APPENDICES

APPENDIX A

House Resolution Number 862

STATE OF ILLINOIS
NINETY-FIFTH GENERAL ASSEMBLY
HOUSE OF REPRESENTATIVES

House Resolution No. 862

Offered by Representatives Susana A Mendoza-Jack D. Franks-Chapin Rose-Careen M Gordon-Lisa M. Dugan, Monique D. Davis, Annazette Collins and Kenneth Dunkin

WHEREAS, The Standard Procurement Rules promulgated to implement the authority granted by the Illinois Procurement Code provide that the policy of this State is to ensure that all State procurements shall be accomplished in the most economical, expeditious, and commercially reasonable manner, uniformly and consistently among and within State agencies, so as to facilitate participation in State procurements, encourage competition, and ensure that procurements are conducted in a fair and open manner; and

WHEREAS, The Illinois Department of Revenue issued a request for proposals (RFP) from responsible vendors to meet the State's long-term needs of a statewide 10-year Beverage Vending and Pouring Program Contract to be awarded to a single vendor; and

WHEREAS, Coca-Cola Bottling Company of Chicago, a Coca-Cola Enterprises company, and PepsiAmericas, Inc., bid on the FY 07 Beverage RFP #22011731; and

WHEREAS, Coca-Cola Bottling Company of Chicago submitted questions and asked for clarification concerning the RFP to State personnel serving with respect to the procurement activity and was advised by that State personnel that the State sent Coca-Cola a template with mistakes that the State would correct and re-send to Coca-Cola for re-submission, that the State would send a revised redraft of the proposed contract and service level agreement to Coca-Cola, that the State would send further volume data information that would help quantify the contract opportunity, and that the State would contact Coca-Cola at a later time and ask for Coca-Cola's best and final pricing; and

WHEREAS, The Chief Procurement Officer and State personnel serving with respect to the procurement activity failed to provide Coca-Cola with the documents and information offered, and did not ask Coca-Cola for its best and final pricing before awarding the contract to PepsiAmericas without comparative evaluation between vendors in the spirit of true competitive bidding; and

WHEREAS, Based on current complaints, it appears that the Chief Procurement Officer's activities were not in accordance with the Standard Procurement Rules of the Illinois Procurement Code or good procurement practices and that the contract is otherwise not in the State's best interest; therefore, be it

RESOLVED, BY THE HOUSE OF REPRESENTATIVES OF THE NINETY-FIFTH GENERAL ASSEMBLY OF THE STATE OF ILLINOIS, that the Auditor General is directed to conduct an audit of the procurement practices in connection with the State's multi-year beverage vending and pouring contract awarded to PepsiAmericas, Inc., to determine whether good procurement practices were exercised in accordance with applicable State laws and rules; and be it further

RESOLVED, That the Auditor General is specifically authorized to review, determine, and publicly report on whether the Chief Procurement Officer's activities and decisions in connection with this procurement were in the State's best interest; and be it further

RESOLVED, That the Auditor General commence this audit as soon as possible and report his findings and recommendations upon completion in accordance with the provisions of the Illinois State Auditing Act; and be it further

RESOLVED, That a copy of this resolution be delivered to the Auditor General.

Adopted by the House of Representatives on March 6, 2008.

Michael J. Madigan

Michael J. Madigan, Speaker of the House

Mark Mahoney

Mark Mahoney, Clerk of the House

APPENDIX B

Audit Methodology

Appendix B

AUDIT METHODOLOGY

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The audit objectives for this audit were those as delineated in House Resolution Number 862 (see Appendix A), which directs the Auditor General to conduct an audit of the procurement practices in connection with the State's multi-year beverage vending and pouring contract. The audit objectives are listed in the Introduction section of Chapter One. Fieldwork for this audit was conducted from July to September 2008.

In conducting the audit, we reviewed applicable State statutes and rules. We reviewed compliance with those laws to the extent necessary to meet the audit's objectives. Any instances of non-compliance we identified are noted in this report. In addition to laws and rules, we reviewed a number of different criteria including the following:

- Beverage Vending and Pouring Program RFP requirements;
- CPO Notices from CMS regarding procurement;
- Guidelines and procedures from CMS' Illinois Center for Procurement Resources;
- Best practices documents from the National Association of State Procurement Officials, the American Bar Association, and the National State Auditors Association; and
- Other Department of Revenue RFPs.

We also reviewed management controls and assessed risk relating to the audit's objectives. A risk assessment was conducted to identify areas that needed closer examination. Any significant weaknesses in those controls are included in this report.

During the audit we met with officials from Revenue. We interviewed all nine of the evaluation team members including those having left State government. We asked evaluation team members about their involvement with the procurement including their participation in meetings, conference calls, and presentations, and the evaluation instrument. We also spoke to one of the two committee members that did not score the proposals about her role related to the procurement.

On three occasions, we attempted to contact the sales and marketing company Team Services LLC to inquire about their role in the development of the RFP. However, Team Services did not respond to our inquiries. We asked representatives from Northern Illinois University, Southern Illinois University, and Western Illinois University why they elected not to participate in the Statewide beverage vending and pouring contract.

We met with officials from both Coke and Pepsi. We inquired about issues with the RFP, discussions with the Department of Revenue, and each of their proposals. We examined all documents from the procurement file at the Department of Revenue and additional documentation obtained from personal files of individuals involved in the procurement. We also examined documentation provided by Coke. The following is a list of examples of documentation reviewed from the sources previously mentioned:

- RFP
- Selection of evaluation committee members
- Beverage vending and pouring contract
- Vendor conference transcript
- Written communication between the Department of Revenue and Coke, Pepsi, and evaluation committee members
- Powerpoint slides from vendor presentations
- Evaluation scoring tool
- Reference questionnaire and inquiries
- Price proposals
- Nedlog and Coke protests

In addition to reviewing the above documentation, we reviewed a judgmental sample of nine RFPs published by the Department of Revenue between April 2004 and April 2007. We compared the Beverage Vending and Pouring RFP to each of the RFPs in the sample to determine if the structure, evaluation, and evaluation tool were similar. The structure of each sample RFP was examined to determine if the following were included: a minimum required point value, alternative evaluation language, and breakdown of the scoring evaluation. The evaluation and evaluation tool for each sample RFP was examined to determine if the following were included: the use of subfactors, variances in scoring, and inclusion of references.

APPENDIX C

Evaluation Scoring Tool

FY07 BEVERAGE RFP EVALUATION FORM

VENDOR NAME:______________________________

Maximum points per category	Maximum points per sub-category	Evaluator's score		EVALUATOR CONSIDERATIONS IN ARRIVING AT SCORE
200			**VENDOR BACKGROUND AND EXPERIENCE**	
	65		**Company background/experience**	
	15			Does the vendor have experience in providing services similar to those envisioned by the RFP? (15 points)
	20			Did the Vendor provide examples sufficient to demonstrate the experience necessary to manage and complete an engagement of this depth and scope? (20 points)
	15			Does the Vendor's technical background as it relates to providing services listed in the RFP demonstrate superior strength in any one area or a good breadth and depth of experience (e.g., marketing v. servicing equipment)? (15 points)
	15			Are the Vendor's other vending clients of a similar size to the State's? (15 points)
	60		**Staff background/experience**	
	20			Do the resumes/bios for the personnel or type of personnel who would serve the State have experience that suggests they can exceed or fulfill their duties at the State? (20 points)
	20			Will personnel have training as described in section 4.20.6? (20 points)
	20			Will the staffing plan for key and support personnel allow the Vendor to exceed or fulfill the State's goals. (20 points)
	75		**References**	
	10		***Similarity of clients***	How does the size of the reference compare to the State? (10 points)
	10			Are the services the client requires similar to those required by this RFP? Were they pleased with the services received? (10 points)
	10			Did the client require and receive similar staff skills? (10 points)
	10			How many of the Vendor's same key people that were used at the reference will be used on the State's engagement? (10 points)
	35		***Quality***	Points awarded for reference quality will be determined by responses to the Reference Questionnaire. One score will be calculated for each vendor, and all evaluators will insert that score into their respective scoring sheets.
	200	**0**	**TOTAL SCORE FOR SECTION (out of 200)**	

Evaluator's Initials______

FY07 BEVERAGE RFP EVALUATION FORM

VENDOR NAME:____

Maximum points per category	Maximum points per sub-category	Evaluator's score		EVALUATOR CONSIDERATIONS IN ARRIVING AT SCORE
<u>**200**</u>			<u>**TECHNICAL APPROACH**</u>	
			<u>**EXECUTIVE SUMMARY**</u>	
	15		**Understanding of scope of services**	
	5			Does the Vendor commit to supporting and enhancing the State's commitment to Blind Vendors? (5 points)
	5			Does the Vendor demonstrate an understanding of the scope of work and services as specified in Section 4? (5 points)
	5			Has the Vendor indicated its ability to comply with the requirements of the RFP and the terms and conditions of the standard contract (extensive exceptions, or exceptions to significant provisions, should reduce any points awarded)? (5 points)
	5		**Quality of Summary**	
	5			How strongly does the vendor's summary of qualifications suggest that it is best suited for the project? (5 points)
	55		**Vending and Pouring**	
	10			Assess the quality and credibility of the vendor's plan to sell beverages as described in section 4.4 to the Illinois Association of Blind Vendors, the State Park Concessionaires, Universitiy Campus Resale and cafeteria locations and the Student Vending Program. (10 points)
	10			Did the vendor bid on marketing as described in 4.4 and is the marketing plan consistent with the State's goals? (10 points)
	10			Assess the capacity of the Vendor's plan to manage the State Vending Program to meet the State's goals. (10 points)
	10			Assess the capacity of the Vendor's plan to manage the Illinois State Fair Program to meet the State's goals. (10 points)
	15			Assess the capacity of the Vendor's plan to manage the University Vending and Pouring Program to meet the state's goals. (15 points)
	75		**Revenue Growth**	
	35			Did the vendor provide a credible revenue growth plan. Are the Vendor's assumptions clear and reasonable? (35 points)
	40			Does the growth plan meet or exceed the state's revenue objectives? (40 points)
	10		**Reporting**	
	10			Does the Vendor's proposal for reporting comprehensively cover the reporting requirements in 4.6? Did the vendor provide a sample report? Does the vendor have a system in place currently to produce these types of reports or does the Vendor have to develop the system? (10 points)
	15		**Vending Operations and Procedures**	
	15			Does the Vendor indicate it will comply with the service requirements in sections 4.9, 4.10, 4.14 and 4.15 of the RFP? (15 points)

Evaluator's Initials______

FY07 BEVERAGE RFP EVALUATION FORM

VENDOR NAME:____

Maximum points per category	Maximum points per sub-category	Evaluator's score			EVALUATOR CONSIDERATIONS IN ARRIVING AT SCORE
	10		**Debit Card Technology**		
	5				Is the Vendor's plan for introducing and providing debit card technology and change making equipment consistent with the requirements in Section 4.12 of the RFP? (5 points)
	5				Does the Vendor have experience in providing successfully the type of debit card technology features that the state has requested? (5 points)
	15		**Facilities, Sanitation and Maintenance**		
	15				Is the Vendor's Plan consistent with the equipment, maintenance and facility requirements identified in sections 4.16, 4.17 and 4.18? (15 points)
	200	0	**TOTAL SCORE FOR SECTION (out of 200)**		
100			**PRODUCT SELECTION**		
	100				Did the Vendor provide a list of product offerings as required in 4.9 of the RFP? Will the offerings support an increase in Revenue and are they otherwise consistent with the State's goals? (100 points)
	100	0	**TOTAL SCORE FOR SECTION OUT OF 100**		
500		0	**GRAND TOTAL FOR TECHNICAL PROPOSAL**		
					EVALUATOR'S SIGNATURE:____

EVALUATOR'S PRINTED NAME:____

DATE:____

Evaluator's Initials______

APPENDIX D

Evaluation Team Scoring Results

Appendix D

EVALUATION TEAM SCORING RESULTS

Categories	Total Possible Points	Evaluator #1		Evaluator #2		Evaluator #3		Evaluator #4	
		Pepsi	Coke	Pepsi	Coke	Pepsi	Coke	Pepsi	Coke
BACKGROUND & EXPERIENCE									
Company background/ experience	65	56	39	65	65	63	63	55	58
Staff background/ experience	60	10	17	60	60	55	50	24	32
References	75	55	50	55	50	55	50	55	50
Total Score for Section	**200**	**121**	**106**	**180**	**175**	**173**	**163**	**134**	**140**
TECHNICAL APPROACH									
Understanding of scope of services	15	13	11	13	13	15	10[1]	8	11
Quality of summary	5	3	1	5	5	5	5	2	3
Vending and pouring	55	39	20	51	52	55	32[1]	34	38
Revenue growth	75	25	0	65	55	75	75	30	50
Reporting	10	10	9	10	10	10	10	5	8
Vending operations and procedures	15	14	3	12	12	15	15	7	8
Debit card technology	10	3	4	7	8	5[1]	10	0	0
Facilities, sanitation, and maintenance	15	12	2	15	15	0[1]	15	8	10
Total Score for Section	**200**	**119**	**50**	**178**	**170**	**180**	**172**	**94**	**128**
PRODUCT SELECTION	**100**	**65**	**50**	**90**	**90**	**100**	**100**	**70**	**70**
GRAND TOTAL	**500**	**305**	**206**	**448**	**435**	**453**	**435**	**298**	**338**

Note: [1]Subcategories which contained elements left blank on evaluation scoring tools.

Source: Summary of Evaluation Team Scoring Instruments.

Appendix D
EVALUATION TEAM SCORING RESULTS

Evaluator #5		Evaluator #6		Evaluator #7		Evaluator #8		Evaluator #9		Average	
Pepsi	**Coke**	**Pepsi**	**Coke**	**Pepsi**	**Coke**	**Pepsi**	**Coke**	**Pepsi**	**Coke**	**Pepsi**	**Coke**
49	48	51	48	54	54	55	55	50	55	55.3	53.9
49	43	49	40	20	22	40	40	50	15	39.7	35.4
55	50	55	50	55	50	55	50	55	50	55.0	50.0
153	**141**	**155**	**138**	**129**	**126**	**150**	**145**	**155**	**120**	**150.0**	**139.3**
13	12	12	11	12	11	15	5	13	12	12.7	10.7
3	4	4	3	3	3	5	5	5	3	3.9	3.6
41	35	39	34	37	37	55	50	50	24	44.6	35.8
65	40	45	35	20[1]	15[1]	50	50	30	0	45.0	35.6
8	8	7	7	10	10	10	10	10	10	8.9	9.1
13	12	13	13	10	10	15	5	10	5	12.1	9.2
8	7	6	6	8	8	6	6	8	4	5.7	5.9
12	12	12	10	10	10	15	10	10	7	10.4	10.1
163	**130**	**138**	**119**	**110**	**104**	**171**	**141**	**136**	**65**	**143.2**	**119.9**
90	**65**	**95**	**95**	**95**	**90**	**100**	**100**	**100**	**75**	**89.4**	**81.7**
406	**336**	**388**	**352**	**334**	**320**	**421**	**386**	**391**	**260**	**382.7**	**340.9**

Note: [1]Subcategories which contained elements left blank on evaluation scoring tools.

Source: Summary of Evaluation Team Scoring Instruments.

APPENDIX E

RFP Services Required from the Vendor – to be Addressed in the Technical Approach Section of Vendor's Proposal

4. SERVICES REQUIRED FROM THE VENDOR

This information should be used by the Vendor to prepare its Offer and will also constitute the terms of the Contract. The outlined descriptions are to be utilized as a framework for required services. The State reserves the right to revise specific service details based on individual Agency, Facility and University requirements and regulations. The State has outlined its service needs throughout Section 4. Vendor will be required to outline a single comprehensive maintenance and service plan that will address each property's requirements.

4.1 Need For Services

The State of Illinois operates a large network (1,265 machines) of beverage vending that currently is not centrally managed or optimized from either a service or revenue perspective. There is also a need to manage pouring at the Illinois State Fair in Springfield. The State is in very few long-term beverage contracts and has the opportunity to establish a comprehensive and efficient beverage service model with an exclusive Vendor to provide beverage services.

The Universities have a high number of students, staff and visitors to service through both pouring and vending operations (612 machines). These schools have contracts expiring in the coming months and years and require superior beverage services from a single Vendor they can hold accountable. The ability to provide a wide variety of product offerings that are accessible at multiple points across campus, and in a price sensitive manner, is vital.

The Illinois Committee of Blind Vendors (the "Blind Vendors") owns and operates 498 vending machines in State of Illinois buildings and facilities. Recognizing the business opportunity that this state-wide beverage contract provides for their business, the Blind Vendors have joined the State as partners in this solicitation.

The overall goal for the State as a whole is to efficiently provide beverage services to all employees, students, visitors and constituents of the State and University systems. As part of the program, the State is offering the winning Vendor the opportunity to capitalize on unique marketing opportunities at a variety of athletic and other major events.

4.2 Goals and Objectives

The State is seeking a qualified vendor that can provide comprehensive beverage vending and pouring services to its facilities, employees, visitors, Universities and special events locations. The winning bidder will need to demonstrate the capacity to provide superior service to the State and participating Universities and put forth an attractive revenue plan.

The State has five (5) main goals:

1. Provide quality beverage services for employees, citizens and visitors statewide
2. Increase commission revenue for the State and generate additional funding for State programs
3. Establish structure, efficiency and continuity to the beverage vending operation at state facilities

4. Ensure opportunities for Blind Vendors and State Partner Organizations
5. Achieve a minimum percentage of the scope of work in the contract of 19% for participation by businesses owned and controlled by minorities, females or persons with disabilities (as defined in Attachment E).

4.3 Description of Vending and Pouring Operations

The Vendor will be responsible for managing vending machines on both State and University properties.

The Vendor will also be the exclusive beverage provider for organizations which resell beverage vending on behalf of the State and/or University. These resellers will be required to purchase strictly from the awarded Vendor. Pricing for organizations reselling product are requested in Section 5.4.3 and will be applicable for the following groups:

- State Park Concessionnaires (263 machines – Natural Resources in Appendix I)
- The Illinois Committee of Blind Vendors (498 machines – Appendix II)
  - Product pricing will also be applicable to Blind Vendors operating at public facilities not owned by the State or Universities (i.e., county and municipal). Blind Vendors at non-State/University facilities are under no exclusive obligation.
- University Campus Resale and Cafeterias (Volume outlined in Pricing Summary – Section 5.4.3)
- Student Vending Program (29 machines at UIC)

The purchasing group/organization listed above will be responsible for managing the vending process.

The Vendor will become the exclusive provider of carbonated, non-carbonated, water, juice, juice drink, isotonic, energy, ready-to-drink coffee and tea beverages at the locations covered by contracts issued pursuant to this RFP. In addition, the Vendor has the ability to bid on related marketing benefits to each of the properties listed in Section 4.4.2 and 4.4.3 where pouring and/or vending services will be rendered. Full benefits packages are outlined in Appendices III-VII.

4.3.1 State Vending Program – See Appendix I

4.3.2 Illinois State Fair

700,000+ attendees during 10-day event

366 Acres

56 Machines during the Fair (12 machines remain year-round for the 200+ events held annually)

232 Concessionaire locations on Fairgrounds required to sell strictly Beverage Vendor products

Appendix III – State Fair Sponsorship Package

4.3.3 Universities' Vending and Pouring

For the Universities, or in the case of the University of Illinois, the campuses that elect to accept the Vendor's proposal, the Vendor will be the exclusive beverage vending services provider and seller of beverage products to the university or campus for resale to its customers. There are 612 vending machines that will be Vendor managed and 27 resale areas through all of the Universities for which product will need to be purchased exclusively through the winning bidder. Volume figures are historical compilations established by the Universities and their past beverage partners.

4.3.3.1 University of Illinois at Urbana-Champaign Background

38,684 Students
5,885 Graduate Assistants
10,353 Full-time Employees

337 Machines (Vendor managed)

- $1 million Current Annual Vending Machine Sales

13 Pouring Locations (Product managed by University)

- Cafeteria services
- Three (3) On-campus Retail Convenience Stores
- Athletic Facilities

UIUC Product Volume (Product Purchases Only – No Vending)

Product Description	Estimated Annual Purchase Volume
Beverages other than Water	
12 oz cans	9,587 – cases (24 per)
20 oz cans	36,297 – cases (24 per)
½ Liter	25 – cases (24 per)
1 Liter	114 – cases (12 per)
11.5 oz	13 – cases (24 per)
4500 ml	12,851
Pre-mix tanks	165
2.5 gal/each BIB	5,082
5 gal/each BIB	2,838
Water Products	
12 oz	11,569 – cases (24 per)
20 oz	14,197 – cases (24 per)
24 oz	55 – cases (24 per)

½ Liter	269 – cases (24 per)
½ Liter	85 – six-pack
1 Liter	316 – cases (12 per)

4.3.3.2 University of Illinois – Chicago Background

25,228 Students
2,707 Graduate Assistants
10,845 Full-time Employees

220 Machines (Vendor managed)

$600,000 Current Annual Vending Machine Sales

12 Pouring Locations (Product managed by University)

- All cafeteria services
- Four (4) On-campus Retail Convenience Stores
- Athletic Facilities

UIC Product Volumes (Product Purchases Only – No Vending)

Product Description	Estimated Annual Purchase Volume
Beverages other than Water	
12 oz cans	3,308 – 24 per case
16 oz bottles	9,664 – 12 per case
20 oz bottles	21,507 – 24 per case
½ Liter	309 – 24 per case
1 Liter	1,318 – 12 per case
2 Liter	418 – 8 per case
9.5 oz	1,739
6.5 oz	237
3 gal/each BIB	4,902
5 gal/each BIB	5,026
Water Products	
12 oz	142 - 24 per case
20 oz	8,144 – 24 per case
1 Liter	2251 – 12 per case

4.3.3.3 University of Illinois – Springfield Background

4,500 Students
600 Full-time Employees

33	Machines (Vendor managed)
$140,000	Current Annual Vending Machine Sales
1	Pouring Locations (Product managed by University)

UIS Product Volumes (Product Purchases Only – No Vending)

Product Description	Estimated Annual Purchase Volume (cases)
Beverages other than Water	
10 oz cans	390 – 24 per case
12 oz cans	253 - 24 per case
16 oz bottles	915 – 12 per case
18 oz bottles	825 – 24 per case
20 oz bottles	130 – 24 per case
2 Liter	50 – 8 per case
2.5 gal/each BIB	96
3 gal/each BIB	65
5 gal/each BIB	147
Water Products	
16.9 oz, flat cap	150 – 32 per case
20 oz	200 – 24 per case
25 oz sport cap	825 – 24 per case

4.3.3.4 Northeastern Illinois University Background

12,164 Students

22 Machines (Vendor managed)
1 Pouring Locations (Product managed by University)
13,150 Total Number of Cases of assorted products (2004)

NEIU TOTAL Product Volumes

Product Description	Estimated Annual Purchase Volume (cases)
Bookstore – Assorted product and sizes	3,300 cases
22 Vending Machines – Assorted 20 oz product	6,500 cases
Campus Dining assorted products in all forms: syrup, cans, bottles, etc.	3,350 cases

4.4 Blind Vendors

The State supports the Blind Vendors by complying with all provisions of the Illinois Blind Persons Operating Vendor Facilities Act and the Randolph-Sheppard Vending Stand Act of 1936. Furthermore, the State makes all efforts to promote the Blind Vendors' efforts to work with State agencies and deliver opportunities to expand their programs and services.

The Blind Vendors make direct purchases from beverage Vendors, deliver products to designated machines, set pricing and maintain all business responsibilities.

The State closely adheres to the Blind Persons Operating Vending Facilities Act, which states in part:

It is the policy of this State that blind persons be given opportunity to operate vending facilities and be employed by the operators of vending facilities in public buildings and parks and on other public and private property for the purposes of providing blind persons with remunerative employment, enlarging the economic opportunities of the blind, and stimulating the blind to greater efforts in striving to make themselves self-supporting and of relieving the public of responsibility for their financial support… preference [shall be given] to blind persons when granting permission to operate a vending facility where the [State] determines that such vending facility can be properly and satisfactorily operated by blind persons.

The Illinois Department of Transportation permits the placement and operation of vending machines in rest areas in accordance with Section 113.1(b) of the Illinois Highway Code [605 ILCS 5/9-113.1(b)]. The

Department of Human Services is the State licensing agency designated pursuant to the Randolph-Sheppard Vending Stand Act of June 20, 1936 (49 Stat. 1559, Title 20, Sections 107-107F) and the Illinois Blind Persons Operating Vending Facilities Act to select and assign licensed Blind Vendors to operate the vending facilities identified as rest areas. Blind Vendors are given a preference to provide vending services in all rest areas and State property. The vending machines serviced by any Blind Vendor in rest areas will be subject to the terms and conditions of the Intergovernmental Agreement between the Illinois Department of Transportation and the Illinois Department of Human Services.

4.5 Revenue Growth Plan

The State's **1,265 vending machines** (not inclusive of pouring, University or Blind Vendor machines) have an estimated gross sales volume of approximately **$6.9 million** annually. This figure is based upon historical sales volume for machines within the following Agencies and Groups:

- State Police
- Department of Transportation
- EPA
- Veterans Affairs
- Department of Natural Resources
- Department of Corrections

The State **expects sales to significantly increase based upon a professional Vendor's experience and strategy implementation to maximize current operations and identify new opportunities**. It is the State's expectation that the Vendor will evaluate current vending operations and increase the number of machines and gross sales. The Vendor shall provide a plan for growing current annual volumes and make projections related to gross and net sales and machine expansion. " New machine locations will be reviewed and approved by the liaison committee described in Section 4.13.3."

4.6 Reporting, Status and Monitoring Specifications

The State and the Vendor shall mutually agree on the report(s) format and content to satisfy these requirements. Vendor is required to provide sample reports in its RFP submission. In appropriate circumstances, the State and the Vendor will work together to develop a performance scorecard with conditions, milestones, requirements, or timetables that must be met before additional steps may be taken.

The Vendor will provide monthly sales and commission reports that provide the following information:

4.6.1 Product code for the following individual categories, where applicable: carbonated, non-carbonated, water, juice, juice drink, isotonic, energy, ready-to-drink coffee and tea beverages that may be canned, bottled, fountain, powder and syrup versions

4.6.2 Building location of machines

4.6.3 Machine number

4.6.4 Selling prices of product

4.6.5 Gross and net sales and sales tax for each machine

4.6.6 Year-to-date gross and net sales and sales tax

4.6.7 Total commission for each machine

4.6.8 Year-to-date commission for each machine

4.6.9 Refunds and tests for each item category and machine

4.6.10 Required beginning and ending meter reading

4.6.11 Product Sales Volume to Reseller Organizations

4.6.12 Summary statistics to enable Agency reconciliation of payments to sales or other documentation of payments.

The Vendor will also be responsible to comply with the requirements for monitoring and reporting as defined in Attachment E.

4.7 Staffing Specifications

Outline a detailed staffing plan for all requirements necessary to successfully carry out this vending and pouring opportunity including commitment and resources made available to the State. Vendor will need to be able to furnish 24-hour services, seven days per week, and shall service and stock all vending machines and pouring equipment to insure they do not become empty of any products.

4.8 Where Services are to be Performed

Vendor must be able to perform all vending and pouring services at all locations throughout the State and at all University locations. Additional servicing areas may be added throughout the term of this agreement on an as needed basis. Appendix I outlines the exact locations of all current vending machines operated by the State (excluding University and Blind Vendor machines), and pouring requirements are currently at the following locations:

- Illinois State Fair – Springfield, IL
- University of Illinois – Urbana-Champaign, IL
- University of Illinois – Chicago, IL
- University of Illinois – Springfield, IL
- Northeastern Illinois University – Chicago, IL

4.9 Vending Operations

The Vendor shall supply Beverage products to the equipment seven (7) days per week, Monday thru Sunday, between the hours of 6:00 a.m. and 4:00 p.m. for State facilities and during regular academic semesters and summer school.

University specific - At all other times, the Vendor will supply vended Beverage products five (5) days per week, Monday thru Friday, between the hours of 7:00 a.m. and 4:00 p.m. Specific locations that require product service on Saturday and/or

Sunday during breaks or special events will be determined by mutual agreement. The Vendor shall be alert to specific equipment that requires product inventory stocking more frequently than once per day to maintain adequate product variety and inventory to provide satisfactory service twenty-four hours per day.

The Vendor is required to list all product offerings that will be made available to the State as part of the vending and pouring program.

4.10 Vendor Full Service Procedures

4.10.1 The Vendor shall be responsible for stocking and servicing all beverage machines except for machines operated by Blind Vendors.

4.10.2 The Vendor shall be responsible for the collection of all monies, except from machines operated by Blind Vendors. Upon the execution of individual contracts or subsequent implementation of a debit card program, the Vendor and the State will agree upon procedures for accounting and transfer of funds for the debit card program

4.10.3 All product, portion and price changes proposed by the Vendor for vending machine sales pricing and approved by the State will be effective July 1 of the following year. All product, portion and price changes will be submitted to the State in writing for approval prior to implementation. All change requests must be submitted by June 1. The State will approve product, price and/or portion changes only during the month of June prior to the start of each Fiscal Year. The Vendor will provide the State with cost data supporting changes being recommended. After price change verification, the State will determine those products, price and/or portion changes to be approved and the effective date.

4.10.4 Prices for State and University purchases of product sold in its retail and dining services, may change only annually on July 1 of each year by mutual agreement of the State and Vendor. The Vendor must present price change request to State by June 1 of each year. Vendor will provide the State with data supporting changes being recommended. In no event will price increase more than the percentage increase in the United States Department of Labor Consumer Price Index (CPI) for food and beverages for the preceding year.

4.10.5 All prices include local and State sales tax.

4.10.6 The State shall not guarantee an uninterrupted supply of water, steam, electricity or heat except that it shall exercise reasonable diligence in restoring service following an interruption. The State shall not be liable for any loss that may result from the interruptions or failure of any such utility services.

4.10.7 The Vendor shall install and pay the costs of required decorative motif. The State retains the right to have the Vendor mutually develop up to 10% of vending machine displays to include themed wraps (e.g., State landmarks, tourist destinations, community programs, etc.). The Vendor shall provide vending area renovations. Proposed renovations and decorative motif installations shall be completed during the first six (6) months of the Contract.

4.10.8 The Vendor, at its expense, may propose alterations and facility changes to available vending service space the Vendor feels essential to the Vendor's mode of operation. The Vendor shall propose any such alterations or facility changes to the State and Director of the Illini Union.

4.10.9 From time to time during the Term, the Vendor shall present to the State graphic design art to appear on the exterior of the vending machines. All costs of such design shall be the responsibility of the Vendor. In order to ensure the design is in keeping with the State's image or reputation, the State shall have the right to approve or disapprove any proposed vending machine art or design; provided however, that approval shall not be unreasonably withheld or delayed.

4.10.10 The State may from time to time request the professional services of the Vendor to assist on a consulting basis in the development of layouts and specifications for new or remodeled vending service facilities at no cost to the State.

4.10.11 Upon termination or expiration of this Contract, the Vendor shall vacate the premises and deliver up the premises to the State in the same condition that the premises are in at the time the Vendor entered the premises hereunder, reasonable use and wear accepted. The State, at its option, shall retain intact the leasehold improvements, or require that the Vendor remove such improvements within fifteen (15) days from the termination of this Contract, and return the premises to the same condition that they are in at the time the Vendor entered the premises. Vendor's vending machines and other equipment must be removed within 15 days after termination of this Contract. The Vendor shall be responsible for control of keys and passes obtained from the State and the security of those areas which the keys or passes control when they are used by its representatives. The Vendor shall be responsible for immediately reporting all the facts relating to losses incurred, equipment damage or break-ins to their equipment and areas of the State. The State Contract Representative shall designate the authority that shall receive these reports and be responsible for key/pass issue and periodic review of key/pass control.

4.10.12 The Vendor is responsible for the purchase of padlocks and other security devices that may be required by the Vendor to further ensure revenue, product or property.

4.10.13 The State is responsible for the costs of re-keying and replacing State lock cylinders, as determined by the State, except the Vendor shall be responsible for replacement of lost keys and the cost of re-keying and replacement of lock cylinders required as a result of the Vendor's negligence and/or loss of keys.

4.10.14 The State is not responsible for loss or damage to Vendor's equipment.

4.10.15 The State and the Vendor shall mutually determine the additional security measures required to control unauthorized access to all vending service areas included in this Contract.

4.10.16 The Vendor will supply, install, repair, service and maintain this equipment at no cost to the State Contractors at locations mutually agreed upon. Where the Vendor's equipment is maintained by a Blind Vendor, the Vendor will provide training the Blind Vendor on proper daily servicing.

4.10.17 All rights, title and interest in all of the Vendor's equipment supplied to the State shall, at all times, remain with the Vendor. Upon termination or cancellation of this Contract, Vendor shall have the right to take possession of Vendor's equipment without disruption to State's operations and without any claim of trespass.

4.10.18 In order to preserve the integrity, safety and appearance of State property, the Vendor shall not unilaterally move equipment without the consent of the State, which consent shall not be unreasonably withheld. The Vendor may from time to time install additional equipment at current or additional sites upon written approval by the State. The Vendor is responsible for set-up costs for new machines.

4.10.19 If the State sells, vacates or demolishes any building in which equipment is located, or temporarily closes facilities for renovation or remodeling, the State shall provide the Vendor with reasonable notice and ample opportunity to remove equipment, prior to the sale, vacation, demolition or closure. Following such reasonable notice, the Vendor shall, at its sole expense, move the equipment. The parties shall confer and agree upon alternative replacement sites, on an interim or permanent basis, if necessary. Upon reasonable notice, the State may request, and the Vendor shall honor such request, that the Vendor move vending equipment, at the Vendor's sole expense, for purposes of construction, facilities improvement and maintenance.

4.10.20 All equipment shall remain state-of-the art throughout the Term of the Contract and any renewals. The Vendor will provide a variety of Vendor fronts that will bring attention to alternative Beverage products.

4.10.21 All dispensers and display cases must be equipped with locks and/or shut-off valves at no cost to the State. All equipment will be subject to approval by the State of Illinois Department of Public Health, and the State Environmental Health and Safety Department. It will be the Vendor's responsibility to conform to these agencies' requirements and not the State's responsibility. All equipment will include professional quality product selection labels.

4.10.22 All equipment owned by the Vendor shall remain the responsibility of the Vendor. Required equipment repair expense will be the Vendor's responsibility.

4.10.23 The Vendor shall have full responsibility for any damage to or loss of equipment located at the State, except for damage or loss caused by the gross negligence of State employees or agents. The State shall not be responsible for criminal acts, whether by employees, agents or third parties. The Vendor will also have full responsibility for cost to repair damage to the State's premises that result from negligence or accidents by the Vendor, its subcontractors, or its employees.

4.10.24 The State shall have no obligation or responsibility to protect, maintain, repair or otherwise care for any of the Vendor's equipment. The State shall use reasonable care to reduce the risk of loss (including that from theft and vandalism) to any equipment located on the State property or a University

Campus; however, the State and/or University Campuses are public facilities, and the State is not responsible for the conduct of students, employees, persons attending University athletic or other events, or other members of the public. Any actions taken by the State pursuant to this paragraph shall not be deemed to create any duty on the part of the State.

4.10.25 The Vendor releases the State from liability for, and the Vendor assumes all risk for, any theft, damage, or destruction of any goods, merchandise, fixtures, equipment, or other property of the Vendor that has been kept, stored, or located on State property.

4.10.26 All equipment must be certified by the Automatic Merchandising Industry Health Code and will be subject to inspection and approval by the State, and any other applicable regulatory agency, prior to final installation.

4.10.27 The State will supply power and water necessary to operate the Exclusive Beverage Program up to the point of connection at the wall. The Vendor will be responsible for paying the costs of connections from the equipment to the provided utility source, including all other costs of installation of the equipment.

4.10.28 The Vendor shall be responsible for installing any special electrical or other service connections exterior to the walls of the building for the operating of the vending machines. All such special installations exterior to the walls of the building installed by the Vendor as a necessary part of the total installation shall remain the property of the Vendor only as long as the removal of these items will not change or damage the physical or mechanical condition of the location from what it was before the installation of the Vendor's equipment. If such damages occur, the Vendor agrees to bear all costs necessary to repair such damages and restore the premises to its prior condition within a reasonable time of installation or removal of the equipment, ordinary wear and tear excepted.

4.10.29 Relocation, removal or installation of vending equipment requires prior written approval of the State after the initial installation requirements are satisfied.

4.10.30 Permits, licenses and pricing regulations required to be posted will be displayed in an appropriate manner agreed to by the State without defacing the facilities of the State.

4.10.31 At the time of initial installation, 50% of vending and related auxiliary equipment provided shall be new with the exception of bill changers, which may be rebuilt. The remaining 50% of the equipment must be updated, rebuilt or refurbished. For purposes of this Contract, "update", "rebuilt" and "refurbished" requires that such equipment be in "like new" condition prior to final acceptance by the State for location on State property.

4.10.32 The Vendor will provide the State with invoice copies to verify new equipment purchases are in compliance with Contract requirements. Initial and subsequent equipment installations and updated, rebuilt or refurbished machines shall be identified by type of equipment, serial number, manufacturer's meter readings and location. This information will be provided to the State not later than thirty (30) days after the effective date of the Contract or after delivery. The Vendor shall obtain from the manufacturers of any vending equipment a warranty consistent with industry standards against defects in workmanship or design. The Vendor, at its sole expense, shall provide professional quality product selection labels for each product placed in vending machines.

4.11 Vending Equipment Amenities

4.11.1 At a minimum, vending machines will be equipped with non-reset sales totalizers and selection panels that have the capability to provide digital display of total sales.

4.11.2 All machines will be equipped with dollar bill acceptors.

4.11.3 All machines will be designed with automatic coin refill features.

4.11.4 Vending machines must be convertible to debit card technology at the vendor's expense within ninety (90) days of notification that the State has finalized its debit card program.

4.11.5 All machines must meet federal ADA handicap guidelines and meet multi-price capabilities.

4.12 Debit Card Technology

4.12.1 All vending machines provided by the Vendor will be installed with a stored value or online card reader that will function with each State or individual University debit card program. Vendor will not be responsible for any transaction fees, or card development fees.

4.12.1.1 The following specifications apply to the University of Illinois at Springfield only:

4.12.1.1.1 All vending machines must be equipped with readers to accept the UIS I-Card as method of payment for the product.

4.12.1.1.2 UIS will specify the make and model of the I-Card reader required.

4.12.1.1.3 The successful Vendor must install the specified I-Card reader on all machines at the Vendor's expense.

4.12.1.1.4 The successful Vendor will maintain service and keep all vending machine I-Card readers in good working order. Any malfunctioning reader must be repaired within a twenty-four (24) hour period.

4.12.2 Debit card readers shall be limited to information necessary to confirm the transaction (e.g., account number that paid for the purchase), and shall not be equipped to access other cardholder information such as name, address or other personal information. If any such other information comes into the Vendor's possession, it shall promptly be purged from all data storage systems, and the Vendor shall provide the State with written verification. No information obtained by the Vendor shall in any circumstances be released to third persons.

4.12.3 Stand alone change making equipment shall have the capability of customer selection of changing coins, one dollar ($1.00) or five dollar ($5.00) currency or both as determined by the State. The changer model, capacity and arrangements for security shall be by mutual agreement. The Vendor shall provide and service the changers with amounts of change at frequent intervals to assure change is continually available. All vending equipment shall have the capability of returning change in amounts of $.05, $.10 or $.25 as required, and have adequate change inventory for required returns. The coin/bill change mechanisms will be state of the art maintained at the full change bank capacity, unless mutually agreed upon to be at a lower level, and inventoried each time the machine is serviced and brought up to capacity.

4.13 Service and Repair

4.13.1 The Vendor will provide a service and repair "hot line" for all applicable fountain, display, cooler, vending and auxiliary equipment twenty-four (24) hours a day, seven (7) days a week, at no cost to the State. The Vendor will provide unlimited service calls, all necessary parts and equipment free of charge. The Vendor shall respond to equipment service and repair calls/reports within a minimum of three (3) hours for Beverage equipment between the hours of 7:00 AM and 4:00 PM, Monday through Friday, and four (4) hours response time evenings and Saturdays, Sundays and Holidays. If operational needs require immediate service on fountain and cooler equipment after 9:00 PM, service will be provided at 7:00 AM the next morning seven days a week. The Vendor will provide routine preventive maintenance on all equipment. Equipment which cannot be returned to full service within 72 hours of notification of needed repair shall be replaced with comparable equipment of like quality until the original equipment is returned to service. The equipment repair service shall respond to emergency and daily routine maintenance requirements in a manner that limits equipment down time and customer inconvenience.

4.13.2 The Vendor shall provide a means by which messages or service calls can be recorded after their normal working hours or on weekends. The Vendor guarantees that the frequency of preventive maintenance will meet, or exceed, that which is recommended by the manufacturer of the equipment. The State will not provide storage space for any backup equipment.

4.13.3 The State will establish a liaison committee, which, in addition to State personnel, will include a representative of the Blind Vendors, to address service and quality issues on a quarterly basis. The Vendor will send appropriate personnel to these quarterly meetings.

4.14 Equipment Maintenance and Replacement

4.14.1 The Vendor shall institute and maintain a program of preventive maintenance and regular replacement of worn, damaged, or malfunctioning vending, fountain and cooler equipment. The State shall not perform maintenance or repair on any equipment of the Vendor or that is on loan to the State.

4.14.2 The Vendor shall incorporate industry improvements on vending, fountain and cooler equipment occurring during the life of this Contract on originally installed equipment and subsequent installations where it is deemed feasible by the State.

4.14.3 The Vendor shall maintain a continual program of equipment replacement in high volume locations where obsolescence becomes a factor resulting in potential service or sales reduction. The State has the right to request and have delivered within sixty (60) days new or updated vending machines based on appearance or physical condition of existing.

4.15 Non-vended Capital Equipment

4.15.1 Preventive maintenance program and regular replacement of worn, damaged or malfunctioning non-vending capital equipment (i.e. counter tops, sinks, etc.) and related facilities shall be instituted and paid by the State and executed with the full cooperation of the Vendor.

4.15.2 The Vendor shall be responsible for advising the State of required repairs and replacement of non-vending capital equipment and related facilities. The State shall be responsible for the purchase of additional non-vending equipment and shall make or authorize the repair and replacement of worn, damaged or malfunctioning equipment and related facilities. Where it has been determined by the State that damages were due to the Vendor's negligence, the State shall, at its option, request the Vendor to make and pay for the necessary repairs and replacement, or repair or replace said non-vending capital equipment and related facilities and invoice the Vendor.

4.16 Facility Maintenance

4.16.1 The State shall provide floor maintenance in the vending areas, and the Vendor shall cooperate in keeping this service to a minimum. Route employees shall clean floor spillage that occurs in the process of filling or sanitizing equipment.

4.16.2 The State shall be responsible for the periodic stripping and sealing or waxing of floors in the vending areas, and shall furnish at its expense the necessary equipment, supplies and labor.

4.16.3 The State and the Vendor shall mutually develop an annual schedule for the State to thoroughly clean and seal the floor under and in the adjacent areas of vending equipment.

4.16.4 The State shall provide waste containers and bag liners in the vending areas, where necessary, and in sufficient number, to maintain sanitary standards for trash disposal. All waste containers shall be kept in a clean and satisfactory condition at all times, and emptied as often as necessary by the State.

4.16.5 The Vendor shall comply with the State's and Universities' policies and procedures related to recycling of waste materials and participate in required waste separation programs.

4.16.6 The Vendor shall remove all waste packaging, master cartons, boxes, etc., from the vending service and storage areas to dumpsters or recycling sites provided and serviced by the State. Cardboard cartons shall be taken by the Vendor to collection points identified by the State and/or Universities or be removed from the Property and/or Campus by the Vendor.

4.16.7 The Vendor shall maintain a complete, integrated insect and pest control program for its products and equipment.

4.17 Facility Sanitation

4.17.1 The customer-contact surfaces of all equipment including selector buttons, knobs and handles and cup dispensing platforms shall be cleaned with germicidal solution applied with disposable toweling. Visible product residue, as in cup platforms, shall be removed with warm water and detergent before application of the germicide.

4.17.2 The Vendor shall maintain in a sanitary condition all vending machines.

4.17.3 The external cabinet of all vending machines, including cabinet tops, shall be kept free from dust and other contaminants. Screens, compressor zones and condensers shall be inspected regularly for dust, seepage and other residue and shall be kept clean.

4.17.4 The Vendor is responsible for inspecting under and behind the vending machines and supplemental equipment for evidence of dirt, debris and vermin. When cleaning of these areas is required, the Vendor shall provide access, by kickplate (skirt) removal or machine movement, and advise the State of the need for cleaning.

4.18 Inspections

4.18.1 Inspectors of the State and Campus Office of Environmental Health and Safety and environmental health specialists shall have complete cooperation and access to all vending service, production and storage areas. These inspections may be at the request of the State or at said agencies' own discretion. A management representative of the Vendor shall conduct equipment and facilities maintenance and sanitation inspections periodically (minimum of once per semester, i.e., 3 times a year). A copy of all inspection reports shall be immediately furnished to the State by the Vendor. The Vendor is responsible to implement corrective operating measures required as a result of these inspections and reports within ten (10) days of the issuance of the report.

4.18.2 The State shall have the right of inspection of all vending and storage areas of the Vendor with respect to the quality and quantity of the Beverage Service, the method and frequency of service, service schedules, and generally with respect to use, safety, sanitation and the maintenance of said premises, all of which shall be maintained at a level satisfactory to the State. The State shall have the right to make, from time to time, reasonable regulations with regard to such matters, and the Vendor agrees to comply with such regulations. Authorized representatives of the State shall have the full right of access to all areas of said premises at any and all times.

4.19 Personnel, Employment Practices and Staff

4.19.1 The Vendor will, at all times, maintain on duty for the State an adequate staff of employees for efficient operation. The Vendor will provide expert administrative, purchasing, equipment consulting, and supervisory personnel.

4.19.2 The State requires adherence to Prevailing Wage laws.

4.19.3 The Vendor shall provide headquarters management staff, made known to the State by name, to routinely review and inspect operations, fill staff vacancies if necessary, consult with the State on current and future food service programs, and to act with full authority on the Vendor's behalf in any and all matters pertaining to the specifications of this Contract.

4.19.4 The Vendor shall provide a minimum of one (1) on-site route supervisor/manager Monday through Friday and on call for weekends and evenings. The individual selected for this position will have prior approval of the State and shall not be changed more than once per year unless mutually agreed. Management positions will not remain vacant for a period to exceed thirty (30) days. Replacements require prior approval of the State.

4.19.5 An adequate staff of employees shall be on duty to provide efficient, prompt and sanitary service. The State shall have the right to review the staffing patterns and job schedules, and require the Vendor to take appropriate action to insure adequate staffing.

4.19.6 Personnel relations of employees of the Vendor and its subcontractors shall be the Vendor's responsibility. The Vendor shall comply with all applicable government regulations related to the employment, compensation, and payment of personnel.

4.19.7 The Vendor shall have the resources and staff for continually providing satisfactory training and development programs for their employees at all levels of the organization. Regularly scheduled employee training shall be conducted by the Vendor regarding such subjects as refrigeration, maintenance, defensive driving, equipment repair, and proper sanitation. The Vendor shall be responsible for the expense of such training programs.

4.19.8 Personnel of the Vendor shall observe all regulations of the State. Failure to do so may be grounds for dismissal.

4.19.9 Employee uniforms, which are mutually agreed upon by the State and the Vendor to be the best suited for the job function intended, shall be provided by the Vendor. These uniforms shall easily and appropriately identify the Vendor and employee by name. Exceptions will be determined by mutual agreement of the State and the Vendor.

4.19.10 The Vendor shall not furnish free or discounted Beverages to employees of the Vendor, employees of the State, or any customer as a direct operating expense with a reduction of sale and/or commissions.

4.19.11 The Vendor's route service attendants shall service high sales volume locations after peak /noon service periods Monday through Friday to ensure availability of products for afternoon and evening class service at University locations.

4.19.12 The Vendor shall comply with State and University policy restricting service vehicles from driving in designated mall areas. Vendors must abide by all University traffic and parking regulations.

4.19.13 Items sold through vending equipment will not be manually sold by vending attendants or route employees.

4.19.14 The Vendor will be required to comply with individual security requirements for the state agencies they serve.

4.20 Signage

The State reserves the right to drape any and all signage in any facility when appropriate. Such events may include, but are not limited to, intercollegiate tournaments, concerts, graduation ceremonies, conferences, and cultural events. The State's decision shall be final and not subject to approval by the Vendor. If the State secures a rental from a regional or national touring company which carries with it a beverage sponsor other than the Vendor, the touring company may display temporary signage in the venue during the event as defined by their agreement with the beverage sponsor.

4.21 Permitted Beverage Exceptions

The only exceptions to the Exclusive Beverage Program will include the following:

4.21.1 State Properties

4.21.1.1 Hot Brewed coffee, tea or chocolate

4.21.1.2 Milk and flavored milk drinks

4.21.1.3 Beverage categories and drinks in which the Vendor does not distribute the beverage product

4.21.1.4 Beverages brought onto State property by an attendee at an event or by staff, guests, invitees, or visitors of the State for personal consumption

4.21.1.5 Donated product by other Beverage suppliers in accordance with Contract Terms

4.21.1.6 Alcohol

4.21.1.7 All locations occupied by tenants within State property

4.21.1.8 Non-State sponsored events held on property pursuant to the State's authority

4.21.2 UIUC

4.21.2.1 Frozen juice concentrate sold in retail and used in catering

4.21.2.2 Hot brewed coffee, tea or chocolate

4.21.2.3 Milk and flavored milk drinks

4.21.2.4 Sports shakes

4.21.2.5 Beverage categories in which the Vendor does not participate; provided that upon the Vendor's entry into such beverage categories, such beverages shall no longer be a "Permitted Exception" except for 4.21.1.2 and 4.21.1.3 above

4.21.2.6 Existing and future off-campus UIUC locations

4.21.2.7 Beverages brought onto the Campus by an attendee at an event or by students, faculty, staff, guests, invitees, or visitors of the University for personal consumption

4.21.2.8 Vegetable drinks

4.21.2.9 Dietary meal replacement drinks

4.21.2.10 All locations occupied by Tenants as well as Quad Shop and KCPA

4.21.2.11 Existing and future non-UIUC locations: Allerton Park, Research Park, Willard Airport and Orchard Downs redevelopment.

4.21.3 UIC

4.21.3.1 Four ounce (4 oz) frozen pre-poured 100% juice portions supplied to or distributed at the UI Medical Center Hospital and Clinics for patient use

4.21.3.2 Forty-six ounce (46oz.) aseptic packaged 100% fruit juice supplies to or distributed at the UI Medical Center Hospital and Clinics for patient use

4.21.3.3 Eight ounce (8 oz.) regular or diet ginger ale and regular or diet cola supplied to or distributed at the UI Medical Center Hospital and Clinics for patient use

4.21.3.4 Frozen juice concentrate sold in retail and used in catering

4.21.3.5 Hot brewed coffee, tea or chocolate

4.21.3.6 Milk and flavored milk drinks

4.21.3.7 Vegetable drinks

4.21.3.8 Sports shakes

4.21.3.9 Dietary meal replacement drinks

4.21.3.10 Alcohol

4.21.3.11 Beverage categories in which the Vendor does not participate; provided that upon the Vendor's entry into such beverage categories, such beverages shall no longer be a "Permitted Exception" except for 5, 6, and 7 above

4.21.3.12 All locations occupied by tenants within the UIC South Campus University Village Marketplace

4.21.3.13 Existing and future non-UIC Campus locations, including Rockford, Peoria, DSCC, and Quad Cities

4.21.3.14 Non-UIC sponsored events held on University property pursuant to the University's authority

4.21.3.15 Beverages brought onto the Campus by an attendee at an event or by students, faculty, staff, guests, invitees, or visitors of the University for personal consumption

4.21.3.16 Facilities located within the UIC Campus that are not owned by, leased to or controlled by the University, e.g., Campus ministry facilities, churches, private businesses or non-University governmental offices and laboratories, whether or not legal title to such property is held by the University

4.21.3.17 Donated product by other Beverage suppliers in accordance with Contract Terms

4.21.4 UIS

4.21.4.1 Hot Brewed coffee, tea or chocolate

4.21.4.2 Milk and flavored milk drinks

4.21.4.3 Fruit juices, bottled teas; natural spring water and flavored waters that are sold only in the UIS cafeteria, Lincoln Residence Hall (LRH) and future locations – Lincoln Residence Hall II (LRH II). This does not apply to vending machines located on the UIS campus.

4.21.4.4 Beverage categories in which the Vendor does not manufacture the beverage product

4.22.4.2 Beverages brought onto the Campus by an attendee at an event or by students, faculty, staff, guests, invitees, or visitors of the University for personal consumption

4.22.4.3 Donated product by other Beverage suppliers in accordance with Contract Terms

4.22.4.4 Alcohol

4.22.4.5 All locations occupied by tenants within the UIS campus

4.22.4.6 Non-UIS sponsored events held on University property pursuant to the University's authority

4.21.5 NEIU

4.21.5.1 Hot Brewed coffee, tea or chocolate

4.21.5.2 Milk and flavored milk drinks

4.21.5.3 Fruit juices, bottled teas; natural spring water and flavored waters that are sold only in the NEIU cafeteria. This does not apply to vending machines located on the NEIU campus.

4.21.5.4 Beverage categories in which the Vendor does not manufacture the beverage product

4.21.5.5 Beverages brought onto the Campus by an attendee at an event or by students, faculty, staff, guests, invitees, or visitors of the University for personal consumption

4.21.5.6 Donated product by other Beverage suppliers in accordance with Contract Terms

4.21.5.7 Alcohol

4.21.5.8 All locations occupied by tenants within the NEIU campus

4.21.5.9 Non-NEIU sponsored events held on University property pursuant to the University's authority

4.22 Compliance with Law, NCAA Regulation, University Policies

The Vendor shall comply with all applicable regulations of the National Collegiate Athletic Association ("NCAA"), the National Association of Intercollegiate Athletics ("NAIA") and regulations of any University Conference Affiliation, all of which regulations as from time to time promulgated shall be incorporated into and made a part of this Contract, but only upon notice thereof by the University to the Vendor in accordance with the provisions of Article 11 of this Contract. More specifically, the Vendor shall comply with NCAA, NAIA, and any University Conference Affiliation rules and regulations concerning use of a student-athlete's name and image; or any payments of any kind, financial remuneration or gifts to student-athletes, coaches, or others associated with the University's Department of Intercollegiate Athletics. The Vendor acknowledges (a) NCAA, NAIA, and any University Conference Affiliation broadcast rules or contracts may require the concealment, during broadcasting of certain athletic events, of signage, and that such required concealment shall not be considered a violation of any signage rights of the Vendor under this Contract or any subsequent contracts; and (b) that the NCAA, NAIA, and any University Conference Affiliation has the right to use the University's name, and University Marks, in connection with their respective marketing and corporate sponsorship programs, which may during the Term include beverage companies other than the Vendor, and that such uses shall not be considered in violation of any rights of the Vendor under this Contract. Further, all parties agree to comply with any and all current and later enacted state and federal law, legislation, regulation and rules appurtenant to the party's performance under this Contract. Except to the extent prohibited by law or pre-existing contractual obligations, all parties agree to comply with any and all University policies appurtenant to the performance of this Contract.

4.23 Term of Contract

4.23.1 Contract Commencement Dates

The contract, for all State government operated facilities shall begin on July 1, 2007 or upon Department of Revenue execution, whichever is later, and shall conclude 10 years from commencement.

Vendor will begin vending and pouring activation on (Commencement and contract end may change subject to time changes in the RFP and contract process). University contract commencement dates vary depending upon the status of their current beverage agreements. New contracts will commence the day after the expiration of current contracts, which are outlined below and will end ten (10) years from the first property's commencement date. For example, UofI Urbana-Champaign's contract term will be approximately nine (9) years in length as it does not commence:

Property	Beginning Date
State of Illinois Properties	July 1, 2007
University of Illinois Urbana-Champaign	July 1, 2007
University of Illinois-Chicago	Dec 13, 2008
University of Illinois-Springfield	July 1, 2008
Northeastern Illinois University	July 1, 2007

5. INSTRUCTIONS FOR PREPARING AND SUBMITTING OFFERS

5.1 GENERAL INSTRUCTIONS:

5.1.1 These instructions prescribe the format and content of the Offer. They are designed to facilitate a fair and uniform review process. Failure to adhere to this format will affect our evaluation and may result in disqualification of the Offer.

5.1.2 The response--completed, signed and returned--will constitute the Offer. A signed original and the designated number of copies of each Offer are required (see Section 3 of the RFP, "Key Information about this RFP"). Failure to submit the required number of copies may prevent the Offer from being evaluated within the allotted time.

5.1.3 Your Offer must provide all information requested and must address all points. Suggested exceptions to requirements and contract modifications, while allowed, are discouraged. The Agency/Buyer is under no obligation to accept exceptions or modifications suggested by the Vendor (or any Third Parties/subcontractors), and any exceptions or modifications will affect our evaluation and may result in rejection. If the Vendor (or any Third Parties/subcontractors) does wish to suggest exceptions or modifications, all such exceptions or modifications must be submitted with the Offer. Offers, including suggested exceptions to requirements and contract modifications, must be submitted in ink, typed, or printed form and signed by an authorized representative. The State may require that offers be submitted in electronic form. All terms to which the Vendor does not suggest an exception or modification will be deemed by the Agency/Buyer as having been accepted by the Vendor. Suggested exceptions or modifications shall be made by the Vendor (or any Third Parties/subcontractors) on the relevant page containing the language to be modified or the requirement to which an exception is proposed. If the suggested changes cannot reasonably be made on the relevant page, the Vendor may include specific, suggested exceptions or modifications referencing specific paragraphs of the RFP or Sample Contract for Services on separate pages, and shall attach those pages to the Offer as addenda.

5.1.4 The Offer is divided into three parts: (1) the Technical Proposal, (2) the Utilization Plan, and (3) the Price Proposal. The Offer must be submitted in a sealed envelope or container, with the Utilization Plan and the Price Proposal under separate covers in separate, sealed envelopes or containers in the Offer container. If multiple envelopes or containers for each Offer are used, the envelopes or containers must be numbered in

APPENDIX E-1

Coke's Response to Technical Approach Section

Illinois Department of Revenue

DEPARTMENT OF REVENUE

ROD R. BLAGOJEVICH, GOVERNOR

TECHNICAL PROPOSAL

TECHNICAL APPROACH

We are unable to satisfy all the requirements of Section 4 of the RFP. The following are examples:

- Increase the number of venders and gross sales
- staffing specifications
- vending operations
- vender full service procedures
- vending equipment amenities
- debit card technology
- service and repair
- equipment maintenance and replacement
- non-vended capital equipment
- facility maintenance
- facility sanitation
- personnel, employment practices and staff
- permitted beverage exceptions

Other

- License fees for vending machines by village, city, county

Coca-Cola

APPENDIX E-2

Pepsi's Response to Technical Approach Section

5.2.4 Technical Approach

PepsiAmericas operates a state of the art full service and third party vendor operation. This operation manages over 78,000 vendors and supports these with over 11,000 MEM employees who maintain and service these machines.

Our proposal will comply will all elements of the RFP except those identified in Exhibit 2.

See exhibit 3 for the vending implementation plan for the conversion and management of vending business.

PEPSI AMERICAS

MEMORANDUM Exhibit 2

To: Rob Waid
C: Scott Nehs

From: Jason L. Brown, Director of Legal

Date: January 12, 2007

RE: Review of Illinois State RFP

At your request, I have drafted this memorandum to outline the potential legal concerns we may face in completing the State of Illinois' Request for Proposal ("RFP") and their proposed contract. I have reviewed the RFP and have listed, by corresponding paragraph, the areas within the RFP that we need to be concerned about from a legal perspective.

RFP – Paragraph	Legal Concern
4.4 Blind Vendors	I am not sure how this will work. The Blind Vendors will apparently be free to operate vending machines regardless of the exclusivity. We may need some more detail regarding the scope of this law and why the Blind Vendors cannot be made a part of this deal in some way.
4.15.2 Non-vended Capital Equipment	This paragraph gives the State the right to invoice us for repairs to their sinks, countertops, etc. if they deem, in their sole discretion, that "we" are the cause of the damages. There must be some way in which we can fairly assess liability without allowing the state to do so without our input.
4.18 Inspections	This paragraph indicates that the State has the right to inspect any of our facilities at any day or time without notice, or provocation. They also mandate that they have the right to institute "reasonable regulations" with regard to the safety, sanitation and maintenance of our premises. This is too broad. I am not sure how much room the State will give us on this one, but at the very minimum, we

	should restrict inspections to a reasonable hour (8am-5pm).
4.19 Personnel, Employment Practices and Staff	This section will create some problems for us due to the fact that there are separate companies entering into this deal. Uniform requirements and employee training programs may be areas of greatest concern. We would be able to ensure common uniforms; however, the development and implementation of uniform employee training programs may prove difficult.
5.2.1 Transmittal Letter (must be signed by authorized representative)	I don't know that there is anyone who can sign no behalf of all the Bottlers and legally bind us to the details of the bid. I assume PAS is taking the lead on this one, therefore, we will need the other bottlers to agree, in writing that we have the right to obligate them to the terms of the bid.
5.2.7 Financial Statements	I assume we would provide the financial statements of every bottler to show our capacity to handle this contract. Private companies may have an issue due to the public nature of this RFP process.
5.2.9 Attachment I – Information Regarding Terminations, Litigation and Debarment	This will obviously have to be collected from each Bottler individually. PAS would have to limit this inquiry to Illinois contracts and legal cases.
7.2.7 Public Records	Our bid is subject to the FOIA (Freedom of Information Act). Due to the request for financial information for the past 5 years – this may be a concern for our private bottlers. However, I doubt there is any way around this issue.

Contract Paragraph	Legal Concern
4.2.3 Audit/Retention of Records	Considering we are dealing with multiple entities, deciding on a location to maintain all these records may prove difficult. We may want to consider alternative methods for maintaining these records collectively.
4.2.13 Antitrust Assignment	This clause should be removed. In short, it is requiring us to relinquish our rights in any potential antitrust claim to the State of Illinois. We should not give up these rights to the State.

4.4.1.1 Indemnification (by Pepsi)	We cannot indemnify and hold harmless the State of Illinois for "any breach of the Contract." We can limit this by providing indemnification if Pepsi breaches – so long as our breach is not in reaction to the breach of the State.
4.4.4 Legislative Changes	I think we can readily agree to a "meeting of the minds" should the State enact legislation that materially alters our Contract. However, we need to have an option to terminate if the parties are unable to resolve these issues amicably. We should not be bound to a contract after legislative action makes it not economically, or operationally, feasible for us to continue to honor its terms.
4.4.5 Joint and Several Liability	This clause makes PAS equally liable for all damages and loss incurred under this Contract no matter what bottler causes the claim. In other words, failure to perform by one bottler will put everyone at equal risk and give the State the right to simply go after PAS to recoup any loss, regardless if PAS was the cause.
4.8.3 Termination for Convenience	We cannot allow them to terminate the contract with only 15 days notice. In addition, we cannot allow them to retain any payments made, but not earned over the course of the contract. For example – we pay them $100,000 for the year on January 1, and they cancel on us January 15, effective February 1st. This clause entitles them to keep the $100K and only pay for beverages invoiced, but not yet paid. This must be changed to reflect a pro rata return of any advanced funds for this form of termination.
4.8.4 Termination for Lack of Funds/Change in Law	See Above
4.8.5 Vendor's Remedies	See Above
4.9.2 Non-Exclusive Rights	This indicates that our contract is not exclusive. This has to be modified. We cannot allow this contract to provide the State with the right to enter into similar or identical contracts without limitation.

State of Illinois
Exhibit 3
Implementation & Service Plan (5.2.4)

PEPSI will execute the following steps in conjunction with the project manager, upon being awarded the STATE OF ILLINOIS exclusive beverage RFP:

1. PEPSI sales representatives will contact and meet with State of Illinois Representatives to determine their following vending needs:
   * # of machines to be placed
   * Package and brand alignment
   * Preferred service days and time

2. Each participating property will be slotted into our full service route schedule based on their geographic location and estimated service needs.

3. All completed machine delivery paperwork will be forwarded to our vending department for:
   * Equipment preparation
   * Deliveries will be prioritized based on a list provided by the STATE OF ILLINOIS, or by an internal list provided by the PEPSI sales department. (This step will need to be mutually agreed upon).

4. Upon delivery of the vending equipment PEPSI will execute the following on the same day of delivery:
   * Fill the coin changer to capacity enabling the vendor to accept dollars and payout change.
   * First fill the equipment to capacity by pre-determined package and brand specifications.

5. Each property and machine will be routinely serviced based on our initial estimated service needs. PEPSI will re-evaluate each property and machines service needs once we have gained service knowledge and the following may occur:
   * Service will be increased to meet the demand.
   * Service will be decreased to meet the lack of demand.
   * PEPSI goal is to service each property to insure the equipment remains full and operate without causing any disturbance to the properties day to day activities.

6. On a period basis PEPSI will provide detailed volume reports to the STATE OF ILLINOIS listing the following:
   * Volume by package/property/vendor.
   * Commissions earned
   * PEPSI requests that we print one check and provide detailed individual property analysis, and the STATE OF ILLINOIS in turn credits each property with their earned commissions. PEPSI does have the capability to pay each individual

property if the STATE OF ILLINOIS desires. PEPSI intent is to centralize the payment method to increase the management of the funds by the STATE OF ILLINOIS and PEPSI.

7. PEPSI route drivers are responsible for the following during their service visit:
    * Stock equipment to capacity.
    * Record sales data, and handle the money bags, and install a new money bag.
    * Fill the coin changer enabling the vendor to make change (if necessary).
    * Maintain machine cleanliness.
    * Convey a professional and friendly attitude to the properties employees and consumers.

8. PEPSI management staff employees will routinely check in with properties to insure the property is receiving the proper service, and answer any questions or concerns. Additionally they are available via a telephone call to handle any questions or concerns that may arise prior to their routine visit.

9. Quarterly business review meetings with senior management.

APPENDIX F

Coke's August 3, 2007, Protest Letter

Coca-Cola Bottling Company of Chicago

a COCA-COLA ENTERPRISES company

Kevin P. Morris
Vice President – Public Affairs and Communications

7400 North Oak Park Ave.
Niles, IL 60714-3818
847-600-2495
847-600-2219 Fax
kevmorris@na.cokecce.com

August 3, 2007

Sam Sandoval
Protest Review Office
Illinois Department of Revenue
101 W. Jefferson, MC 6-100
Springfield, IL 62702

Cathy Hubbs
Contract Coordinator
Illinois Department of Revenue
101 W. Jefferson
Springfield, IL 62702

Dear Sam and Cathy,

Pursuant to page 79 of the State of Illinois FY07 Beverage RFP #22011731 section 7.5.2, please consider this document a formal protest letter on behalf of The Coca-Cola Bottling Company of Chicago. Our protest is based on our belief that because our questions and clarifications were never addressed, the award to our competitor is not in the state's best interests, as it did not avail itself of a full competitive process. The information below contains supporting documentation for our protest. Please also consider this letter a formal request for a copy of the PepsiAmericas offer and contract with the State of Illinois.

The Coca-Cola Bottling Company of Chicago previously requested critical information to clarify several definitions, phrases, terms and commitments listed in the State of Illinois FY07 Beverage RFP #22011731. The items in question include the following and remain unanswered.

- RFP contents, responses, proposals become part of the contract?
- The State will not be responsible for any loss of damage to our equipment?
- Unlimited debit card technology and readers?
- Repair service time commitments?
- The State has the right to terminate with 15 day notice for any or no reason?
- Beverage supplier to fund decorative motif, themed wraps and space alterations?
- Installing electrical service?
- Recycling policies and procedures?
- Equipment maintenance and sanitation inspections three times a year?
- HR Concerns: staffing, uniforms?
- All vendors ADA compliant?
- Continuous replacement schedule for equipment?
- License fees?

On Friday, July 27 the Coca-Cola Bottling Company of Chicago learned from Mike Ramsey, a reporter for *GateHouse News Service*, that the State of Illinois Revenue Department spokesman Mike Klemens "announced" that PepsiAmericas was selected to be the State of Illinois beverage provider. The reporter said he was told the announcement was posted on the Department of Central Management Services website on July 27; however, we were unable to locate the announcement anywhere on this website on July 27 at 5:00 p.m. nor was a press release distributed on this decision. It appears the Department of Revenue only informed one reporter of the contract award.

In addition to learning of a decision from a third party, we were very surprised that the State of Illinois could even make an informed choice because as you know we had numerous questions about the RFP and requested further clarification on at least five occasions. We could not provide a final offer due to the requested missing information that we never received. Below is a timeline based our records of our attempts to receive additional information and clarification regarding the State of Illinois Beverage RFP.

February 23, 2007: We submitted a response to the State of IL RFP

- On the Transmittal Letter, Executive Summary and Technical Approach pages of our proposal we requested further clarification

March 22, 2007: We presented our proposal to the State of IL RFP Personnel

- During our presentation we again expressed our need for additional information and clarification on components in the RFP

April 30, 2007: Conference call with Jodie Winnett

- During the call the following next steps were identified, but all have yet to be completed:
    1. Jodie will put together a sample contract for Coca-Cola to review and send to Kevin Morris and Matt McElroy by the end of the week
    2. Jodie will set up another call to discuss additional questions/clarifications
    3. Jodie said they hope to reach a decision by the third week of May.

May 21, 2007: Matt McElroy and Jodie Winnett phone conversation

- Matt called Jodie asking for any updates; Jodie said they were behind schedule and Matt should expect hear back in a few weeks.

June 28, 2007: Email from Matt McElroy to Jodie Winnett

- Matt emailed Jodie requesting an update and recommendations for clarifications. He noted that the colleges are getting ready to begin in fall. He received no response from Jodie.

Answers to our questions were critical for us to provide a complete response. Based on the information our company provided, it would be impossible to fairly compare our information with that of another company, thus there was not a true competitive bidding process.

As we stated numerous times, we were extremely excited to provide a financial package to be the beverage provider of the State of Illinois and planned to do so once we received complete and clear information on which we could base our bid. We look forward to gaining a better understanding on how you reached your decision without having complete information from our company. Please know we continue to be very interested in working with State of Illinois in the future.

Sincerely,

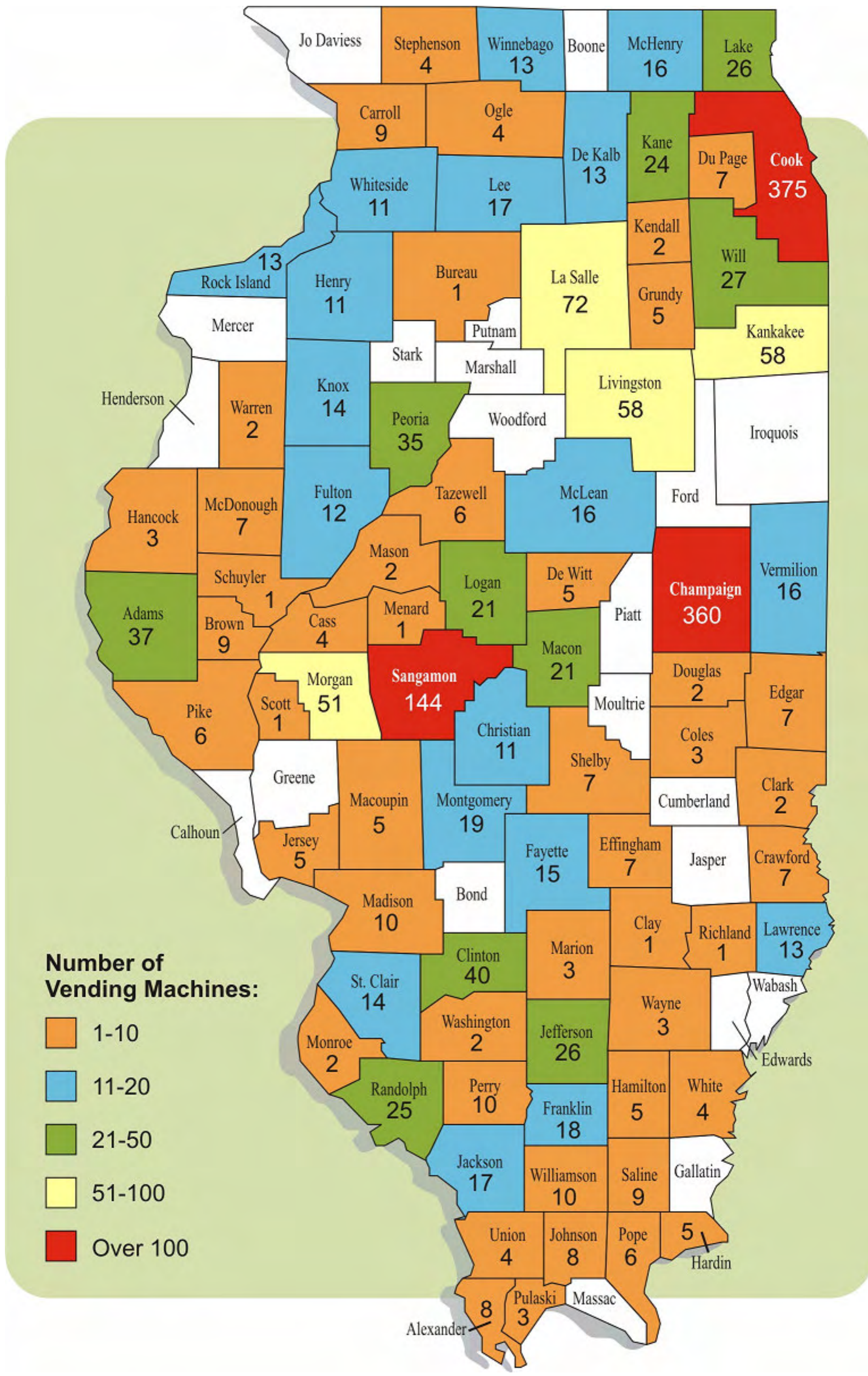
Kevin P. Morris

APPENDIX G

Vending Machine Locations by County

Appendix G

VENDING MACHINE LOCATIONS BY COUNTY



Source: OAG summary of vending machine information contained in the RFP.

APPENDIX H

Agency Responses

Illinois Department of Revenue
100 W. Randolph, Suite 7-500
Chicago, IL 60601

February 20, 2009

William G. Holland
Auditor General
Office of the Auditor General
Iles Park Plaza
740 E. Ash Street
Springfield, IL 62703

Dear Auditor General Holland:

Enclosed are our responses to the audit of the procurement practices in connection with the State's multi-year beverage vending and pouring contract pursuant to House Resolution Number 862.

Where appropriate, we have included a corrective plan of action for the deficiencies listed.

I am not aware of any events or transactions subsequent to the completion of the fieldwork, which have not been previously disclosed, that would render the report and responses misleading or inaccurate.

I am available to discuss any questions you may have, or your staff may contact Jose Borjon at 217.785.1348.

Sincerely,

Brian Hamer
Director

cc: Jodie Winnett
Mark Lewis
John McCaffrey
Jose Borjon

Contract Execution

Recommendation 1: The Department of Revenue should ensure that contracts contain dated signatures as required by Comptroller's Accounting Bulletin #124. In addition, the Statewide Beverage Contract should commence on the last dated signature as specified in the contract.

<u>Response:</u>

Recommendation accepted. As a result of this recommendation, the Department has included this item as part of its procurement checklist. IDOR managers have also been reminded that no services can begin or products purchased until a contract has been signed and dated by all parties. The State Beverage Contract commenced long after Revenue's Director signed this contract on August 15, 2008.

Timing of the Vendor Conference

Recommendation 2: The Department of Revenue should ensure that potential vendors have an adequate amount of time to review the Request for Proposal prior to the vendor conference.

<u>Response:</u>

Recommendation accepted. The Department will ensure that vendors are afforded a minimum of 10 working days to review RFP's prior to the vendor conference. The Department has included this item as part of its procurement checklist.

Vendor Presentations

Recommendation 3: The Department of Revenue should maintain adequate documentation of vendor presentations including a record of who attended the presentations and the discussions that took place. If evaluation team members are unable to attend the vendor presentations, the Department should ensure that the evaluation team members receive the necessary information for scoring the proposals.

<u>Response:</u>

Recommendation accepted. During the course of this audit, the Department instituted measures to ensure compliance with this recommendation for creating and maintaining adequate documentation of vendor presentations. In addition, in the event that evaluation team members are unable to attend any vendor presentations, IDOR will ensure that those evaluation team members receive any necessary information.

Evaluation Scoring Tool

Recommendation 4: The Department of Revenue should ensure that scoring tools include correct references when referring to specific sections of the RFP. If subcategories are used in the scoring tools, point values assigned to those categories should be appropriate based on language in the RFP.

Response:

Recommendation accepted. As a result of this recommendation, the Department has included this item as part of its procurement checklist.

Documenting Evaluation Committee Meetings

Recommendation 5: The Department of Revenue should document evaluation committee meetings including dates, who attended, and what was discussed.

Response:

Recommendation accepted. As a result of this recommendation, the Department has included this item as part of its procurement checklist.

Scoring Issues

Recommendation 6: The Department of Revenue should follow CMS Guidelines and ensure that:

- Major differences in scores are discussed to determine if an error was made or an evaluator missed or misinterpreted a vendor's proposal;
- Evaluation tools are fully completed with no elements left blank; and
- Rating points are supported with thorough and appropriate comments.

Response:

Recommendation accepted. The Department will ensure that CMS guidelines are followed. Major differences in scores will be discussed with the evaluator/evaluation team. Evaluation tools will be checked to ensure that they are fully completed and the ratings points are supported with thorough and appropriate comments.

References

Recommendation 7: The Department of Revenue should ensure that:

- The reference questionnaire encompass all of the elements included on the evaluation tools;

- References are asked to rate the vendor (when using the subfactor #5 used in this scoring tool) and the resulting scores are inserted for all evaluators; and

- References are fully documented in the procurement file including the reference questionnaires and how scores are formulated.

Response:

Recommendation accepted. As a result of this recommendation, the Department has included these items as part of its procurement checklist.

Opening Price Proposals

Recommendation 8: The Department of Revenue should not open price proposals from vendors, or begin discussions regarding pricing with vendors, whose technical proposals are rejected for failing to meet minimum point requirements.

Response:

Recommendation accepted. Procurement staff will take proactive steps to ensure technical proposals meet minimum point requirements before releasing pricing information.

Evaluation Language in Request for Proposal

Recommendation 9: The Department of Revenue should include alternative evaluation language in all Request for Proposals. The Department should also consider using minimum point requirement language that would ensure more than one vendor is considered for price evaluation.

Response:

Recommendation accepted. The Department has taken steps to ensure that its RFP's are consistent with this recommendation.

Protest Resolution

Recommendation 10: The Department of Revenue should comply with the Standard Procurement rules and ensure that protests are resolved in a timely fashion. The Department should also ensure the central points of the protest are fully addressed.

Response:

Recommendation accepted. The Department has taken proactive steps to ensure that it complies with these recommendations. The Procurement Manual has been reviewed and updated; training is provided to Staff/Program Areas (as needed) on procurement rules. The Procurement Manual is readily available via the Department intranet site.

Clarifying Offers

Recommendation 11: The Department of Revenue should request vendors to clarify offers and provide missing information when appropriate.

Response:

Recommendation accepted. As a result of this recommendation, the Department has included this item as part of its procurement checklist.