

PEPSI CONTACT

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AWARD OF BIDS/RFPS/CO-OPS/SINGLE SOURCES (cont.)**RFP RENEWAL #6385 SUMMARY: COLD BEVERAGE PRODUCTS AND VENDING MACHINE SERVICES****Background**

In October 2018, Cleveland Metroparks solicited proposals from qualified proposers interested in providing exclusive cold beverage products, cold beverage/vending services, and cold beverage vending machines throughout the Park District and zoo. Cleveland Metroparks sought proposers with considerable experience in providing this type of product and service. In January 2019, Cleveland Metroparks entered into a consecutive five and a half (5½) year contract with a potential three (3) year renewal with PepsiCo. The renewal term was subject to formal negotiation of terms, conditions and pricing between the parties.

Proposals Received in Response to RFP #6385

Cleveland Metroparks received two proposals that met the required RFP criteria from:

1) ABARTA Coca-Cola Beverages, and 2) PepsiCo.

	<u>ABARTA</u>	<u>PepsiCo</u>
<i>Financial Support</i>	Corporate Sponsorship: \$120,000 Marketing Support: \$5,000	Corporate Sponsorship: \$150,000 Marketing/Potential Incentives: \$15,000 - \$75,000
<i>Proposal summary</i>	<ul style="list-style-type: none"> • Service response time: no commitment • Sustainability commitment aligns with Cleveland Metroparks mission • Financial support depends on the minimum volume purchased for the term of the contract • In-store promotions with retail partners • Truck wrap marketing support • All new equipment • 4% increase on product annually • All Point-of-Sale needs • Willingness to allow Cleveland Metroparks Zoo to explore alternative water products for guests • Competitive beverage and product supply pricing 	<ul style="list-style-type: none"> • Service response time: 4-24 hours • Sustainability commitment aligns with Cleveland Metroparks mission • Purchasing incentives to support our future growth based on annual purchasing volume • Utilization of existing market resources to promote Cleveland Metroparks • All new equipment • Better yield on fountain beverage product (5.0:1) • 4% increase on product annually • All Point-of-Sale needs • Willingness to allow Cleveland Metroparks Zoo to explore alternative water products for guests • Competitive beverage and product supply pricing
<i>Total Services</i>	\$125,000	\$150,000 - \$225,000

Staff recommended PepsiCo as the vendor of choice for the cold beverage products and vending machine services contract for the following reasons:

AWARD OF BIDS/RFPS/CO-OPS/SINGLE SOURCES (cont.)

- Corporate Sponsorship value
- Marketing support promoting our brand to Northeast Ohio
- Service maintenance standards
- Purchasing incentives to support our future growth
- Willingness to allow Cleveland Metroparks Zoo to explore alternative water solutions for guests

The Board approved a five and one half (5½) year contract term beginning on or about July 1, 2019 through December 31, 2024 with an option to renew for three (3) additional years (Resolution No. 19-01-012) with PepsiCo.

In 2024, the parties sought to exercise the option to renew for three (3) additional years commencing on January 1, 2025 through December 31, 2027 pursuant to the following terms, conditions, and pricing:

PepsiCo agreed to increase its annual sponsorship funds to Cleveland Metroparks by 33.3% percent to \$200,000 per year during the renewal term.

Periods	Dates	Payment
Period One	April 1, 2019 - June 30, 2020	\$150,000 Due within 60 Days after signing of Agreement by both parties
Period Two	July 1, 2020 - June 30, 2021	\$150,000 due on or before December 1, 2020
Period Three	July 1, 2021 - June 30, 2022	\$150,000 due on or before December 1, 2021
Period Four	July 1, 2022 - June 30, 2023	\$150,000 due on or before December 1, 2022
Period Five A	July 1, 2023 - June 30, 2024	\$150,000 due on or before December 1, 2023
Period Five B	July 1, 2024 - December 31, 2024	\$75,000 due on or before December 1, 2024
Period Six	January 1, 2025 - December 31, 2025	\$200,000 due on or before December 1, 2025
Period Seven	January 1, 2026 - December 31, 2026	\$200,000 due on or before December 1, 2026
Period Eight	January 1, 2027 - December 31, 2027	\$200,000 due on or before December 1, 2027

In addition to the increased annual sponsorship fund investment to Cleveland Metroparks, PepsiCo will continue to provide Marketing Support Funds based on the total number of cases of packaged products and gallons of post mix products purchased by Cleveland Metroparks and its food service provider as outlined below:

Annual Volume through Agreement Period 6-8	Amount of Payment
20,355-22,354	\$15,000
22,355-24,354	\$25,000
24,355-26,354	\$35,000
26,355-28,354	\$45,000
28,355-30,354	\$60,000
30,355+	\$75,000

AWARD OF BIDS/RFPS/CO-OPS/SINGLE SOURCES (cont.)

Lastly, in addition to the annual sponsorship funds and marketing support funds, Cleveland Metroparks also retains PepsiCo vending commissions as part of the agreement extension, which is estimated to be \$36,500 annually based on current volume. Total funding value for the renewal term is outlined below:

PepsiCo Funding Support	2025	2026	2027	Total Value
Annual Support Funds	\$200,000	\$200,000	\$200,000	\$600,000
Growth Support Funds **Estimated per year	\$15,000	\$15,000	\$25,000	\$55,000
Full-Service Commissions **Estimated per year	\$36,500	\$36,500	\$36,500	\$109,500
Free Product	\$2,000	\$2,000	\$2,000	\$6,000
Pepsi Equipment Assets	\$139,587			\$139,587
Total Funding Value*	\$393,087	\$253,500	\$263,500	\$770,500

***Pepsi Equipment Assets excluded from Total Funding Value**

Based on the increased value to Cleveland Metroparks, the Purchasing Division recommends renewal of cold beverage products and vending machine services contract with PepsiCo for an additional three (3) year period beginning January 1, 2025 through December 31, 2027.

RECOMMENDED ACTION:

That the Board ratify the contract amendment, in a form approved by the Chief Legal & Ethics Officer, between Cleveland Metroparks and **PepsiCo Beverage Sales, LLC** for its best proposal, as summarized above and maintained in the proposal file for RFP Renewal #6385, for Cold Beverage Products and Vending Machine Services for a three (3) year renewal term beginning January 1, 2025 through December 31, 2027.