

Request for Decision City Council



Type of Decision									
Meeting Date	May 26, 2005				Report Date	April 29, 2005			
Decision Requested	<input checked="" type="checkbox"/>	Yes		No	Priority	<input checked="" type="checkbox"/>	High		Low
	Direction Only				Type of Meeting	<input checked="" type="checkbox"/>	Open		Closed

Report Title

Award of RFP for Cold Drink Products to the Arenas

Policy Implication + Budget Impact

X	This report and recommendation(s) have been reviewed by the Finance Division and the funding source has been identified.
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The awarding of the RFP will provide yearly capital funding required to replace existing score clocks, resulting in a capital cash avoidance.

Background Attached

Recommendation

THAT Coca-Cola Bottling Company be awarded Contract CPS05-07, Request for Proposal for the supplying of cold drink products and equipment at the Sudbury Arena and municipal arenas, as detailed in the April 29, 2005 report from the General Manager of Community Development; and

THAT a reserve for score clock be established to be drawn on for the replacement of score clocks only; and

THAT By-law 2005-15, a By-law to Establish and Continue Reserves, Reserve Funds and Trust Funds, be amended to create a Reserve for Score Clocks.

Recommendation Continued

Recommended by the General Manager

C Matheson

Catherine Matheson
General Manager of Community Development

Recommended by the C.A.O.

Mark Mieto

Mark Mieto
C.A.O.

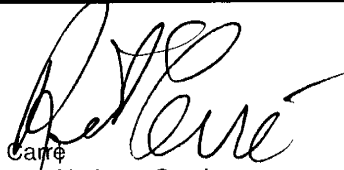
Date: April 29, 2005

Report Prepared By



Ray Mensour
Manager of Sudbury Community Arena

Division Review



Réal Carrière
Director of Leisure Services

EXECUTIVE SUMMARY

The CGS contract for a cold drink supplier for the municipal arenas expired at the end of the 2004-2005 ice season, therefore, an RFP was issued to determine a supplier for the next ten years. There were two bidders: Pepsi and Coca-Cola. After the initial RFP was issued, a 'Last and Final' offer was requested from both proponents to ensure they were both meeting the requirements requested from a cold drink supplier. Over a fifteen year period, Pepsi's offer includes a financial offer of \$450,000 compared to Coca-Cola's offer of \$492,000 over the same period of time. Both financial offers would have money paid to the CGS annually over a fifteen year period. Furthermore, the cost of purchasing products from Coca-Cola was more financially attractive than Pepsi's proposal. As a result, the current supplier of cold drink products (Coca-Cola) is once again declared the successful bidder for a period of ten years with the option for an additional five years.

BACKGROUND

In 2000, Coca-Cola was the successful bidder as the exclusive cold drink supplier for the Sudbury Arena and municipal arenas for a three-year period with the option for two additional years. In 2005, the CGS issued an RFP seeking a long-term agreement with a cold drink supplier for a period of ten years with an option for an additional five years. The long term contract was issued in order to provide the bidders with an opportunity to submit their best and final offers.

After the initial RFP was issued, a 'Last and Final' offer was requested from both proponents to ensure they were both meeting the requirements requested from a cold drink supplier. The CGS insisted on having fountain pop available in its concessions due to the reduced cost versus only offering bottled products. In the 'Last and Final' offer, Pepsi's financial offer of \$450,000 for score clocks is compared to Coca-Cola's offer of \$492,000 over a fifteen year period. Both financial offers would have money paid to the CGS annually over a fifteen year period. Pepsi's offer also included a \$50,000 signing bonus, but is negated, as this money would be required to purchase five score clocks that are currently owned by Coca-Cola. At the start of this new contract, all the score clocks will become the property of the CGS. Furthermore, the cost of purchasing products from Coca-Cola was more financially attractive than Pepsi's proposal. In addition, Coca-Cola has guaranteed pricing to remain constant for the first year and that if an increase occurs in a subsequent year, the percentage shall not exceed the CPI of the previous year. Coca-Cola did not increase their cost over the five year term from 2000 to 2005. Conversely, Pepsi is guaranteeing pricing for three years and will not increase pricing in subsequent years of more than 3% annually.

The successful bidder would have exclusive beverage rights in all CGS municipal arenas, whether they are operated by the CGS or privately contracted. In addition, the successful proponent would have the right to all CGS operated concessions at the Sudbury Arena except those located in the proposed Sudbury Wolves Club Lounge/Suite area, which may be constructed in the future. If these renovations are completed and the concession area is operational, the Sudbury Wolves would have the right to seek their own supplier for this designated space, as per the agreement between the Sudbury Wolves Hockey Club and the CGS.

Date: April 29, 2005

The CGS was seeking an RFP that focussed on the following four categories:

- Pricing** The CGS was insisting on a proposal which include the use of drop-in fountain units, as the cost per unit is dramatically reduced versus bottled products. In addition, the CGS wanted 'Full Service Vending' available in all facilities, with a percentage of gross sales being allocated to the CGS.
- Equipment** Due to the lack of space in most CGS facilities, it is very important that the successful proponent be able to meet the equipment specifications as outlined in the RFP.
- Score Clocks** The CGS is seeking annual financial compensation for the replacement of score clocks in all the municipal arenas.
- Service** To ensure the services and goods be addressed in a timely and professional manner.

The following is the evaluation of each proposal:

Evaluation of Cold Drink Suppliers		
	COCA-COLA	PEPSI
35% Pricing	27	23
25% Equipment	25	25
25% Score Clocks	24.5	23
15% Service	15	15
TOTAL POINTS	91.5	86

It is recommended that the Cold Drink RFP be awarded to Coca-Cola as the exclusive cold drink supplier for all municipal arenas in the CGS, this being the proposal that scored the highest when evaluated as described above. Furthermore, a reserve should be established for the accumulation of score clock funds. This will allow the Manager of Arenas to draw from this account in order to replace score clocks, as required.