



**Council  
Communication**  
Office of the City Manager

<b>Date</b>	July 9, 2007
<b>Agenda Item No.</b>	<b>67</b>
<b>Roll Call No.</b>	<b>07-</b>
<b>Communication No.</b>	<b>07-390</b>
<b>Submitted by: Donald M. Tripp, Park and Recreation Director</b>	

**AGENDA HEADING:**

Public Hearing for Single Beverage Bid Provider to PepsiAmericas.

**SYNOPSIS:**

Recommend Council approval of five-year single beverage provider concession agreement with PepsiAmericas (3825 106<sup>th</sup> 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, 2011, in consideration of an annual payment of \$26,000 in 2007 and \$10,000 from 2008-2011, plus additional revenue from the sale of the free product (beverages) that PepsiAmericas will provide. The City’s previous contract with PepsiAmericas expired on March 19, 2007.

**FISCAL IMPACT:**

Amount: \$59,946 per year in revenue, support, and product. Total value over five-year concession agreement is \$299,730.

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:**

The City of Des Moines Purchasing Division, in cooperation with Intemark, which assisted in the evaluation and negotiation of a final contract, issued Request for Proposals (RFP # V07-082) to three companies; two responses were received. After evaluating the two submitted proposals, staff recommends that the City enter into a five-year Single Beverage Provider Agreement with PepsiAmericas.

The evaluation of the proposals included:

<b>Item</b>	<b>Pepsi</b>	<b>Cadbury</b>
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
<b>Total Points</b>	<b>100</b>	<b>90</b>

- 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**

<b>Item</b>	<b>Pepsi</b>	<b>Cadbury</b>
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
<b>Total Value</b>	<b>\$299,730</b>	<b>\$297,248</b>

The agreement enables the Park and 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. Staff expects to generate \$122,880 in revenue from the sale or use of free product. Marketplaces for beverage product will include City golf courses, swimming pools/aquatic centers, entertainment and athletic venues, community centers, and selected parks.

**PREVIOUS COUNCIL ACTION(S):**

Date: June 18, 2007

Roll Call Number: 07-1165

Action: Resolution setting date of public hearing on Pepsi-Cola General Bottlers of Iowa, Inc. (PepsiAmericas) Single Beverage Provider Concession Agreement, ([Council Communication No. 07-376](#)). Moved by Coleman to adopt. Motion Carried 6-0. Vlassis absent.

Date: March 18, 2002

Roll Call Number: 02-709

Action: Accepting and approving Single Beverage Provider Agreement with Pepsi Americas 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.

**BOARD/COMMISSION ACTION(S): NONE**

**ANTICIPATED ACTIONS AND FUTURE COMMITMENTS: NONE**