



CITY OF HOUSTON

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March 13, 2014

SUBJECT: Letter of Clarification No. 1 Soft Drink and/or Vending Marketing Partnership for the City of Houston

REFERENCE: Request for Proposal No. S30-T24654

TO: All Prospective Proposers:

This Letter of Clarification is issued for the following reasons:

• **To revise the above referenced solicitation as follows:**

1. Remove Page 16 and replace with page 16 marked Revised March 13, 2014.
2. Remove Page 19 and replace with page 19 marked Revised March 13, 2014.
3. Add Pages 19A, 19B, 19C and 19D marked Revised March 13, 2014
4. Remove Page 28 and replace with page 28 and 28A marked Revised March 13, 2014.

• **The following questions and City of Houston responses are hereby incorporated and made a part of the Request for Proposal:**

1. In the current Non-Alcoholic Beverage agreement with Dr. Pepper Company page 24 (c). the sponsorship fee is \$25K year 1 and \$25K year 2 and 3-10 \$100K. Was total sponsorship paid over the term to the City of Houston \$850K?

Answer: The sponsorship paid to the city has been distributed over the term of the contract. Year (1) at \$25K, (2) at \$25K, 3-10 at \$100K paid per year.

2. RFP page 13, 1.1 – Is the 15% of payable revenue to a M/WBE coming from Contractors potential revenue or City of Houston via commissions?

Answer: The 15% of payable revenue to the M/WBE will come from the Contractors potential revenue.

3. It was disclosed in our meeting that the City of Houston would not allow energy drinks at any of the Parks locations, does this include public pools?

Answer: The high-caffeinated energy drinks will not be allowed in all Park facilities including public pools.

4. Can a vendor submit proposals for:
 - a. Beverages Only?
 - b. Snacks Only?
 - c. Combination Beverages & Snacks?

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Answer: The city will review all proposals as submitted, whether it be Beverage Only, Snack Only or a Combination of Beverage and Snack. All submitted proposals will be evaluated based on the criteria set forth in the 2.0 Selection Process on page 37 of Solicitation No. S30-T24654.

5. Page 16, 1.3, Category Exclusivity-will the "beverage" portion and the "snack" portion be considered separately? Is this an ALL or NONE venture?

Answer: All proposals will be considered, whether "beverage only", "snack only", or "beverage and snack combination". Page 37, 2.0 describes the evaluation criteria and how each vendor will be rated.

6. Page 16, 1.4, Territory Exclusivity- Will the George R. Brown Convention Center be included with this RFP? Please define what are the "convention centers" that are controlled by the City?

Answer: The wording "convention centers" will be removed from Page,1.4, including all Houston First managed facilities which includes the George R. Brown.

7. Page 18, 4.6, Please define the last sentence. Most beverage Vending machines will have the door/sides show "brand" logos (example: Diet Coke, Diet Pepsi., Diet Dr Pepper, Diet 7-Up, Diet Snapple), or "photo of 20oz/12oz brand" on the front of machine. Will beverage machines not be allowed to show "regular" beverage logos, photos, on their machines door fronts?

Answer: We are requesting that all machines be wrapped with Diet or Low-Calorie Sodas, Water, or other low calorie beverages.

8. Page 19, 5.2 and 5.4, The Table 1 outline title will be changed on the third category (Excluded), and these beverages will be allowed in 50% of the vended products availability?

Answer: The Table is currently being reconfigured to show a clearer view of the three categories and the 50% of "all others" (currently listed as "excluded") products. The 50% requirement will extend to the beverage portion of the contract also.

9. Page 20, 6.3, Please clarify rules for Route Driver that restocks beverage vending machines at HAS? HAS is allowing our Route Driver to restock our machines at IAH and Hobby, without a second driver being present, staying inside the truck.

Answer: This Parking Rule at HAS will remain as part of the agreement. If the vendor has an onsite agreement with HAS when it comes to parking at their facilities, that can be established outside of the contract. If for whatever reason the onsite agreement is no longer honored, Page 20, 6.3 HAS will be enforced.

When issued, Letter(s) of Clarification shall automatically become a part of the proposal documents and shall supersede any previous specification(s) and/or provision(s) in conflict with the Letter(s) of Clarification. All revisions, responses, and answers incorporated into the Letter(s) of Clarification are collaboratively from both the Strategic Purchasing Division and the applicable City Department(s). It is the responsibility of the proposers to ensure that it has obtained all such letter(s). By submitting a proposal on this project, proposers shall be deemed to have received all Letter(s) of Clarification and to have incorporated them into this proposal.

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If you have any questions or if further clarification is needed regarding this Request for Proposal, please contact me.

Richard Morris

Richard Morris
Senior Procurement Specialist
Strategic Purchasing Division
832-393-8736

Attached Revised Page: 16, 19, 19A, 19B, 19C, 19D, 28 and 28A marked Revised March 13, 2014,

END OF LETTER OF CLARIFICATION 1

SCOPE OF SERVICES
SOLICITATION NO. S30-T24654

Revised March 13, 2014

1.0 SCOPE OF SERVICES

- 1.1 The City of Houston is requesting written proposals from interested parties, herein referred to as the "Company", to enter into an agreement with the City of Houston, herein referred to as the "City" for exclusive beverage availability by category, territory, promotional rights and advertising rights.
- 1.2 The City will accept proposals to establish an agreement (contract) for "Official Soft Drink of the City of Houston". The contract shall establish category exclusivity, territory exclusivity, and promotional and advertising rights.
- 1.3 Category Exclusivity – Company is provided exclusivity by the City with respect to all carbonated and non-carbonated, non-alcoholic beverages defined as soft drinks, juices, juice drinks, teas, sports drinks, packaged water and frozen beverages. Fresh brewed coffee and tea, hot chocolate, fresh squeezed or prepared fruit drinks, and milk shall be included. Company is provided exclusivity by the City with respect to snack machines including but not limited to candy, chips, ice cream products, sandwiches.
- 1.4 Territory Exclusivity – Company is provided exclusivity to all designated properties owned or controlled by the City and within or without City limits of Houston, including parks, recreational facilities, golf courses, ~~convention centers~~, airports, City offices, other public and municipal facilities and all future properties owned, or controlled by the City.
- 1.5 Promotional Rights – Company is granted priority rights to conduct certain promotional activities within certain facilities and venues of the City for the purpose of establishing and promoting the contract relationship and the products of the Company.
- 1.6 Advertising Rights – The Company is granted exclusive beverage advertising rights in the facilities and venues of the City at the expense of the Company.

2.0 CONSIDERATION PROVIDED BY THE CITY TO THE COMPANY

- 2.1 The Company may promote itself as the "Official Soft Drink of the City of Houston".
- 2.2 The Company may use the name of the City and its official logo and trademarks in the promotion of the Company and the Company's products. The City reserves the right to review and potentially reject any advertising placed on vending machines when, in the opinion of the City, such advertising would be objectionable to the community.
- 2.3 The Company may promote itself as the "official drink" of the City's special events.
- 2.4 The Company has the right to provide vendor machines at all the City's facilities to include the parking lots, airport, convention center, parks, recreation facilities, golf courses (except Memorial Park Golf Course as current concession agreement does not allow), municipal buildings, special event sites and employee only locations. Access to vendor machines shall be during business hours.
- 2.5 The Company may conduct City approved product sampling activities within the City.
- 2.6 The City will include the Company's logo or brand marks on all printed materials promoting the City's special events.

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Contractor service technician, he/she will report such damage and loss to the Director no later than 48 hours after the discovery. Should a vending machine be vandalized or stolen, the Contractor will file a report with the Director

- 4.11 The Contractor shall ensure all vending machines furnished under this Agreement shall prominently display decals containing a toll-free telephone number established by the Contractor, which allows the Director, a City of Houston employee, or a patron at a City Location to call free of charge 24-hours a day, 7 days a week (the "Vending Machine Telephone Number") to Report problems or failures with a vending machine or to report that a vending machine is out of stock of one or more of the products offered by that vending machine (which shall constitute a request for Vending Machine Maintenance, Repair or Service, as set forth in this Exhibit). To request a refund from the Contractor due to the product(s) that were not dispensed or which were incorrectly dispensed after payment was made to a vending machine provided by Contractor, or make comments or suggestions concerning Contractor's operation of the Beverage Vending Machine Concession under this Agreement.
- 4.12 The Contractor's decals containing their toll-free telephone number shall comply with all City ordinances that pertain to display of said decals. The Contractor shall affix such decals to each vending machine provided by Contractor under this Agreement and shall replace such decals as they become faded, soiled or defaced.
- 4.13 The Contractor shall, at its own expense, furnish, install, replace, operate, relocate (as necessary) and maintain the vending machines to ensure good working condition, as specified in this Agreement.

5.0 PRODUCTS

- 5.1 **All vending machines provided by the Contractor shall contain and be stocked with 50% health choice items as indicated in Table 1. .**
- 5.2 All vending machines provided by Contractor shall contain and be stocked with 50 percent health choice items comprised of at least 25 percent from the Healthiest category and 25 percent from the Healthier category food items as indicated in Table 1 attached herein.
- 5.3 The Contractor shall ensure that all Health Choice snack and beverage items are labeled in such a manner that it clearly indicates the product is a healthy and nutritious item. The Contractor shall not deliver a product that is expired or near expiration before the next scheduled service visit.
- 5.4 The Contractor shall ensure that each vending machine installed in any City of Houston, Texas location has the ability to dispense products from all three categories listed in Table 1 at the percentages stipulated by the Contract. (Note: Some City of Houston facilities cannot accommodate multiple vending machines).
- 5.5 The Contractor shall ensure that any carbonated drinks dispensed from a beverage vending machine shall be Coca-Cola, Pepsi, or Dr. Pepper brand products.
- 5.6 The City of Houston has the right to revise or delete the specification sheet during the contract.

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- 5.7 Each vending machine must display the total calorie content for each item as sold, clearly and conspicuously, adjacent or in close proximity to each individual item or its selection button, using a font and format that is at least as prominent, in size, appearance and contrast, as that used to post either the name or price of the item and where it can be seen before the consumer selects items (labeling should be consistent with federal law for calorie labeling of vending machines once in effect).
- 5.8 Price – beverages and foods that meet nutrition standards should be priced competitively (e.g., at or below) to similar items that do not meet the nutrition standards
- 5.9 Placement – beverages and foods that meet nutrition standards should be as or more visible than similar items that do not meet the nutrition standards (for example, they should be closer to eye level).
- 5.10 The Contractor shall offer the employees of the City of Houston, Texas, and patrons a variety of quality, healthy snacks and beverages. Definitions for healthy beverages and snacks are as follows:

5.11 Healthy Beverage Standards

- 5.12 Water, including carbonated water (no added caloric sweeteners);
- 5.13 Coffee or tea with no added caloric sweeteners (if condiments are provided, sugars and sugar substitutes may be provided and milk/creamer products, such as whole or 2% milk, that have less fat than cream);
- 5.14 Fat-free or 1% low-fat dairy milk or calcium-and vitamin-D-fortified soymilk with less than 200 calories per container
- 5.15 100% fruit juice or fruit juice combined with water or carbonated water (limited to a maximum of 12-ounce container; no added caloric sweeteners);
- 5.16 100% vegetable juice (limited to a maximum of 12-ounce container, no added caloric sweeteners, and ≤ 200 milligrams of sodium per container);

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5.17 Low-calorie beverages that are ≤ 40 calories per container

5.18 Healthy Snack Standards

5.19 No more than 200 calories per item as offered (per package).

5.20 No more than 35% calories from fat (which would be no more than 7 grams of fat for a 200 calorie snack, for example) with the exception of packages that contain 100% nuts or seeds; snack mixes that contain components other than nuts and seeds must have no more than 35% of calories from fat;

5.21 No more than 10% calories from saturated fat (which would be no more than 2 grams of saturated fat for a 200 calorie snack, for example) with the exception of packages that contain 100% nuts or seeds; snack mixes that contain components other than nuts and seeds must have no more than 10% of calories from saturated fat

5.22 0% trans fat

5.23 No more than 35% of calories from total sugars and a maximum of no more than 10 grams of total sugars in the product, with the exception of fruits and vegetables that do not contain added sweeteners or fats; and with the exception of yogurt that contains no more than 30 grams of total sugars per 8 – ounce container (and adjust proportionally for smaller containers)

5.24 No more than 200mg of sodium per item as offered (per package/container)

5.25 And each snack food item must contain at least one of the following: 1) a quarter cup of fruit, non-fried vegetable, or fat-free/low-fat dairy, or 2) 1 oz. of nuts or seeds or 1 Tbsp. of nut butter, or 3) at least 50% of the grain ingredients are whole grain (determined by the product having whole grain as the first ingredient, from the manufacturer, or if the product has a whole grain claim), or 4) at least 10% of the Daily Value of a naturally occurring nutrient of public health concern (calcium, potassium, vitamin D, or fiber)

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5.26 Healthy Entrée Standards

- 5.27 No more than 400 calories per item as offered (per package);
No more than 35% calories from fat (which would be no more than 15 grams of fat for a 400 calorie item, for example);
- 5.28 No more than 10% calories from saturated fat (which would be no more than 4 grams saturated fat for a 400 calorie entrée-type item, for example);
- 5.29 0 grams trans fat;
- 5.30 No more than 35% of calories from total sugars and a maximum of no more than 15 grams of total sugars in the item;
- 5.31 No more than 480 mg of sodium per item as offered; and
- 5.32 Each food item must contain at least two of the following: 1) a quarter cup of fruit, non-fried vegetable, fat-free/low-fat dairy, or 2) 1 oz. of nuts or seeds or 1 Tbsp. of nut butter, or 3) at least 50% of the grain ingredients are whole grain (determined by the product having whole grain as the first ingredient, from the manufacturer, or if the product has a whole grain claim), or 4) at least 10% of the Daily Value of a naturally occurring nutrient of public health concern (calcium, potassium, vitamin D, or fiber).
- 5.33 All vending machines provided by Vending Company shall contain and be stocked with 50 percent healthy choice items. Items indicated in Table 1 attached herein are examples of Healthy items.
- 5.34 Each vending machine must display the total calorie content for each item as sold, clearly and conspicuously, adjacent or in close proximity to each individual item or its selection button, using a font and format that is at least as prominent, in size, appearance and contrast, as that used to post either the name or price of the item and where it can be seen before the consumer selects items (labeling should be consistent with federal law for calorie labeling of vending machines once in effect).

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- 5.35 Price – beverages and foods that meet nutrition standards should be priced competitively (e.g., at or below) to similar items that do not meet the nutrition standards
- 5.36 Placement – beverages and foods that meet nutrition standards should be as or more visible than similar items that do not meet the nutrition standards (for example, they should be closer to eye level)
- 5.37 Promotion – promotional space on vending machines (e.g., sides and front panel), including but not limited to language and graphics, should promote only products that meet the nutrition standards.

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Table 1
Healthy Food Items and Standards
Healthy Snacks and Beverage

Healthy 50%		50%
<u>Beverage</u>	<u>Snack</u>	<u>All Other Items</u>
Bottled Water Any bottled water with no added caloric sweeteners	FRESH FRUIT AND VEGETABLE Many varieties of fresh fruit and vegetables work well in refrigerated vending machines.	Cookies (including low- fat)
100% Fruit Juice Any 12 ounce 100% juice (look at % juice on food label)	FRUIT CUPS Fruit cups in single-serve cups with less than 200 calories	Candy, candy bars, chocolate bars, toaster pastries, marshmallow/cereal treats
Fat-Free & 1% Low-Fat Milk & Soy Milks	APPLESAUCE in single-serve pack with less than 200 calories	Candy, or yogurt coated nuts
Any unflavored or flavored fat-free or 1% low-fat milk with less than 200 calories per container	FRUIT SNACKS Fruit snacks in single-serve packs with less than 200 calories and made from 100% fruit	Trail mix with chocolate, yogurt and/or candy
Smoothies	DRIED FRUIT Dried fruit in single-serve packs with less than 200 calories and no added sugars	Canned fruit packed in heavy syrup
Juice Drinks that contain 40 calorie or less per container	FROZEN FRUIT OR DAIRY BARS	Candy and/or sugar coated dried fruit
Teas Drinks that contain 40 calorie or less per container	YOGURT Yogurts listed are 6 oz. servings or less	Candy and/or sugar coated pretzels
Hot Coffee and Tea, Vending Unsweetened coffee and tea	NUTS/SEEDS Nuts and seeds are 1 oz., unless otherwise noted	Popcorn with butter (movie style)
Sports Drinks that contain 40 calorie or less per container	GRANOLA BARS	Sausages, pork rinds
Low-Calorie Soda Drinks that contain 40 calorie or less per container	CEREAL BARS	Pudding made with whole milk

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	Corazonas Foods		Fruit flavored soft drinks
	GUM Any sugar-free gum		Regular soft drinks, sports drinks
	COOKIES Reduced Fat 51% Whole Grain Cookies, 1.5 oz. or less		
	Readi-Bake 1.2 oz. or less		
	CHIPS 1 oz., unless otherwise noted		
	CRACKERS 1 oz. unless otherwise noted		
	POPCORN 1 oz. or less		