

**APPROVE THE FIRST RENEWAL AGREEMENT WITH THE AMERICAN BOTTLING COMPANY TO
PROVIDE VENDED BEVERAGES IN CHICAGO PUBLIC SCHOOLS**

THE CHIEF EXECUTIVE OFFICER REPORTS THE FOLLOWING DECISION:

Approve the renewal agreement with The American Bottling Company to provide vendor beverages in Chicago Public Schools. The contract is revenue generating and is expected to provide revenue of approximately \$349,978.00 over the one year renewal term. Commission revenue from this contract will be provided directly to the schools to supplement their discretionary funds. A written document exercising this option is currently being negotiated. No payment shall be made to American Bottling Company during the option period prior to execution of the written document. The authority granted herein shall automatically rescind in the event a written document is not executed within 90 days of the date of this Board Report. Information pertinent to this option is stated below.

Specification Number : 08-250046

Contract Administrator : Knowles, Miss Demetra / 773-553-2280

VENDOR:

- 1) Vendor # 12769
AMERICAN BOTTLING COMPANY, THE
401 N. RAILROAD AVE., STE C
NORTHLAKE, IL 60164
Tom Kull
708 947-5048

USER INFORMATION :

Contact:

11860 - Facility Operations & Maintenance

125 South Clark Street 16th Floor

Chicago, IL 60603

Tyrrell, Mr. Tom L.

773-553-2960

ORIGINAL AGREEMENT:

The original Agreement (authorized by Board Report 09-0527-PR5) is for a term commencing July 1, 2009 and ending June 30, 2012, with the Board having 2 options to renew for 2 year terms. The original agreement was awarded on a competitive basis pursuant to duly advertised request for proposals (specification # 08-250046).

OPTION PERIOD:

The term of this renewal will commence July 1, 2012 and end June 30, 2013.

OPTION PERIODS REMAINING:

There is one option period for two years remaining.

SCOPE OF SERVICES:

Vendor shall continue to provide beverage vending machine services to Chicago Public Schools pursuant to the CPS Vended Beverage Guidelines (as may be amended), which prohibit carbonated drinks and allows only unflavored water, 100% fruit juice (with no added sweeteners and up to 120 calories per 8 ounces) in all schools and other drinks with no more than 66 calories per 8 ounces in high schools. All machines shall be placed at least 30 feet from any school cafeteria. Vendor will pay for any and all electrical connections required for new vending machines. Vendor will handle and resolve all repairs and service calls within an agreed service time. During this renewal term, vendor will also sponsor district programs and initiatives with a specific sponsorship package with financial and in-kind support.

DELIVERABLES:

Vendor will continue to provide monthly sales and revenue reports for all units. Periodic meetings will be held to review conversion, implementation, performance, service, revenue and evaluate new products. Vendor will financially sponsor and provide management support of the essay contest and program which supports excellence in education, reading, and science.

OUTCOMES:

The beverage vending agreement will result in estimated projected revenue of approximately \$349,978 annually (including non-commission, commission, and guaranteed commission fees) and estimated sponsorship value of \$3,600 per month as well as healthy beverage offerings for students. Commission and sponsorship revenue generated will be provided to the schools and used to supplement their discretionary funds.

COMPENSATION/REVENUE:

Expected revenue is \$349,978 annually (including non-commission, commission, and guaranteed commission fees) and estimated sponsorship value of \$3,600 per month.

AUTHORIZATION:

Authorize the General Counsel to include other relevant terms and conditions in the written option document. Authorize the President and Secretary to execute the option document. Authorize the Chief Operating Officer to execute all ancillary documents required to administer or effectuate this option agreement.

AFFIRMATIVE ACTION:

Pursuant to Section 5.2.4 of the Remedial Program for Minority and Women Owned Business Enterprise Participation in Goods and Services Contracts, this contract is exempt from M/WBE review as this agreement classifies as a unique transaction. This agreement will generate revenue for the Board of Education.

LSC REVIEW:

Local School Council approval is not applicable to this report.

FINANCIAL:

No cost to the Board. Expected revenue is \$349,978 annually. These discretionary funds are subsequently appropriated to the school unit earning the commissions annually under various school units. 124-54105-113030-000121-2013

CFDA#: Not Applicable

GENERAL CONDITIONS:

Inspector General - Each party to the agreement shall acknowledge that, in accordance with 105 ILCS 5/34-13.1, the Inspector General of the Chicago Board of Education has the authority to conduct certain investigations and that the Inspector General shall have access to all information and personnel necessary to conduct those investigations.

Conflicts - The agreement shall not be legally binding on the Board if entered into in violation of the provisions of 105 ILCS 5/34-21.3 which restricts the employment of, or the letting of contracts to, former Board members during the one year period following expiration or other termination of their terms of office.

Indebtedness - The Board's Indebtedness Policy adopted June 26, 1996 (96-0626-PO3), as amended from time to time, shall be incorporated into and made a part of the agreement.

Ethics - The Board's Ethics Code adopted May 25, 2011 (11-0525-PO2), as amended from time to time, shall be incorporated into and made a part of the agreement.

Contingent Liability - The agreement shall contain the clause that any expenditure beyond the current fiscal year is deemed a contingent liability, subject to appropriation in the subsequent fiscal year budget(s).

Approved for Consideration:



SÉBASTIEN de LONGEAUX
Chief Procurement Officer

Approved:



JEAN-CLAUDE BRIZARD
Chief Executive Officer

Within Appropriation:



DAVID G. WATKINS
Chief Financial Officer

Approved as to Legal Form:



PATRICK J. ROCKS
General Counsel