



City of  
**Peterborough**

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

**From:** **Ken Doherty, Director of Community Services**  
**Sandra Clancy, Director of Corporate Services**

**Meeting Date:** **October 17, 2016**

**Subject:** **Report CSAD16-007**  
**Cancellation of RFP P-21-16 for Beer Sales Pouring Rights at**  
**the Peterborough Memorial Centre**

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## **Purpose**

A report to cancel Request for Proposals (RFP) P-21-16 for Pouring Rights for Beer Sales at the Peterborough Memorial Centre and to propose the next steps.

## **Recommendations**

That Council approve the recommendations outlined in Report CSAD16-007 dated October 17, 2016, of the Directors of Community Services and Corporate Services, as follows:

- a) That RFP document P-21-16 for the Pouring Rights for Beer Sales at the Peterborough Memorial Centre (PMC) be cancelled and not awarded as originally recommended in Report CSAD16-003 dated July 25, 2016; and
- b) That staff do not pursue having only one sponsorship agreement with a beer manufacturing company but offer several different beer manufacturers including local micro-breweries some sponsorship opportunities at the PMC.

## **Budget and Financial Implications**

It is difficult to estimate whether opening up sponsorship opportunities will bring more or less sponsorship activity to the PMC. There are various sponsorship and advertising opportunities, suites that can be leased and marketing opportunities. The annual Suite Lease value would be applied to the Operating Budget of the Peterborough Memorial Centre. The advertising portions would be included in the annual advertising shared under the City's Agreement with the Peterborough Petes.

## **Background**

### **Council Direction**

This report results from Council direction following its consideration of Report CSD16-003, attached as Appendix A, at its August 2, 2016 meeting, as follows:

That RFP P-21-16 for Exclusive Pouring Rights for Beer Sales at the Peterborough Memorial Centre, be referred back to staff.

During the discussions, Council members expressed concerns about the Request for Proposals (RFP) evaluation criteria -- especially the lack of recognition of the historic relationship with the current provider and local sales rep and that Molson's references were not consulted. Council also questioned the accuracy of revenue projections, the legality of extending exclusive pouring rights and the recommended option to extend the award for an additional five year term.

Staff also presented Report CSAD16-005 dated September 6, 2016 which simply indicated that staff required more time to investigate the situation prior to returning for Council direction.

### **Current Situation**

Since Council did not award the contract to either proponent or extend the existing agreement with Molson that expired on August 31, 2016, the Peterborough Memorial Centre (PMC) Foodservice Operator, Brown's Fine Foods (Brown's), is purchasing, at their discretion, the product required for on-going food, beverage and catering services.

Molson has stayed very involved at the PMC, leasing a suite for one year and supporting the PMC with other initiatives. Labatts has chosen to wait and see what happens with the RFP, respecting the fact that Council was not comfortable accepting their submission to the City's RFP.

## **Legality of Exclusive Pouring rights**

Upon closer review of the regulations in the Liquor License Act and discussions with the AGCO Inspector for our region, naming a manufacturer as “Exclusive” may, in fact, be contrary to legislation. The Peterborough Memorial Centre has always operated within the guidelines of the Liquor License Act, however, the word “Exclusive” may have been interpreted incorrectly.

Due to the wording used in the initial RFP, the contract, as it stands, cannot be awarded. There is a provision within the RFP that allows the City to “cancel this RFP for reasons that are in the best interest of, and provide the best value for, the City” and as such staff recommend that RFP P-21-16 be cancelled.

## **Council’s Options**

### **a) Issue New RFP**

One option for the future is to issue a new RFP ensuring the wording is in compliance with the legislation. It may be helpful, in examining this option, to review why the RFP was issued originally.

Molson’s was the City’s primary beer sponsor at the PMC for 12 years. Molson’s has worked well with PMC staff and its other building partners and their contribution is appreciated. In the private sector, it would be an acceptable practice to renew an existing agreement to the same partner or supplier without revisiting the market. However, for the public sector, there is a greater need to revisit what others have to offer because it affects what taxpayers have to pay for the overall City services. In some cases, there is a requirement under the **Municipal Act, 2001** to issue a procurement document within certain time frames. In other cases, it is not legislated but is a best practice that has shown to be worthwhile due to the varying prices received for the same good or service.

The new RFP could clearly outline the opportunities for partnership with the PMC within a sponsorship environment, and allow for an interview process where the marketing initiatives are graded based on a presentation.

The new RFP could ask proponents what they are prepared to invest in the PMC in terms of a suite lease, advertising, sponsorship and include a specific focus on future marketing initiatives. The purpose of this future focus is to stress the importance for Proponents to suggest creative sales opportunities, tools and ways to collaborate with the PMC, on events and activities in a variety of ways that would result in expanding the current business and provide support to the main tenants and partners in the building. One proponent would be selected.

Proponents that have a historic relationship with the City can include this information under references along with previous experience they bring to the agreement. However, like other RFPs, the focus would be on the future and what proponents bring to the table and they should not be penalized for not having a past relationship with the City.

If Council wishes to take this option, recommendation b) should not be approved and a new motion would be:

That a new RFP document be issued for Sponsorship Opportunities at the Peterborough Memorial Centre in an effort to obtain a sponsorship partner to assist in the marketing and promotion of events.

**b) Negotiate only with Molson's**

At the August 2, 2016 meeting, Council struggled with the idea of looking to a future potential partnership and having to turn away a long-term existing partner. Staff believe that checking with the market ensures good value for taxpayers. Labatts may not be pleased with this direction and may pursue whatever action they feel is appropriate. However, if Council wishes to continue a partnership with Molson's alone, within the parameters of the legislation, recommendation b) should not be approved and a new motion would be:

That City staff be directed to negotiate directly only with Molson Coors Canada to be the PMC's sponsorship partner to assist in the marketing and promotion of events for a term of five years.

**c) Meet with all Beer Manufacturers to seek Partnership Opportunities**

There is a third option which is being recommended and it is to continue to ask Brown's to offer multiple beer products and City staff would meet with several different beer manufacturers including local micro-breweries and provide sponsorship opportunities at the PMC.

The advantage of this option is that any beer manufacturer could have some exposure at the PMC depending on their choice of sponsorship or advertising activity, including smaller manufacturers that would not have been able to bid with an RFP.

A disadvantage of this option may be that PMC will still be seen as a Molson's facility due to the historical relationship and not opt to participate.

It is difficult to estimate whether this option would generate more or less sponsorship activity resulting in financial support to the PMC.

## Summary

Staff recommend the best approach to resolving the issues resulting from RFP P-21-16 is to cancel this RFP and meet with several different beer manufacturers including local micro-breweries to offer sponsorship and advertising opportunities within the PMC.

Submitted by,

Ken Doherty  
Director of Community Services

Sandra Clancy  
Director of Corporate Services

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Attachments:

Appendix A: Report CSAD16-003 Award of RFP P-21-16 for Exclusive Pouring rights  
for Beer Sales at the Peterborough Memorial Centre



**City of  
Peterborough**

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

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

**Meeting Date:               July 25, 2016**

**Subject:                       Report CSAD16-003  
Award of RFP P-21-16 for Exclusive Pouring Rights for Beer  
Sales at the Peterborough Memorial Centre**

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## **Purpose**

A report to award Request for Proposals (RFP) P-21-16 for Exclusive Pouring Rights for Beer Sales at the Peterborough Memorial Centre.

## **Recommendation**

That Council approve the recommendation outlined in Report CSAD16-003 dated July 25, 2016, of the Director of Community Services, as follows:

That RFP document P-21-16 for the Exclusive Pouring Rights for Beer Sales at the Peterborough Memorial Centre be awarded to Labatt Brewing Company, 207 Queen's Quay West, Suite 299, Toronto, Ontario, M5J 1A7 at a value of \$75,000 annually, plus an additional investment for equipment, for total revenues of \$375,000 over the five-year term of the agreement, with an option to extend for an additional term which shall not exceed five years.

## **Budget and Financial Implications**

The pricing of the bids was requested to be broken down to show separate values for Exclusivity Cash Allowance, Sponsorship and Advertising Payment and Marketing Engagement Fund. These values will be applied to the Operating Budget of the Peterborough Memorial Centre annually through the five-year term. Labatt Brewing Company has also committed to an annual Suite Lease within their financial commitment. The portion related specifically to advertising in the Peterborough Memorial Centre amounts to \$10,000 annually and this value will be included in the annual advertising shared under the City's Agreement with the Peterborough Petes.

## **Background**

### **Brief Description of the Work**

The City is seeking to retain the services of an established vendor as a means of securing Exclusive Pouring Rights for Beer Sales and associated equipment at the Peterborough Memorial Centre.

The current agreement with Molson Coors expires August 31, 2016. Molson Coors has held the Exclusive Pouring Rights for Beer Sales at the Peterborough Memorial Centre since the renovations were completed in 2003.

### **RFP Details, Closing, Prepared by, Reviewed by**

The RFP was prepared by City Staff and issued May 26, 2016 with a closing date of June 16, 2016. The Evaluation Committee was comprised of the Arena Division Manager, Facility Manager-Memorial Centre, Program and Promotions Coordinator 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.

### Chart 1 - Bidder Submission Evaluation Chart

#### RFP P-21-16 Exclusive Pouring Rights for Beer Sales at the PMC

Evaluation Criteria	Maximum Score	Molson Coors	Labatt Brewing Company
Compliance with RFP Submission Requirements	5	3.8	2.5
Pricing: a) Exclusivity Cash Allowance (20) b) Sponsorship and Advertising Cash Allowance (20) c) Marketing Engagement Fund (20)	60	45.9	56.1
Marketing and Sales Initiative Plan	30	17.0	28.3
Relevant Experience and References	5	3.0	4.5
<b>Rating Total</b>	<b>100</b>	<b>69.7</b>	<b>91.4</b>
<b>Ranking</b>		<b>2</b>	<b>1</b>

## Recommended Bidder

Labatt Brewing Company is recommended as the successful bidder. Labatt Brewing Company took an aggressive approach with their offer of a large financial investment and their plan to build a strong partnership with the Peterborough Memorial Centre.

## Council Approval Required

Part 8, Section 8.2.1 of the Purchasing By-law 14-127 states Council must approve an award where the expenditure is greater than \$100,000 and is not a Request for Tenders awarded to the lowest bidder (exception under Section 8.2.2.b.). RFP P-21-16 for Exclusive Pouring Rights for Beer Sales at the Peterborough Memorial Centre 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-21-16 for Exclusive Pouring Rights for Beer Sales at the Peterborough Memorial Centre 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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