



Agenda Item No. 3

To: Building and Operating Committee/Committee of the Whole
Meeting of December 17, 2009

From: Rebecca Wessling, Superintendent of Terminal Operations, Ferry Transit Division
James P. Swindler, Deputy General Manager, Ferry Transit Division
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE EXECUTION OF A SERVICES AGREEMENT WITH S&P CONCESSIONS RELATIVE TO REQUEST FOR PROPOSALS NO. 2010-FT-7, CONCESSION SERVICES ONBOARD DISTRICT FERRIES**

Recommendation

The Building and Operating Committee recommends that the Board of Directors authorize execution of a Services Agreement with S&P Concessions, San Francisco, CA, relative to Request for Proposals No. 2010-FT-7, *Concession Services Onboard District Ferries*, in the amount of \$10,000 per month, for a three-year term, with two successive one-year option terms, exercisable at the District's sole discretion, commencing on January 1, 2010.

Summary

Proposal documents for Request for Proposals (RFP) No. 2010-FT-7, *Concession Services Onboard District Ferries*, were sent to 15 prospective proposers in order to obtain the best pricing of concession services for the District's ferries. The District Secretary received one proposal on Tuesday, October 20, 2009 from S&P Concessions, the incumbent concessionaire.

Staff, District's Attorney, and the Disadvantaged Business Enterprise (DBE) Program Office have all reviewed the proposal and find that S&P Concessions has properly submitted all required documents, and their proposal is technically responsive to the specifications.

The RFP requested compensation as follows: (1) minimum monthly concession fee of \$10,000; and (2) 10% of gross sales per month that exceed \$10,000. S&P Concessions proposed compensation in the amount of \$10,000 per month with no percentage of gross sales over the monthly minimum amount. District staff met with S&P Concessions to negotiate an increase in the compensation due to the District. S&P Concessions proposed to provide a lower monthly minimum amount along with a percentage of gross sales over the minimum amount per month. Staff evaluated both compensation options and determined that the compensation initially proposed by S&P Concessions was the most desirable option as it would provide a stable and known revenue stream to the District.

Since there were no subcontracting opportunities for this Contract, there were no DBE forms required for submittal. The DBE Program Office has determined that S&P Concessions is not certified as a DBE. Therefore, no DBE participation is anticipated during the performance of this Contract.

The District's current contract for concession services with S&P Concessions expires on December 31, 2009, and staff is recommending award of this Contract to S&P Concessions effective January 1, 2010.

Background

For the past five years, S&P Concessions has provided concession services onboard District ferries under the current contract. On August 25, 2009, the District issued a Request for Proposals for concession services. Procurement staff contacted many businesses that offer food services, from large national companies that offer a wide range of food service solutions to small local catering companies that provide customized services to smaller operations. The RFP was sent to 15 companies, representing all of the companies contacted that expressed an interest in providing the services. Upon receiving only one proposal, a survey was taken of the companies that did not submit proposals in order to determine the companies' lack of participation. Results of the survey varied and the majority of companies stated that the services represented too much of a business risk given the contract's compensation requirements, past financial performance of the incumbent, special logistic considerations, and customer flow and count. Other companies felt that the business opportunity did not fit their business model or did not have enough profit potential. As the results of this RFP demonstrate, there are special challenges to operating concession services onboard the District's vessels.

Fiscal Impact

The Ferry Division will receive \$10,000 per month for this service or \$120,000 per fiscal year. This amount is slightly higher by approximately \$10,000 than what the District received for the last two fiscal years. The Ferry Division operating revenue budget will be adjusted accordingly for subsequent years.