



City of
Peterborough

To: Members of the Committee of the Whole

From: Ken Doherty, Director of Community Services

Meeting Date: December 5, 2016

Subject: Report CSAD16-008
Partnership Negotiations between the Peterborough Memorial Centre, Molson Coors and two local micro breweries

Purpose

To provide an update report on sponsorship negotiations between the Peterborough Memorial Centre and Molson Coors and the Peterborough Memorial Centre and two local micro breweries and approve a partnership between the parties.

Recommendations

That Council approve the recommendations outlined in Report CSAD16-008 dated December 5, 2016, of the Director of Community Services, as follows:

- a) That staff proceed with finalizing a partnership agreement that has been negotiated in principle between the City of Peterborough and Molson Coors; for a five year period from January 1, 2017 to December 31, 2021, at a total value paid to the City and the Petes which is estimated to be \$216,115, with a potential five-year extension and
- b) That staff proceed with finalizing a partnership agreement that has been negotiated in principle between the City of Peterborough and The Publican House Brewery and Smithavens Brewery for a five year period from January 1, 2017 to December 31, 2021.

Budget and Financial Implications

A five year agreement between the Peterborough Memorial Centre and Molson Coors results in financial payments for an annual suite lease and Petes tickets, sponsorship fees and one-time fees, subject to Molson's Coors exclusive approvals, to support sponsorship and fan experiences in the building. The total amount to be paid directly to the City and the Petes over the five years is \$216,115 with \$122,250 to the City and \$93,865 to the Petes, under the current Petes agreement.

A five year agreement between the Peterborough Memorial Centre and Peterborough mirco-breweries: the Publican House and Smithavens Brewery results in in-kind marketing support to drive PMC live event and game attendance.

Background

Council Direction

This report results from Council direction following its consideration of Report CSAD16-003 July 25, 2016 (attached as Appendix A), CSAD16-007 October 17, 2016 (attached as Appendix B) and Council's revised recommendation following the October 24, 2016 meeting 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 report back on a potential partnership with Molson's and at least one micro-brewery.

Negotiation Process

City staff has engaged in discussions with Molson Coors and Publican House Brewery and Smithavens Brewing resulting in two mutually beneficial sponsorship agreements being agreed to in principle.

Agreement #1 – between Peterborough Memorial Centre and Molson Coors

- Annual lease of PMC suite and Pete’s Seasons tickets – for exclusive hospitality use by Molson Coors. Estimated value of \$19,323 annually. Total value of \$96,615 for five years;
- Sponsorship commitment of \$28,900 annually, less an estimated \$5,000 annually in production costs. Total sponsorship of \$144,500 less estimated production costs of \$25,000 over five years;
- \$8,000 one-time sponsorship investment in 2016/17. Future one-time sponsorships are subject to the exclusive discretion of Molson Coors on an annual basis;
- Five (5) year term plus optional five (5) year term based on mutual agreement between both parties and subject to current market value of sponsorship assets;
- In-market promotions – partnership commitments by Molson Coors to work with PMC management to support mutually beneficial marketing tactics and objectives that will increase PMC attendance to established targets.

The direct financial contribution to the City and Petes annually is as follows:

Description	City	Petes	Total
Suite Lease	\$12,500	\$ 6,823	\$19,323
Sponsorship	\$11,950	\$11,950	\$23,900
Total	\$24,450	\$18,773	\$43,223
Total over 5 years	\$122,250	\$93,865	\$216,115

Agreement #2 – between Peterborough Memorial Centre and Publican House and Smithavens Craft Brewers:

- Five (5) year term;
- Annual investment of \$3,250 toward promotional activities (to be determined) in the PMC ;
- On-site craft-beer sampling experience during approved events:
 - ▶ A minimum of 5 times each per year for the first 2 years
 - ▶ A minimum of 2 times per year for the remaining 3 years.
 - ▶ The Breweries will provide all material, staff and signage required for these samplings. Est. valued at \$500 per sampling;
- Micro breweries will promote the PMC live events and games on social media postings 6 times each per year;
- Will contribute a portion of funding towards building a craft beer experience at a new second floor East bar location. Value to be confirmed upon quote from PMC;
- Will provide specialized equipment to support dispensing and storage of craft beer products at the PMC during the term of the sponsorship. Service valued at \$4000;
- Additional promotion will continue to be added as it is mutually beneficial for the PMC and both breweries to promote locally made product available within the PMC.

Final agreements and specific details of both sponsorships will be completed pending approvals from Council to proceed.

Summary

Staff engaged in discussions with Molson Coor's, Publican House Brewery and Smithavens Brewery and are ready to move forward with mutually beneficial sponsorship agreements detailing activities and opportunities at the Peterborough Memorial Centre.

Submitted by,

Ken Doherty
Director of Community 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 dated July 25, 2016

Appendix B: Report CSAD16-007 Cancellation of RFP P-21-16 for Beer Sales Pouring
Rights at the Peterborough Memorial Centre dated October 17, 2016



City of
Peterborough

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

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
Rating Total	100	69.7	91.4
Ranking		2	1

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.

Report CSAD16-003 Award of RFP P-21-16
Exclusive Pouring Rights for Beer Sales at the PMC

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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,

Ken Doherty
Director of Community Services

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City of
Peterborough

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

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.

Report CSAD16-007

Cancellation of RFP P-21-16 Beer Sales Pouring Rights at the PMC

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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

Appendix A



City of
Peterborough

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

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

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Timelines

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Report CSAD16-003 Award of RFP P-21-16
Exclusive Pouring Rights for Beer Sales at the PMC

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Summary

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Submitted by,

Ken Doherty
Director of Community Services

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