City of Culver City, California

City Council Agenda Item Report

Meeting Date: 7/10/06		Item Number: C-8
AGENDA ITEM: Approve an Amendment to the Contract with Coca-Cola Bottling Company of Los Angeles for the Provision of Beverage Vending Machine Services at Parks and Recreation Facilities to Extend its Terms for an Additional One-Year Period.		
Contact Person/Dept.: Patricia Mooney, PRCS Sr. Mgmt. Analyst		Phone Number: (310) 253-6668
Fiscal Impact: Yes [X] No []		General Fund: Yes [X] No []
Public Hearing: []	Action Item: [X]	Attachments: [X]
Public Notification: Parks and Recreation Commission (7/5/06); Coca-Cola Bottling Company of Los Angeles (7/15/06); Master Notification List (7/5/06)		
Department Approval: Bill La Pointe (06/29/06)		CAO Approval: Jerry B. Fulwood (07/05/06)
City Controller Approval: Marlee Chang (07/05/06)		

RECOMMENDATION:

Staff recommends the City Council approve an Amendment to the Contract with Coca-Cola Bottling Company of Los Angeles for the provision of beverage vending machine services at Parks and Recreation Facilities to extend its terms for an additional one-year period.

BACKGROUND:

At the July 9, 2001 City Council meeting, the City Council authorized staff to enter into a five-year agreement with Coca-Cola Bottling Company of Los Angeles to provide beverage vending services at Culver City park and recreation facilities (attachment 1). The termination date of the agreement is July 31, 2006.

The agreement with Coca-Cola included the following services to be provided by Coca-Cola: (1) Installation and electrical work to establish approximately 30 machines in City parks; (2) Twenty-four hour repair response for malfunctioning machines; (3) Forty-eight hour graffiti response on all machines; (4) a list price of $1.25 for 20-ounce soft drinks and 16-ounce Minute Maid 100% juices; and, (5) a 45% commission rate to the City of Culver City based on sales of $12.15 per case of beverages.

In the winter of 2001, Coca-Cola began installing beverage vending machines in City parks at the sole expense of Coca-Cola. Twenty-nine beverage vending machines were initially installed at various parks within the City. It soon became apparent to staff and Coca-Cola management that it was necessary to have vandal resistant cages installed on the machines. The modification of some vending machine sites to accommodate the larger cages resulted in a slight reduction of the number of beverage vending machines in the parks. Throughout the five year contract, the total number of beverage vending machines has fluctuated somewhat, mainly due to the removal of machines during capital improvements at various park and recreation facilities.

DISCUSSION:

The combined revenue from the Coca-Cola beverage vending machine program since its inception in October 2001 through May 2006 is $65,368. The annual average income from (calendar) years 2002 – 2005 was $15,258. The purpose of the one-year extension is to give the Department an opportunity to evaluate this sponsorship program, along with other potential revenue generating programs, during the development of the PRCS comprehensive plan in fiscal year 2006 – 2007.

FISCAL ANALYSIS:

Revenue generated as a result of the agreement with Coca-Cola Bottling Company of Los Angeles is included in the Recreation Division (Youth Center) budget, in revenue account 10132600.365130 (Youth Center Concessions). Since annual sales have been relatively stable over the past five years, it is expected that a one-year extension will result in approximately $15,000 in revenue.

ATTACHMENTS:

1. Coca-Cola Bottling Company of Los Angeles. Contract No. 2001-175

MOTION:

That the City Council:

1. Approve extending the contract with the Coca-Cola Bottling Company of Los Angeles for the provision of beverage vending machine services at parks and recreation facilities to extend its terms for an additional one-year period;

2. Authorize the City Attorney's Office to prepare the Amendment to the contract and authorize the Chief Administrative Officer to execute the Amendment.

or

3. Provide direction to staff as deemed appropriate.