

Memorandum



CITY OF DALLAS

DATE October 30, 2015

TO Members of the Budget, Finance & Audit Committee: Jennifer S. Gates (Chair), Philip T. Kingston (Vice Chair), Erik Wilson, Rickey D. Callahan, Scott Griggs, Lee M. Kleinman

SUBJECT Beverage Services Contract for City Facilities

On November 2, 2015 the Budget, Finance and Audit Committee will be briefed on the Beverage Services Contract for City Facilities. The briefing is attached for your review.

Please let me know if you need additional information.


Jeanne Chipperfield
Chief Financial Officer

Attachment

c: Honorable Mayor and Members of City Council
A.C. Gonzalez, City Manager
Warren M.S. Ernst, City Attorney
Rosa A. Rios, City Secretary
Craig D. Kinton, City Auditor
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

Jill A. Jordan, P.E., Assistant City Manager
Joey Zapata, Assistant City Manager
Mark McDaniel, Assistant City Manager
Eric D. Campbell, Assistant City Manager
Sana Syed, Public Information Officer
Elsa Cantu, Assistant to the City Manager

Beverage Services Contract for City Facilities

Budget, Finance and Audit Committee
November 2, 2015



Purpose

- Review the recommended proposal for beverage services to be considered on an upcoming Council agenda
 - Background
 - Procurement process
 - Results
 - Recommendation

Background

- In an effort to explore new revenue streams in early 2004, the City solicited proposals from the vending community for exclusive rights for beverage services
 - Council awarded the initial contract in September 2004 & subsequently awarded the second five-year contract in September 2009
- Prior to 2004, departments had their own relationships/contracts with vendors making it difficult to manage and impossible to leverage
- The beverage services contract provides exclusivity of a specific brand for the majority of City facilities including beverage vending machines

Current Specifications

- Provided the same offerings to the vending community as prior contracts:
 - Exclusive rights for approximately 226 beverage vending machines and pouring rights at Convention Center, Meyerson Symphony Center as well as Bahama Beach.
 - Requires a variety of products for citizens, patrons and employees
 - Machines must be “Energy Star” certified
- NEW to the contract:
 - City requirement for a healthy choice offering to be included in each beverage vending machine

Current Specifications

- The following evaluation criteria was used for this proposal evaluation
 - 65% - Financial Commitment
 - 25% - Operational Plan
 - 10% - Innovative Marketing Ideas

Procurement Activity

- Advertised, held pre-proposal conferences in early 2015
 - 5 companies were represented at the pre-proposal conference
 - Coca-Cola Refreshments USA
 - Dr. Pepper Snapple Group
 - Perks & Provisions
 - Compass USA
 - Freshtomatic
- April 1, 2015 – BDPS received three proposals:
 - Coca Cola Refreshments USA
 - Dr. Pepper Snapple Group
 - Pepsi Bottling Group

Procurement Activity (cont'd)

- April-May 2015
 - Proposals were reviewed by a six member evaluation team
- May – July 2015
 - Presentations scheduled with all three proposers
 - Evaluations and committee rankings
- July – October 2015
 - Contract negotiations to include Best and Final Offers received from all proposers
 - Note: Pepsi withdrew proposal during negotiations
 - Updated final scoring

Proposal Financial Comparison

	Coca Cola Refreshments USA		Dr. Pepper Snapple Group	
Financial Investment	5-Year Estimated Investment	Notes	5-Year Estimated Investment	Notes
Exclusive Marketing Rights	\$550,000	\$150k first year; \$100k per year remaining	\$1,800,000	Upfront payment *
Product Donation	\$82,360	1,400 cases/year; product value assigned by proposer	\$117,000	1,800 cases/year; product value assigned by proposer
Estimated Vendor Commissions (Non-Guaranteed)	\$1,366,040	Based on Coke's Estimate of 26,820 cases/year	N/A	No commissions
Financial Commitment Used for Evaluation Purposes	\$1,998,400		\$1,917,000	

* For financial reporting purposes, payment would be recognized over the term of the contract

Evaluation Results

Beverage Services for City Facilities	Financial Commitment	Operational Plan	Innovative Marketing Ideas	Overall Scoring	Rank
Maximum Points	65	25	10	100	
Coca-Cola	65.00	20	6.80	91.8	1
Dr. Pepper	62.35	15	4.80	82.15	2

Recommendation

- Seek committee recommendation to move item forward for an upcoming Council agenda

- Feedback and discussion of options