

   ANSWER: NA

   i. What vend prices?

      ANSWER: NA

   ii. Are their prices made to be in line with the beverage vending prices?

      ANSWER: NA

   iii. Are the Snack Vending Company's commissions in line with Beverages?

      ANSWER: NA

<u>Vending Mech Rates (Prices):</u>

QUESTION # 1: Current vending prices are significantly below the total Market, other retail locations on campus and around campus, and like campuses across the Country;

a. Is it the Universities desire to stay below like campuses vending mechs (prices)?

   ANSWER: The University is receptive to considering price increases after the contract is awarded if this is supported by market rates in similar vending environments.

b. At what time and in what unit amounts will the University be willing to entertain vending price increases?

   ANSWER: Increases will need to be supported by market information.

THE FOLLOWING QUESTIONS WERE RECEIVED FROM VENDOR B:

QUESTION # 1: Could you further explain Section 3.11.1 from page 18? Please define 78% of all revenue generated? Could you provide an example from the revenue generated in year 16/17 on page 13?

ANSWER: Revenue generated encompasses all revenue (Carolina Cash, Credit Card purchases and Cash purchases) made from the operation of the vending machines that are provided under this contract. Under the example that you requested, the 78% would apply to the total revenue that is listed for 2016/2017 of $656,868. Please see the revised SubSection 3.11.1 of Section III of the solicitation.

QUESTION # 2: Would an offer be accepted in which the guaranteed offer is over the minimum pay out ($515,000/$258,000) but the 78% revenue guarantee is not honored?

ANSWER: Yes. Please see the revised Bidding Schedule. The new bidding schedule will allow the offeror to determine the percentage of revenue that it is offering under that method of determining the annual payment to the University, but with the higher amount between the two calculations still determining the annual payment in any given year.

QUESTION # 3: Is it fair to assume the proposal is essentially requiring 78% commission on all products as long as the $258,000/$515,000 minimum is met or surpassed?

ANSWER: Please see the answer to question # 2 above.

QUESTION # 4: Would the University be open to equipment/product changes if Alternate One was awarded? As to represent the contractor's best-selling products and maximize sales in the reduced space?

ANSWER: Yes, provided that the new equipment fits inside the current space that is occupied by the current equipment and that the products are beverages.

QUESTION # 5: Are there any other building/housing projects expected other than the ones listed on Page 18?

ANSWER: The only other current project that has been approved by the Board of Trustees is a housing project that is being planned to add a new wing to the Honors Dorm that will offer 136 new beds in that area of campus. This is planned to come on line in either the Fall of 2020 or 2021. State approvals must be obtained for this project as well as for the Campus Village project before they can proceed.

QUESTION # 6: What opportunities exist on campus to add vending where it does not currently exist?

ANSWER: The University is receptive to adding additional vending on campus where there is appropriate space and locations to do this, where the building users approve this being done, and where it is allowed by Fire Code.

EXHIBIT B IN SECTION IX OF THE SOLICITATION HAS BEEN REVISED AND NOW READS AS FOLLOWS:

EXHIBIT B

COLUMBIA CAMPUS PRICING SHEET

To be deemed responsive to the RFP, Offerors must provide proposals responding to one or both Alternates described below. The University will evaluate both Alternates and will chose the Alternate that it deems, in in its sole discretion, to be in its best interest.

<u>Alternate One</u>

Offerors are required to provide an offer for the exclusive rights to provide drink vending services utilizing half of the machine spaces that currently exist on campus, and half of the spaces that will be established in future years of the contract. These locations will be divided into two groups as indicated on the attached map (See Attachment 4). If the University determines to award this Alternate, awards will be made to two vendors for the exclusive rights to provide vended drinks from the machine spaces that they are awarded. The vendor receiving the highest score on its proposal will have the first opportunity to determine which group of spaces they prefer to be awarded as well as being assigned the first new machine location that becomes available for drink vending following award of the contract. Thereafter, the machines spaces will be assigned evenly by taking turns to the new assignments. The minimum guaranteed commission that must be offered to be responsive to this Alternate is $258,000 annually for each year under the contract, or **<u>offeror's percentage</u>** of sales revenues, whichever amount is higher.

Offeror's Percentage of Gross Annual Sales Revenue __________%

Minimum Annual Guarantee for Years 1-7 of the contract $____________

Amount must be at least $258,000

<u>Alternate Two</u>

Offerors are required to provide an offer for the exclusive rights on a campus wide basis (excepting those areas described in the RFP involving the Athletics Department and water in certain areas serviced by the snack vending Contractor) for the provision of all vended beverages that are described in the RFP and approved by the University. The minimum guaranteed commission that will be required to be responsive to this Alternate is $515,000 annually for each year under the contract, or **offeror's percentage** of all sales revenues, whichever amount is higher.

Offeror's Percentage of Gross Annual Sales Revenues __________%

Minimum Annual Guarantee for Years 1-7 of the contract $_____________

Amount must be at least $515,000

The Offeror agrees to provide 400 cases of donated product annually to the University Columbia campus according to the schedule and product mix designated by the University.

____
Signature of Authorized Agent

SubSections 3.1.11 and 3.11.9 in Section III of the solicitation has been revised/modified and now reads as follows:

3.11.1 Commission payments for Columbia Campus

The Contractor understands and agrees that the annual amount paid to the University relative to sales made under the terms of the contract will not be less than the guaranteed minimum annual amount of its offer or **contractor's percentage** of all revenue produced by its sales through the machine spaces that is awarded, whichever is higher. The Contractor understands and agrees that the guaranteed minimum annual amount shall be exclusive of any late payment fees and any other payment to the University required by the contract.

3.11.9 If in any year of the contract, **the contractor's percentage** of annual sales exceed the guaranteed commission amounts, the Contractor must promptly remit to the University the additional amount that is due to it as described in SubSection 3.11.1. Such payment shall be due on July 15th of each contract year after the first full year of the contract term.