

Report to: General Committee

Report Date: Jan. 25, 2008

SUBJECT: Award of Request for Proposal 172-R-07
Supply and Delivery of Soft Drinks and Related Equipment

PREPARED BY: Glen Taylor, Manager, Community Centre Operations
Cathy Joyce, Manager, Marketing and Community Partnerships
Tony Casale, Senior Buyer, Purchasing

RECOMMENDATION:

THAT the report entitled "Award of Request for Proposal 172-R-07 Supply and Delivery of Soft Drinks and Related Equipment" be received;

AND THAT Request for Proposal 172-R-07 for the Supply and Delivery of Soft Drinks and Related Equipment be awarded to the highest ranked bidder, Coca Cola Bottling Company for a term of THREE (3) years with an option to extend for an additional TWO (2) years based upon the mutual agreement of both parties and with conditions that provide a financial return as per Attachment "A";

AND THAT the Manager of Purchasing and Commission Lead, Community and Fire Services in consultation with the Town Solicitor be authorized to approve the final terms and conditions of the agreement;

AND THAT the Commission Lead, Community and Fire Services and Commissioner of Corporate Services be authorized to exercise the option to extend the contract for an additional TWO (2) years upon expiry of the third year provided that both organizations are satisfied with past performance;

AND THAT the \$35,000.00 annual beverage exclusivity fund and the one time \$50,000.00 signing bonus be credited to the Partnership Revenue Account 795 797 9394 as outlined in Attachment "A". The \$50,000.00 signing bonus will then be transferred to account 087 2800 200 Life Cycle & Capital Reserve Fund;

EXECUTIVE SUMMARY:

Not Required

PURPOSE:

The purpose of this report is to recommend the award of the contract for the Supply and Delivery of Soft Drinks and Related Equipment.

BACKGROUND:

The current contract for the Supply and Delivery of Soft Drinks and Related Equipment expired on December 31, 2007.

The Request for Proposal (RFP) was issued on November 28, 2007 in accordance with the Purchasing By-law 2004-341 and the General Terms and Conditions dated July 21, 2006 Version 4. The RFP was advertised electronically on the Electronic Tender Network (ETN).

The RFP closed on December 19, 2007 with four companies picking up the RFP document and with two (2) submissions received.

PROPOSAL EVALUATION:

The RFP was evaluated by an evaluation team consisting of staff from Recreation Services, Marketing and Community Partnerships and Purchasing staff acting as the facilitator.

The proposals were evaluated based on pre-established evaluation criteria as listed in the RFP: 5% Relevant experience of the Proponent in the marketplace for contracts of similar size and scope; 5% Information obtained through references provided with the submission; 15% Price of beverages; 30% Community support and sponsorship; 20% Commission payable to the Town on vending sales; 20% Signing bonus and exclusivity rights on sales and 5% Responsiveness to the proposal, completeness and comprehensiveness of submission. The overall scores are listed in the following table:

Bidder	Scoring	Rank
The Coca Cola Bottling Company	92.14	1
The Pepsi Bottling Group	83.28	2

OPTIONS/ DISCUSSION:

None

FINANCIAL CONSIDERATIONS:

The proposed agreement represents a better arrangement for the Town of Markham, the residents and the beverage sponsorship compared to the current contract. As outlined in Attachment "A" there will be a one time signing bonus of \$50,000.00 and an annual beverage exclusivity allowance of \$35,000.00 which will be deposited into Revenue account 795 797 9394. The \$50,000.00 signing bonus will then be transferred to account 087 2800 200 Life Cycle & Capital Reserve Fund. Coca Cola Bottling Company has decided to support the Mayor's Dinner, Markham Theatre and the Tony Roman Hockey Tournament with a total annual cash contribution of \$20,000.00 of which \$10,000.00 will support the Mayor's Dinner, and \$5,000.00 towards both the Markham Theatre and Tony Roman Hockey Tournament. The funds will be deposited into the General Sponsorship account 795 797 9254. The Mayor's Dinner and Markham Theatre, \$10,000.00 and \$5,000.00 respectively, will receive amounts equivalent to previous year contributions and the Tony Roman Hockey Tournament will receive an additional \$2,500.00 from last year's contribution for a total amount of \$5,000.00 per annum.

The proposal also includes a 30% commission on vending sales which equates to an estimated \$57,600.00 per annum, an increase of \$11,680.00 per annum over the current contract. Further, a rebate of \$1.00 on every case sold of 600 ml soft drinks, 591ml Dasani water and 591ml PowerAde Flat cap, will provide the Town with an estimated \$2,000.00 per annum. In addition, Coca Cola Bottling Company has offered a product allowance and Community Initiatives fund (\$2,500.00 each per annum), which will be allocated to the respective recreation facilities operating accounts.

The Coca Cola Bottling Group will be providing product allowance as well as tickets to events. Distribution of these items will be based on the greatest benefit to the community and the Town of Markham. These items will provide a tangible and visible community benefit.

ENVIRONMENTAL CONSIDERATIONS:

The Coca Cola Bottling Group recognizes their responsibilities to the environment and as such offer a variety of options including energy efficient coolers (Econo-cool) for all facilities, which offer energy savings of 52% over traditional coolers. The Coca Cola Bottling Company promotes youth fitness and have also launched a global partnership with the World Wildlife Fund (WWF) to conserve and protect freshwater resources.

A wide variety of healthy products will also be offered including water, fruit juices and low calorie/calorie free sport drinks. Furthermore, products such as Fruitopia will be offered with 25% less sugar plus vitamin C being added commencing 2008.

ACCESSIBILITY CONSIDERATIONS:

None


ENGAGE 21ST CONSIDERATIONS:

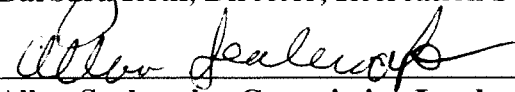
None

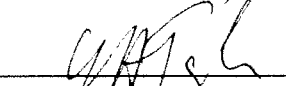
BUSINESS UNITS CONSULTED AND AFFECTED:

The Finance and Legal Departments have reviewed this report and their comments have been incorporated.

RECOMMENDED BY:

For  Barbara Roth, Director, Recreation Services

 Allan Seabrooke, Commission Lead

 Andy Taylor, Commissioner, Corporate Services

ATTACHMENTS: Attachment "A" – Financial Details

Attachment "A" – Financial Details

- The total value of the previous 3 year agreement was \$363,760.00. Table 1 below outlines that the recommended agreement is valued at \$408,800.00, an increase of \$45,040.00 over the previous agreement.

TABLE 1: FINANCIAL DETAILS

	Pepsi Cola	Coca Cola
	3 Year Total	
<u>Revenue Account 795 797 9394: Cash Contribution</u>		
One Time Signing Bonus within 30 days of signing agreement	-	\$ 50,000.00
Beverage Exclusivity Allowance	\$ 90,000.00	\$ 105,000.00
Total Contribution to Capital Accounts	\$ 90,000.00	\$ 155,000.00
<u>General Sponsorship Account 795 797 9254: Cash Contribution</u>		
Sponsorship for various activities within the Town of Markham (cash contribution)	\$ 75,000.00	\$ 60,000.00
<u>Operating Budget Contributions – Recreation Facilities</u>		
-Commission on Vending Sales based on an estimated 4,000 cases per year.	\$ 144,000.00	\$ 172,800.00
-\$1.00 return on every case sold through vending and concessions on 600 ml soft drinks, 591 ml Dasani water and 591 ml PowerAde Flat cap based on 2000 cases.	-	\$ 6,000.00
Total Contribution to Operating Budget	\$ 144,000.00	\$ 178,800.00
<u>Product in Kind</u>		
Product Allowance	\$ 30,000.00	\$ 7,500.00
Community Initiatives Fund	-	\$ 7,500.00
Total Non Cash Contribution to Operating Budget	\$ 30,000.00	\$ 15,000.00
Total Value of the Agreement	\$ 339,000.00	\$ 408,800.00

- Staff is recommending that the one time cash contribution of \$50,000.00 and the annual cash contribution of \$35,000.00 be placed in the Partnership Revenue Account. The \$50,000.00 signing bonus will then be transferred to account 087 2800 200 Life Cycle & Capital Reserve Fund. Each time resources are allocated to an initiative, Coca Cola Bottling Company will receive a note of appreciation and where appropriate Coca Cola Bottling Company will be acknowledged as a sponsor.
- Staff is recommending that the operating budget contributions continue to be allocated to the appropriate operating budgets and that the product in kind continue to be utilized through Community Services on an as needed basis.