



**Council
Communication**
Office of the City Manager

Date	June 18, 2007
Agenda Item No.	<u>27</u>
Roll Call No.	<u>07-</u>
Communication No.	<u>07-376</u>
Submitted by:	Donald M. Tripp, Parks and Recreation Director

AGENDA HEADING:

Set date of hearing on Pepsi-Cola General Bottlers of Iowa, Inc. (PepsiAmericas) Single Beverage Provider Concession Agreement – July 9, 2007.

SYNOPSIS:

Recommend Council approval of five-year single beverage provider concession agreement with PepsiAmericas (3825 106th Street, Urbandale, Iowa). The agreement stipulates that PepsiAmericas will be the single beverage provider in certain Park and Recreation Department facilities from July 2007 until February 28, 2007, in consideration of an annual payment of \$26,000 in 2007 and \$10,000 from 2008-2011, plus additional revenue from beverage sales. The City’s previous contract with PepsiAmericas expired on March 19, 2007. This item sets the date of hearing for July 2, 2007.

FISCAL IMPACT:

Amount: \$299,730 (total cash value to City)

Funding Source:

Revenue/support includes cash sponsorship, free product, and commissions on vending. They will be accounted for in multiple Park and Recreation Department budgets, including pools, parks, golf courses, community centers, athletic programs, and special events. Commissions are credited to the activity where sales occur.

ADDITIONAL INFORMATION:

A Request for Proposals (RFP # V07-082) was sent to three companies; two responses were received. The Park and Recreation Department staff and Intermark, Inc. have evaluated the proposals and have determined that the proposal submitted by Pepsi-Cola General Bottlers of Iowa, Inc. (PepsiAmericas) is the best proposal. The evaluation of the proposals included:

Item	Pepsi	Cadbury
1. Pricing/Commissions – 35	35	30
2. Marketing – 30	30	25
3. Equipment – 25	25	25
4. Operations – 5	5	5
5. Compliance – 5	5	5
Total Points	100	90

- 1. Pricing/commissions are comprised of the overall cash value (see table below).
- 2. Marketing is comprised of market share, brand recognition, equipment, VIK, and cash support.
- 3. Equipment is comprised of requested equipment needs at various venues.
- 4. Operations are comprised of company’s ability to provide various products and various distribution systems (vending, bag in a box, etc.).
- 5. Compliance is comprised of company’s ability to perform contract terms

In evaluating the cash value (sponsorships, VIK, commissions, etc.), the following analysis was completed to compare the two respective bids.

Five-year bid total

Item	Pepsi	Cadbury
Sponsorship support	\$50,000	\$180,000
VIK (free product)	\$122,880	-
Commission on vending	\$110,850	\$92,376
Fountain sales (golf)	-	\$1,872
One-year cash payment	\$16,000	\$23,000
Total Value	\$299,730	\$297,248

The proposed agreement enables the Park & Recreation Department to consolidate beverage operations to obtain the best financial benefit to the City for its concessionaires’ equipment, sponsorships, and low product cost. Additionally, free product provided allows the department to offset event costs or increase participation, and therefore revenue, through beverage sales or inclusion in registration/ticket packaging. Marketplaces for beverage product include City golf courses, swimming pools/aquatic centers, entertainment and athletic venues, community centers, and selected parks.

PREVIOUS COUNCIL ACTION(S):

Date: March 18, 2002

Roll Call Number: 02-709

Action: Accepting and approving Single Beverage Provider Agreement with PepsiAmericas for existing park facilities and concessionaires, (3 bids mailed - 2 received). [\(Council Communication No. 02-150\)](#). Moved by Coleman to adopt. Motion Carried 6-1. Nays: Hensley

Date: January 7, 2002

Roll Call Number: 02-128

Action: Short-Term Extension of contract with Pepsi-Cola General Bottlers, through March 19, 2002. [\(Council Communication No. 02-018\)](#). Moved by Vlassis to approve. City Manager to report on reasons for Pepsi not exercising the 3-year extension and overall financial impact of the agreement. Motion Carried 6-1. Absent: McPherson.

Date: April 5, 1999

Roll Call Number: 99-1026

Action: Awarding Single Beverage Provider Agreement with Pepsi-Cola General Bottlers, Inc. for designated Park and Recreation Facilities. ([Council Communication No. 99-148](#)). Moved by Vlassis to accept bid and award contract. Motion Carried 4-2-1. Nays: Coleman and Hensley. Absent: Flagg.

BOARD/COMMISSION ACTION(S): NONE

ANTICIPATED ACTIONS AND FUTURE COMMITMENTS:

A public hearing will be held on July 9, 2007.