



City of
Peterborough

To: **Members of the Committee of the Whole**

From: **Ken Doherty, Director of Community Services**

Meeting Date: **May 30, 2016**

Subject: **Report CSAD16-002**
Award of RFP P-14-16 for Exclusive Pouring Rights for Soft
Drink Beverage Products at Various City of Peterborough
Facilities

Purpose

A report to award Request for Proposals (RFP) P-14-16 for Exclusive Pouring Rights for Soft Drink Beverage Products at Various City of Peterborough Facilities.

Recommendations

That Council approve the recommendations outlined in Report CSAD16-002 dated May 30, 2016, of the Director of Community Services, as follows:

- a) That RFP document P-14-16 for the Exclusive Pouring Rights for Soft Drink Beverage Products at Various City of Peterborough Facilities be awarded to Coca-Cola Refreshments, 15 Westcreek Blvd., Brampton, ON L6T 5T4 at a revenue value of \$68,000 for the first year and \$48,000 annually for an additional four years for a total of \$260,000 over the five-year term of the agreement; and
- b) That the award of P-14-16 to Coca Cola Refreshments include the Full Service Vending option providing a commission of 30%, resulting in approximately \$36,000 annually for a total of \$180,000 over the five-year term of the agreement.

Budget and Financial Implications

The pricing of the bids was requested to be broken down to show separate values for Exclusivity Rights Payment, Sponsorship and Advertising in Facilities, Capital Contribution and Marketing Product Value. These values are also further separated by City Facilities and the Peterborough Memorial Centre and will be applied to the Operating Budgets of all facilities annually through the five-year term. The portion related specifically to advertising in the Peterborough Memorial Centre amounts to \$9,500 annually and this value will be included in the annual advertising shared under the City's Agreement with the Peterborough Petes.

The five-year value of \$260,000 in Coca-Cola's proposal is tied to a modest growth of annual case volume sales. As a result, a proration based on current sales volumes has been applied during the evaluation in order to accurately compare all proponents' proposals. Should case volume sales remain at current sales numbers, this would result in a reduction of revenue by approximately \$4,500 annually and \$22,000 over the five-year term of the agreement.

Full Service Vending will produce commission revenue of approximately \$36,000 annually and will be applied to the Operating Budgets of all facilities through the five-year term. Coca-Cola Refreshments has also committed to \$14,000 for an annual Suite Lease at the Peterborough Memorial Centre and an additional Marketing Product Value of \$6,000 annually to be used to support events and promotions.

Background

Brief Description of the Work

The City is seeking to retain the services of an established vendor as a means of securing pouring rights for soft drink beverage vending and concession product delivery and associated equipment at various City facilities. The City is also considering securing Full Service Vending Services by the successful Proponent.

A direct reduction of part-time staff hours in some facilities and a change in routine for full-time staff in other facilities resulting in more time made available for their main duties will be achieved by having the Successful Proponent perform the Full Service Vending function. Efficiencies to be gained include: a) eliminate the requirement to store vending merchandise on site; b) eliminate the involvement of City Staff in the function of monitoring and maintaining the product and coins required in vending machines at all locations; c) eliminate the requirement of City Staff to place product orders for vending machines; and d) eliminate the requirement of City Staff to perform

the daily cash handling requirement involved in adding and removing money from the vending machines and the associated reconciliation to stock and deposit of the funds.

The current agreement with PepsiCo Beverages expires in May 2016 and has been in place at the Peterborough Memorial Centre since 2003 and with Community Services Facilities since 2005. This RFP expands this Exclusive Pouring Rights Agreement to include additional City Facilities. City facilities covered by this RFP include the Peterborough Memorial Centre and Morrow Building, Evinrude Centre, Kinsmen Civic Centre, Northcrest Arena, Peterborough Sport and Wellness Centre, Peterborough Marina, Peterborough Public Library and City Hall.

RFP Details, Closing, Prepared by, Reviewed by

The RFP was prepared by City Staff and issued March 17, 2016 with a closing date of April 7, 2016. The Evaluation Committee was comprised of the Arena Division Manager, Facility Manager-Memorial Centre, Operations Manager-Community Arenas, Program and Promotions Coordinator, Assistant Manager-Wellness Centre, Recreation Coordinator, Library Manager and Financial Analyst-Special Projects.

RFP Statement

This solicitation process was an RFP where a number of criteria were used to evaluate submissions. The criteria and their relative weighting were clearly set out in the RFP document. Part 6, Section 6.4.3.i. of the City's Purchasing By-law 14-127 states that "as price is only one of the criteria evaluated, the award report will show the rating summary for each proponent and the total points. The award report will disclose the price of the recommended Supplier but not the price submitted by other proponents."

RFP Evaluation Chart

Chart 1 below provides a summary of the RFP results.

RFP P-14-16 Exclusive Pouring Rights for Soft Drink Beverage Products

| Evaluation Criteria | Maximum Score | PepsiCo Beverages | Coca-Cola Refreshments |
|---|----------------------|--------------------------|-------------------------------|
| Compliance with RFP Submission Requirements | 5 | 4.8 | 3.1 |
| Pricing: a) Exclusivity Rights Payment (15) b) Sponsorship and Advertising in Facilities (15) c) Capital Contribution (15) d) Marketing Product Value (5) | 50 | 36.8 | 50.0 |
| Product Pricing and Volume Rebate Incentives | 30 | 29.8 | 23.6 |
| Equipment Supplied and Preventative Maintenance Plan | 10 | 8.0 | 7.6 |
| Relevant Experience | 5 | 4.4 | 3.8 |
| Rating Total | 100 | 83.8 | 88.1 |
| Ranking | | 2 | 1 |

Recommended Bidder

Coca-Cola Refreshments is recommended as the successful bidder. Coca-Cola Refreshments took an aggressive approach with their offer of a large financial investment and their plan to build a strong partnership and assist City Facilities to expand their beverage service businesses.

References for Coca-Cola were very positive in support of their services and equipment as well as Coca-Cola's ability to ensure customer satisfaction for both the facility as a client and the patrons purchasing their products.

Council Approval Required

Part 8, Section 8.2.1 of the Purchasing By-law 14-127 states Council must approve an award where the value is greater that \$100,000 and is not a Request for Tenders awarded to the lowest bidder (exception under Section 8.2.2.b.) RFP P-14-16 for Exclusive Pouring Rights for Soft Drink Beverage Products at Various City of Peterborough Facilities meets this requirement and must be approved by Council.

Timelines

If the recommendation is approved, an agreement will be prepared and is to be signed by the CAO and Clerk, under their delegated authority to do so before the work commences.

Summary

RFP P-14-16 for Exclusive Pouring Rights for Soft Drink Beverage Products at Various City of Peterborough Facilities has been issued in accordance with the City's Purchasing By-law 14-127 and can be awarded within approved budgets as recommended in this report.

Submitted by,

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Director of Community Services

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