

MEMORANDUM
December 17, 2017

TO: Gregg Mandsager, City Administrator
FROM: Richard Klimes, Director of Parks and Recreation
RE: Request Approval of Non-Alcohol Beverage Agreement

INTRODUCTION:

Please accept this memo and the attached information as a request for approval of the exclusive Non-Alcohol Beverage Sales Agreement for the Muscatine Municipal Golf Course.

BACKGROUND:

The current non-alcohol beverage five (5) year agreement at the municipal golf course expires in February of 2018. The agreement included pop, sports drinks, bottled water and other non-alcohol related drinks. The average realized revenue to the golf course through this agreement was roughly \$24,000.00 annually.

The City's Purchasing Policy was used to solicit for qualified responsive and responsible vendors to submit bids as specified. There were two (2) vendors that responded and that met the minimum qualifications as outlined in the R.F.P. Scope of Services and they are as follows:

<u>Vendor</u>	<u>Rank</u>	<u>Cost Factor</u>
Coca-Cola	1	\$38,374.60
Pepsi	2	\$47,943.35

The "Cost Factor" is based on the attached "Non-Alcohol Beverage Vendor Comparison" sheet that was prepared by staff. The information in the comparison was taken from the vendor submittals which were part of the requirements of the Request for Proposal which included product cost and annual incentives. The "Cost Factor" shows that the Coca-Cola proposal is projected to cost \$1,913.75 less annually and \$9,568.75 less over the five (5) year proposed agreement period. Pepsi did request a three (3) year agreement and would cost \$5,741.25 more than Coca-Cola in that time period. The projections are based off the latest sales history and assumes a like sales future. Market share was not considered as it represents future sales speculation and not financial guarantees as it relates to an exclusive sales program.

RECOMMENDATION/RATIONALE:

At this time, City Staff would recommend that the Muscatine City Council approve a five (5) year agreement with Coca-Cola for the provision of exclusive non-alcohol beverage sales at the Muscatine Municipal Golf Course.

BACKUP INFORMATION:

1. Vendor Comparison Breakdown

Thank you for your time and attention to this matter. Please contact me if you have any questions, comments or concerns.

C. Dave Crawley, Golf Professional

Non-Alcohol Beverage Vendor Comparison
 (Total net comparison based on 2017 actual sales by product.)

Item	Coca-Cola		Pepsi	
	Cost	Total	Cost	Total
Water (75)	Unit Cost	-	Unit Cost	-
20oz Soda (166)	\$ 1.04	\$ 1,872.00	\$ 1.00	\$ 1,800.00
Sports Drink (140)	\$ 0.57	\$ 2,270.88	\$ 0.58	\$ 2,310.72
Tea (72)	\$ 0.97	\$ 3,259.20	\$ 1.00	\$ 3,360.00
2.5/3.0 Gal Bib (13)	\$ 1.16	\$ 1,002.24	\$ 1.00	\$ 864.00
5.0 Gal Bib (8)	\$ 17.52	\$ 569.40	\$ 17.66	\$ 573.95
	\$ 17.53	\$ 701.20	\$ 17.00	\$ 680.00
	-	\$ 9,674.92	-	\$ 9,588.67
Incentive	-	\$ 2,000.00	-	-0-
Annual Net Cost Impact	-	\$ 7,674.92	-	\$ 9,588.67
3 Year Net Cost Impact	-	\$ 23,024.76	-	\$ 28,766.01
5 Year Net Cost Impact	-	\$ 38,374.60	-	\$ 47,943.35

*Pepsi requested a 3 year agreement. Pepsi would net cost \$5,741.25 more than Coca-Cola in that period or \$9,568.75 in a 5 year period as requested by Coca-Cola.