

**CITY COUNCIL
COMMUNICATION:**

ITEM _____

02-150

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

AGENDA:

SYNOPSIS -

MARCH 18, 2002

To approve an agreement for a single soft drink beverage provider between the City of Des Moines Park and Recreation Department and Pepsi Americas.

SUBJECT:

FISCAL IMPACT -

AGREEMENT FOR A SINGLE SOFT DRINK BEVERAGE PROVIDER

Assuming historical sales volume, the total value of the five-year Pepsi proposal is \$998,802 in net revenue to the City of Des Moines.

Sponsorship and Support	\$ 182,500
Non-Cash Support	5,000
Commission on Vending Machines	88,725
Concession/Fountain Sales Net Revenue	722,577

TYPE:

**RESOLUTION
ORDINANCE
RECEIVE/FILE**

SUBMITTED BY:

In addition, Pepsi has agreed to provide equipment for concession areas and scoreboards valued at \$125,000 and \$23,500 respectively.

DONALD M. TRIPP
PARK AND RECREATION DIRECTOR

A comparison of the two proposals is attached.

RECOMMENDATION -

Recommend approval and authorize the Mayor to sign an agreement with Pepsi Americas for a single soft drink beverage agreement for a five-year term.

BACKGROUND -

City Council approved the Request for Proposals (RFP) for a single soft drink beverage provider by Resolution No. 02-043 on January 28,

2002.

The Purchasing Division solicited bids by advertisement and mailing, Invitation to Bid V02-105, to three potential bidders with two bids received.

A selection committee evaluated the proposals according to RFP evaluation criteria, and City Finance staff provided a financial analysis of the proposals. Both documents are attached.

In summary, the composite score of six evaluators rated:

Pepsi	87.5 total points
Coke	43.7 total points

The financial analysis resulted in a comparison of the five-year bids **including** a commission on vending machines and concession/fountain sales net revenue as follows:

	<u>5-Year Pepsi</u>	<u>5-Year Coke</u>
Sponsorship and Support	\$ 182,500	\$ 57,500
Non-Cash Support	5,000	0
Commission on Vending Machines	88,725	45,630
Concession/Fountain Sales Net Revenue	<u>722,577</u>	<u>691,681</u>
TOTAL	\$ 998,802	\$ 794,811

Pepsi Americas met the requirements to be recognized as the City of Des Moines' "Soft Drink Partner in Parks." Mid-Atlantic Co. did not meet the minimum stated requirement of \$25,000 per year of sponsorship and support funds. Pepsi will have soft drink beverage rights at all events presented within City of Des Moines Park and Recreation Department facilities. Pepsi will be recognized as an affiliate sponsor of Nitefall on the River, Country on the River, Music Under the Stars, and Showmotion Arts Outreach Program in print promotion.

The Agreement will begin March 19, 2002, to coincide with the ending date of the current agreement with Pepsi. This will allow a

transition to a new Agreement period without interruption of service to customers.

Attachments

COMPOSITE SCORE OF SIX EVALUATORS					
Name of Company	Combination Product Pricing/ Sponsorship Package (50 points)	Service (25 points)	Creative Approach to Facility & Event Sponsorship Dollars (20 points)	Market Share - Local, Regional, National (5 points)	TOTAL POINTS
Pepsi Americas	45	25	12.5	5	87.5
Mid Atlantic Company	22.5	13.3	6.6	1.3	43.7

Comparison of Single Soft Drink Beverage Provider Proposals		
as submitted by Atlantic Coca Cola Bottling Company and Pepsi Americas		
Total Contract Estimate (Five Year Bid)	5 Yr Pepsi Proposal	5 Yr Coke Proposal
Sponsorships & Support	\$ 182,500	\$ 57,500
Non-Cash Support	\$ 5,000	\$ -
Commission on Vending Machines	\$ 88,725	\$ 45,630
Concession/Fountain Sales Net Revenue	\$ 722,577	\$ 691,681
Annual Sponsorships & Support		
	Pepsi Proposal	Coke Proposal

Golf Course Tournaments	\$10,500	\$10,500
Blank Park Zoo	1,000	1,000
Softdrink Partner in Parks	<u>25,000</u>	<u>(see note 1)</u>
	\$36,500	\$11,500
Non-Cash Support:		
Media - radio	\$ 6,000	\$ -
Free Product	1,000	-
Scoreboards	23,500	23,500 (2)
Equipment	(see note 3 below)	
Request City provide Admissions/passes	(6,000)	-
	\$ 24,500	\$ 23,500

Notes:

(1) Atlantic Coca Cola submitted an option proposing a higher proportion of 12oz can vendors, and would contribute an additional \$5,000 in support annually. The Parks Department preference/selection is 20oz bottle vendors, as stated in the RFP.

(2) The Atlantic Coca Cola Bottling bid included a proposal to provide 5 electronic scoreboards to specification; PepsiAmericas included a cash payment for 5 scoreboards --both deemed equivalent in value.

(3) Both vendors submitted bids to provide an equivalent undetermined value of equipment, such as, ice makers, coolers, umbrellas, wall clocks, menu boards, and other promotional items.

Annual Commission on Vending Machines

	Quantity	Units	Pepsi Proposal	Coke Proposal	Pepsi Proposal	Coke Proposal
Commission on 20 oz / sold for \$1.00	2,535	cases	\$7.00	\$3.60	\$17,745	\$9,126

Annual Concession/Fountain Products Revenues and Expenses

	Quantity	Units	Pepsi Proposal	Coke Proposal	Pepsi Proposal	Coke Proposal
Estimated Revenue					<u>\$175,243</u>	<u>\$175,243</u>

From Sales						
Fountain Product Expenses:						
Premix	2,152	gal	2.25	2.80	\$4,842	\$6,026
Postmix	254	gal	7.00	10.00	1,778	2,540
<u>Packaged Items</u>						
20oz Carbonated Drinks (24/case)	806	cases	14.00	14.50	11,281	11,683
Sports Drink	147	cases	14.00	16.50	2,051	2,417
Bottled Water	147	cases	14.00	16.50	2,051	2,417
12oz Carbonated Drinks (24/case)	366	cases	7.50	6.80	2,747	2,491
Cups - 16oz	141	cases	30.00	32.55	4,216	4,574
Lids	141	cases	12.50	33.75	<u>1,763</u>	<u>4,759</u>
					\$30,728	\$36,907
Fountain Products Net Revenue					\$144,515	\$138,336
Note: Estimates used for comparison based upon volume provided in request for proposal and past experience, actual may vary.						