

**REPORT/RECOMMENDATION TO THE BOARD OF SUPERVISORS
OF SAN BERNARDINO COUNTY
AND RECORD OF ACTION**

June 25, 2024

FROM

ANDREW GOLDFRACH, ARMC Chief Executive Officer, Arrowhead Regional Medical Center

SUBJECT

Agreement with PepsiCo Beverage Sales, LLC for Beverage Services

RECOMMENDATION(S)

Approve **Agreement No. 24-558** with PepsiCo Beverage Sales, LLC for beverage services and products, in the not-to-exceed amount of \$1,400,000, for the contract period of July 1, 2024 through June 30, 2029.

(Presenter: Andrew Goldfrach, ARMC Chief Executive Officer, 580-6150)

COUNTY AND CHIEF EXECUTIVE OFFICER GOALS & OBJECTIVES

Operate in a Fiscally-Responsible and Business-Like Manner.

Provide for the Safety, Health and Social Service Needs of County Residents.

FINANCIAL IMPACT

Approval of this item will not result in the use of Discretionary General Funding (Net County Cost). The cost of \$1,400,000 is funded by State Medi-Cal, Federal Medicare, private insurances, and other departmental revenue. PepsiCo Beverage Sales, LLC (PepsiCo) will also provide rebates of \$2 per bottle/can case and \$3 per fountain gallon sold, as well as support payments to the County that include a one-time signing bonus, annual partnership support, annual retention bonus, annual flex funds, and one-time capital investment. The support payments are financial incentives of about \$180,000 total that will provide support to hospital operations and offset the cost of repair for equipment utilized by the ARMC Nutrition Services Department for beverage services. Funding sources may change in the future pending any legislative activity related to the repeal and/or replacement of the Affordable Care Act. Adequate appropriation and revenue have been included in the Arrowhead Regional Medical Center (ARMC) 2024-25 budget and will be included in future recommended budgets.

BACKGROUND INFORMATION

The Agreement with PepsiCo will allow ARMC Nutrition Services Department to provide beverage services and products to employees, patients and their families at the ARMC cafeteria. The beverage products include both fountain and bottled beverages, with the bottled beverages ranging from water and soda to sports and energy drinks. In addition to supplying the products and the equipment to store the products, PepsiCo provides a Merchandiser to stock all of the products in the various beverage dispensers and displays in the ARMC cafeteria on a weekly basis. This service allows ARMC Nutrition Services Department to free up staff for preparation of meals and operating the payment registers to efficiently process purchases. Additionally, PepsiCo provides various annual rebate and support payments to the hospital.

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ARMC recommends the approval of the Agreement with PepsiCo to provide beverage services and products at the hospital cafeteria and enable ARMC Nutrition Services Department to operate in a fiscally-responsible and business-like manner through staffing support as well as annual rebates and support payments.

PROCUREMENT

The County Administrative Office approved and authorized the release of Request for Proposals (RFP) No. ARMC123-ARMC-5162 on November 15, 2023. The RFP was posted on the County's Electronic Procurement Network (ePro).

Two proposals were received by the established deadline in response to the RFP. Proposals from the two bidders listed below met the minimum requirements and continued through the evaluation process.

Agency	Agency Address	Total 5-Year Cost
PepsiCo Beverage Sales, LLC	6659 Sycamore Canyon Blvd., Riverside, CA 92507	\$1,400,000 (Rebates as well as \$180,000 in support payments offered to County)
Reyes Coca-Cola Bottling	4 Park Plaza #2000 Irvine, CA 92614	\$1,400,000 (Rebates as well as \$112,612 in support payments offered to County)

The evaluation committee, with representation from ARMC's Nutrition Services Department, reviewed and evaluated the proposals based on the criteria released in the RFP. The criteria included Qualifications and Experience, Technical Review, References, and Cost.

Based on the evaluation criteria, the evaluation committee determined PepsiCo best meets the needs of ARMC, and thus, recommends the award of the Agreement to PepsiCo to provide the beverage services and products. Award and denial letters were sent to all bidders, advising the non-selected bidder of the opportunity to submit a formal written protest based on the criteria in the RFP. No protests were received by the deadline.

The Purchasing Department supports this competitive procurement based on the solicitation mentioned above.

REVIEW BY OTHERS

This item has been reviewed by County Counsel (Charles Phan, Supervising Deputy County Counsel, 387-5455) on May 15, 2024; Purchasing (Veronica Pedace, Buyer III, 387-2464) on May 23, 2024; ARMC Finance (Chen Wu, Finance and Budget Officer, 580-3165) on May 31, 2024; Finance (Jenny Yang, Administrative Analyst, 387-4884) on June 4, 2024; and County Finance and Administration (Valerie Clay, Deputy Executive Officer, 387-5423) on June 5, 2024.

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Record of Action of the Board of Supervisors
San Bernardino County

APPROVED (CONSENT CALENDAR)

Moved: Curt Hagman Seconded: Joe Baca, Jr.
Ayes: Col. Paul Cook (Ret.), Jesse Armendarez, Dawn Rowe, Curt Hagman, Joe Baca, Jr.

Lynna Monell, CLERK OF THE BOARD

BY 
DATED: June 25, 2024



cc: ARMC - Goldfrach w/agree
 Contractor - c/o ARMC w/agree
 File - w/agree
CCM 07/5/2024