



**CITY COUNCIL
COMMUNICATION:**

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

02-043

SYNOPSIS -

To approve a Request for Proposals (RFP) for a sole soft drink beverage provider. The RFP, in complete form, is attached to the roll call.

AGENDA:

JANUARY 28,
2002

FISCAL IMPACT -

Revenues to the City will be determined by the new contract. It is anticipated the City will receive \$25,000 of cash commitment annually. The City will also receive:

SUBJECT:

REQUEST FOR
PROPOSALS FOR
A SOLE SOFT
DRINK
BEVERAGE
PROVIDER

- A bid percentage of vending commissions at 27 locations;
- Market support as per bid (cash and in-kind services);
- Soft drink dispensing equipment;
- One portable concession trailer and two portable ice stations to be used at special events; and
- Five permanent electrical scoreboards at softball and baseball facilities.

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

In addition, the City will benefit from low product pricing for resale at all venues.

SUBMITTED BY:

DONALD M.
TRIPP
PARK AND
RECREATION
DIRECTOR

RECOMMENDATION -

Approval.

BACKGROUND -

On April 5, 1999, by Roll Call No. 99-1026, the City and Pepsi-Cola General Bottlers Inc. entered into a three-year agreement with an option to renew for one additional three-year period. This agreement enabled the Park and Recreation Department to consolidate beverage operations to

obtain the best financial benefit to the City for concessionaires' equipment, sponsorships, and low product cost.

Park and Recreation Department staff and contract concessionaires met on March 12, 2001, to evaluate the service provided by Pepsi. Comments were positive on the following points:

- Response to calls for service 24 hours a day, seven days a week
- Equipment, signs, supplies available
- Product pricing
- Willing to donate product for special events, volunteer activities

A performance report is provided as an attachment.

Since vending machines had not previously been located within City parks, the financial impact of a full service vending program was not known. We now have the performance data to share with potential bidders. Pepsi's successful bid was, in part, based on their guarantee of a \$30,000 payment to the City on commissions at the beginning of each contractual period. Vending sales did not meet Pepsi's expectations. This was the main reason they did not exercise an option for renewal.

Staff is recommending a new RFP for an agreement to begin March 5, 2002, for a five-year term. With the knowledge of past performance and experience, there are some recommended changes to the terms and conditions of a new RFP for a sole soft drink beverage provider. (The new RFP is attached to the roll call.)

- Pay vending commission based on sales performance instead of upfront commission
- Commit additional \$25,000 per year for recognition as the City's "Soft Drink Partner in Parks"
- Provide fountain service and 20 oz. bottle service pricing separately to determine the best financial impact for the City
- Provide recycling bins at all outdoor special events
- Provide four electronic scoreboards, equipment, etc. for the Greater Des Moines Softball Park-scheduled to open spring 2004, and one electronic scoreboard for Birdland Baseball Field

City Rights Reserved:

- City reserves the right to honor national sponsorship agreements with soft drink companies for special events/tournaments.
- City reserves the right to secure coffee and energy drink sponsorships and product sales at events and venues where possible and practical.
- Possible transition in management from the City to the Blank Park Zoo Foundation may make it necessary to exercise the right to reopen the contract, should the Foundation receive the right to negotiate their own beverage contract.
- Any opportunity for future contributions to capital improvements are not a part of this proposal and will be treated separate to this agreement.

A proposer's conference for all possible bidders will be held on February 5, 2002, in order to clarify RFP language and expectations for a creative approach to the response.

Evaluation criteria will include:

- 1) Combination product pricing/sponsorship package - 50 points
- 2) Service - 25 points
- 3) Creative approach to facility and event sponsorship dollars - 20 points
- 4) Market share - local, regional, national - 5 points

The selection committee is proposed to include: Chris Page, Business Manager; Doug Romig, Service Manager; Dan Ritter, Budget Analyst; David Allen, Zoo Administrator; Robin Leaper, Special Events Supervisor; and Bob McConnell, Porter & Associates.

Staff intends to receive proposals on February 22, 2002, and recommend a provider and award the contract at the March 4, 2002, Council meeting.

Attachment

**Performance Report on Pepsi Agreement
With Des Moines Parks Department
1999, 2000, 2001**

Christine Page, Business Manager

January 28, 2002

Pricing:

- Staff supports the favorable pricing for resale.
- Concession sales reports show increased commission to the City.

Service: (Notes from Internal Staff Meeting - April 15, 2001)

- Staff reports their calls for product were answered 24 hours, 7 days a week.
- Staff reports Pepsi was willing to donate products for special events and volunteer activities.
- The Agreement resulted in positive and cooperative relationships among Parks Department staff and Pepsi staff .
- Staff reports response to vending service not as prompt, but not negligent.
- Staff places value in the convenience of having one provider for special events and use of a concession trailer for sales in outdoor locations.

Marketing Support and Sponsorship:

- Pepsi recognized as sponsor for Music Under the Stars in 2000 and for Showmotion Arts Outreach Program in 2001.
- Radio trades exchanged for 24 pack advertising for Halloween events in 2000.
- Radio trades used for Fun Pass Promotion in 2001.
- Provided quality signs, point of purchase materials, menu boards at all events.
- Provided prize funds for Golf Tournaments at all 3 municipal golf courses each year.
- Provided product and signage for Zoo special events, including Night Eyes, each year.

<u>Cash Services</u> (all per contract) - 3 Years	
Vending Revenue	\$ 85,000
Marketing/Sponsorship Revenue	69,000
RadioTags - \$7,500 value, annually	_____
TOTAL	\$ 154,000
<u>Uses</u> - 3 years	
Support for Neighborhood Events	\$ 8,000
Support for Citywide Events	69,000

Capital Park Improvements*	49,500
Park Equipment Purchase**	<u>27,500</u>
TOTAL	\$ 154,000

*Witmer and MacRae Fountains, Witmer Park Pond Trail, Greater Des Moines Softball Parks

**Sand Cleaning and Litter Vacuum equipment
