

MEMORANDUM

TO: Gregg Mandsager, City Administrator
FROM: Richard Klimes, Director of Parks and Recreation
DATE: December 31, 2012
RE: Approval of Golf Course Non-Alcohol Beverage Agreement

INTRODUCTION:

Please accept this memo and the attached information as a request for the Muscatine City Council to approve the proposed Golf Course exclusive Non-Alcohol Beverage sales agreement.

BACKGROUND:

The current non-alcohol beverage five (5) year agreement at the Muscatine Municipal Golf Course expires on February 28, 2013. The agreement included pop, sports drinks, bottled water, and other non-alcohol related drinks for exclusive sales rights.

In December 2012 the attached request for proposal form was sent to perspective vendors that could meet the needs of the community as detailed in the solicitation.

Two vendors responded to the Request for Proposal and they are as follows:

<u>Vendor</u>	<u>Rank</u>	<u>Cost Factor</u>
Coca Cola Refreshments	1	\$12,466.88
Sprouse Distributing Inc.	2	\$15,844.75

The “Cost Factor” is based on the attached “Beverage Vendor Comparison” sheet that was prepared by Dan McGinn, City of Muscatine Golf Professional. The information in the comparison was taken from the vendor submittals which was part of the Request for Proposal which included product cost and annual incentives. The “Cost Factor” demonstrates that the Coca Cola Refreshments Proposal is projected to cost \$3,377.87 less annually and \$16,889.35 less over the five (5) year proposed agreement period. The projections are based off of the latest sales history and assumes a like sales future.

RECOMMENDATION/RATIONALE:

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

Reference checks were performed with positive results achieved. The City Staff and City Attorney have reviewed this recommendation and the requirements of the Request for Proposal. Market share was not considered as it represents future sales speculation and not financial guarantees as it relates to an exclusive sales program.

BACKUP INFORMATION:

1. Golf Staff Letter of Recommendation
2. Request for Proposal
3. Beverage Vendor Comparison
4. Coca Cola Refreshments Submittal
5. Sprouse Distributing Inc. Submittal

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

C. Dan McGinn, Golf Professional

Memo
December 28, 2012

TO: Richard Klimes, Director of Parks & Recreation
FROM: Dan McGinn, Golf Professional
SUBJECT: Golf Course Non-alcoholic Beverage Contract

After assessing the two proposals returned for the golf beverage supplier request for proposal it is my recommendation that we enter into a five year contract with Coca Cola Refreshments. Coca Cola Refreshments is offering a \$2,000 incentive for being the exclusive beverage provider at the Municipal Golf Course and they are willing and able to meet the other requirements in the scope of services in the RFP. I have attached a beverage vendor comparison sheet that applies the proposed unit pricing to previous year's sales under the assumption that sales with Coca Cola would be the same as Pepsi's actual sales during that time. This document shows a yearly difference of approximately \$3,400 when comparing the pricing and the incentive proposed by each vendor.

Dan McGinn
Golf Professional

Attachment:
Beverage vendor comparison

**City of Muscatine
Muscatine Parks and Recreation Department
Request for Proposal – Golf Course Beverage Supplier**

The City of Muscatine and the Muscatine Parks and Recreation Department is now soliciting a Request for Proposal from beverage vendors to supply non-alcoholic drink products at the Muscatine Municipal Golf Course.

We are seeking a professional vendor that has demonstrated a successful record of supplying beverages, equipment and service as outlined in the attached “Scope of Services.”

If you are interested in submitting a proposal, complete the attached forms and return them in an envelope clearly marked “Golf Course Beverage Supplier Proposal” to:

**City of Muscatine – Finance Department
215 Sycamore St. – City Hall
Muscatine, IA 52761**

All proposals must be received in the Finance Department by 2:00pm on Thursday December 20, 2012. Proposals will be opened at 2:05pm on Thursday December 20, 2012. Late proposals will be returned unopened.

The City of Muscatine reserves the right to reject any or all proposals deemed to not be in the best interest of the City. The “Scope of Services” shall be construed as minimum requirements of the Request for Proposal. Any and all alternatives and/or alterations will not be accepted unless approved in writing by the City. The attached submittal form(s) must be completed in detail.

Thank you for your time and attention to this process. Please contact the Muscatine Parks and Recreation Department at (563) 263-4735 if you have any questions. Proposals are due at 2:00pm Thursday December 20, 2012.

Sincerely,

Dan McGinn
Golf Professional
Muscatine Municipal Golf Course

**City of Muscatine
Muscatine Parks and Recreation Department
Request for Proposal – Golf Course Beverage Supplier**

Summary: The City of Muscatine is seeking a multi-year arrangement for the provision of non-alcoholic beverages at the Muscatine Municipal Golf Course. We are soliciting for a dependable and professional vendor to provide this service. The following minimum standards should be taken into consideration as you prepare your proposal.

1. Provide a complete product list that your firm will be able to supply. Please include unit size, case size and seasonal availability if applicable.
2. Provide a complete and detailed product price list.
3. Provide a complete and detailed product retail price recommendation by individual unit.
4. Provide the delivery schedule for year round delivery.
5. A minimum of one (1) vending machine for outside locations is requested.
6. Selected vendor must obtain all necessary licenses and permits if applicable.
7. Selected vendor is expected to provide regular and emergency customer service within 24 hours of notification
8. Selected vendor must have current beverage supply experience.
9. Selected vendor is expected to provide acceptable references.
10. Selected vendor will enter into a contract with The City of Muscatine.
11. Selected vendor will be required to provide acceptable and standard for the trade insurance coverage as requested.
12. The following equipment shall be provided by the selected vendor and at the vendor's expense throughout the term of the agreement. These coolers requirements should be considered minimum. Additional coolers may be requested throughout the contract term:
 - a. Two (2) coolers with dimensions of 24" width, 24" depth and 60" height capable of cooling 6 cases of 20 ounce bottles.
 - b. One (1) cooler with dimensions of 51" width, 24" depth and 78" height capable of cooling 20 cases of 20 ounce bottles with two (2) sliding doors.

- c. One (1) cooler with dimensions of 36" width, 24" depth and 58" height capable of cooling 9 cases of 20 ounce bottles with two (2) doors.
- d. One (1) fountain pop dispenser with six (6) heads and ice chest not to exceed 25" width 27" depth and 60" height.

The selected vendor should expect the supplied cooler to be used as needed by the golf course concession operations. This will included refrigerated food needs and alcohol related beverage cooler needs.

13. For your review, attached you will find the 2011 and 2012 beverage sales reports.

Deadline for submission: All proposals must be delivered to The City of Muscatine – Finance Department, 215 Sycamore St. Muscatine, IA 52761 by the deadline of 2:00pm Thursday December 20, 2012.

**City of Muscatine
Muscatine Parks and Recreation Department
Request for Proposal – Golf Course Beverage Supplier**

Submittal Sheet

Name of Vendor: _____

Contact Person: _____

Business Address: _____

Business Phone Number: _____

1. Explain your beverage business experience: _____

2. Please list three (3) business references that we may contact:

1. _____
2. _____
3. _____

3. Are you able to meet the minimum requirements of the “Scope of Services”?

Yes _____ No _____ (If no, please explain in detail) _____

4. Are you able to submit the following information with your proposal?

a. Complete and detailed product list: Yes _____ No _____
b. Complete and detailed unit price list: Yes _____ No _____
c. Recommended retail unit pricing: Yes _____ No _____

5. Can you obtain a minimum of \$500,000 general liability insurance with the City
named as additional insured? Yes _____ No _____

6. Can you and will you provide a concession trailer or unit if requested?

Yes No If so, please describe the unit you would provide:

7. Please list and explain your preference on the term of the agreement. Please explain any pricing changes in relation to length of the agreement:

3 years 4 years 5 years

8. Are you capable of providing customer service support for equipment and product within 24 hours of being notified? Yes No

9. If awarded the agreement, what lead time would you need in order to deliver the equipment and products requested?

10. Please list any additional services that you could and would provide. Please be specific:

11. Please list any incentives that you could and would provide to The City of Muscatine for receiving an exclusive beverage contract at the Municipal Golf Course. Please be specific:

Contact Person: _____

Phone Number: _____

Authorized Signature: _____

Date: _____

*****Proposals are due at 2:00pm on Thursday December 20, 2012*****

Beverage vendor comparison

Projected costs using actual sales quantities from 2011 and 2012

These figures assume same sales of Coke products as actuals from Pepsi

This document is an example of costs applying future costs with actual sales from 2011 and 2012

		Pepsi			Coke	
Item	2012 QTY		Cost	Item total	Cost	Item total
Water	99		\$14.75*	\$1,460.25	\$10.80	\$1,069.20
20oz soda	352		\$21.60*	\$7,603.20	\$19.68	\$6,927.36
Sports Drink	255		\$21.60*	\$5,508.00	\$18.36	\$4,681.80
3 Gal. BIB	17	51 gal	\$42.60	\$724.20	\$37.15	\$757.86
5 Gal. BIB	14		\$70.65	\$989.10	\$68.69	\$961.66
Co2	3		\$20.00	\$60.00	\$23.00	\$69.00
				\$16,344.75		\$14,466.88
			Incentive	\$500.00		\$2,000.00
			total net incentive	\$15,844.75		\$12,466.88

Difference: \$3,377.87

2.5 gal BIB reflects total gallons

		Pepsi			Coke	
Item	2011 QTY		Cost	Item total	Cost	Item total
Water	110		\$14.75*	\$1,622.50	\$10.80	\$1,188.00
20oz soda	412		\$21.60*	\$8,899.20	\$19.68	\$8,108.16
Sports Drink	228		\$21.60*	\$4,924.80	\$18.36	\$4,186.08
3 Gal. BIB	16	48 gal	\$42.60	\$681.60	\$37.15	\$713.28
5 Gal. BIB	17		\$70.65	\$1,201.05	\$68.69	\$1,167.73
				\$17,329.15		\$15,363.25
			Incentive	\$500.00		\$2,000.00
			total net incentive	\$16,829.15		\$13,363.25

Difference: \$3,465.90

2.5 gal BIB reflects total gallons

* includes \$1.00 per case CDA payable on all 24ct equivalent cases sold at golf course or through vending machine.

City of Muscatine
Muscatine Parks and Recreation Department
Request for Proposal – Golf Course Beverage Supplier

Submittal Sheet

Name of Vendor: Coca Cola Refreshments

Contact Person: Elizabeth Baker

Business Address: 4415 95th Ave W
ROCK ISLAND, IL 61201

Business Phone Number: 309-716-8843

1. Explain your beverage business experience: The Coca Cola Company is the world's largest beverage company. We have been in business for 125 years.

2. Please list three (3) business references that we may contact:

1. Mark Lehan - Food and Beverage at TPC Deere Run 309-776-6000
2. Chris Clinton - Food and Beverage Director at RiverCenter 563-326-8523
3. Mike Conroy - Owner Smokin Joe's Tobacco Outlets 309-738-0518

3. Are you able to meet the minimum requirements of the "Scope of Services"?

Yes No _____ (If no, please explain in detail) _____

4. Are you able to submit the following information with your proposal?

- a. Complete and detailed product list: Yes No _____
- b. Complete and detailed unit price list: Yes No _____
- c. Recommended retail unit pricing: Yes No _____

5. Can you obtain a minimum of \$500,000 general liability insurance with the City named as additional insured? Yes No _____

6. Can you and will you provide a concession trailer or unit if requested?

Yes No If so, please describe the unit you would provide:

We will provide \$2,000 a year in sponsorship funding to be used by Muscatine Municipal Golf Course at their direction.

7. Please list and explain your preference on the term of the agreement. Please explain any pricing changes in relation to length of the agreement:

3 years 4 years 5 years

We are proposing a 5 year agreement. 5 years gives us the opportunity to build and grow our partnership and increase sales and profits for Muscatine Municipal Golf Course and City of Muscatine. Pricing is subject to no more than 5% increase yearly.

8. Are you capable of providing customer service support for equipment and product within 24 hours of being notified? Yes No

9. If awarded the agreement, what lead time would you need in order to deliver the equipment and products requested?

24 hours to set up account 2 weeks to have equipment delivered and products delivered.

10. Please list any additional services that you could and would provide. Please be specific:

Point of Sale to help increase sales. Menu boards and banners provided at no charge.

11. Please list any incentives that you could and would provide to The City of Muscatine for receiving an exclusive beverage contract at the Municipal Golf Course. Please be specific:

* \$2,000 a year for 5 years = * \$10,000 total
Sponsorship dollars paid at the end of each year

Contact Person: Elizabeth Baker

Phone Number: 309-716-8843

Authorized Signature: Elizabeth Baker

Date: 12/17/12

Proposals are due at 2:00pm on Thursday December 20, 2012

City of Muscatine
Muscatine Parks and Recreation Department
Request for Proposal – Golf Course Beverage Supplier

Submittal Sheet

Name of Vendor: Sprouse Distributing Inc.

Contact Person: John Korenberg

Business Address: 2304 Sampson Street
Muscatine, IA 52761

Business Phone Number: 563-263-9077

1. Explain your beverage business experience: 52 years in the soft drink business, including vending in Muscatine county. Distributors of Pepsi-Cola products including soft drinks, sports drinks, bottled water, juice and tea.

2. Please list three (3) business references that we may contact:

1. Geneva Golf and Country Club Steve Hutton 563-262-8894
2. Plamor Lanes Larry Richardson 563-263-0770
3. Happy Joes Pizza / Concessions Ryan Sternberg 563-263-5233

3. Are you able to meet the minimum requirements of the "Scope of Services"?

Yes No (If no, please explain in detail)

4. Are you able to submit the following information with your proposal?

- a. Complete and detailed product list: Yes No
- b. Complete and detailed unit price list: Yes No
- c. Recommended retail unit pricing: Yes No

5. Can you obtain a minimum of \$500,000 general liability insurance with the City named as additional insured? Yes No

6. Can you and will you provide a concession trailer or unit if requested?

Yes No If so, please describe the unit you would provide:

We have 2 types of trailers for use of summer events.

One is a screened concession trailer suitable to sell products via 3 access windows. The second is a refrigerated trailer capable of holding and cooling up to 140 cases of product for mobile special events.

7. Please list and explain your preference on the term of the agreement. Please explain any pricing changes in relation to length of the agreement:

3 years 4 years 5 years

With a long term exclusive agreement, we would offer a maximum annual product price increase of 5%

8. Are you capable of providing customer service support for equipment and product within 24 hours of being notified? Yes No

9. If awarded the agreement, what lead time would you need in order to deliver the equipment and products requested?

Equipment is already on site. Unless the city required update or replacement of current equipment. Then lead time of 5 business days would be suitable.

10. Please list any additional services that you could and would provide. Please be specific:

We have local service dept. including 24/7 on call service access. We would propose twice a week delivery service to help with storage space issues. Deliveries would be Tues & Fri to avoid weekend out-of-stocks, and timely restock after weekends.

We offer 2 day in advance salesman service to monitor inventories and assist in

11. Please list any incentives that you could and would provide to The City of Muscatine generating order for receiving an exclusive beverage contract at the Municipal Golf Course. Please be specific:

- \$500 annual payment for use for scorecards, tournament premiums, courtesy cart funding etc. (to be used at the city's discretion)
- \$1 per case CDA. Payable on all 24ct equivalent cases. sold at golf course or through vending machines.

Contact Person: John Korenberg

Phone Number: 563-263-9077

Authorized Signature: JR Korenberg

Date: 12-19-12

Proposals are due at 2:00pm on Thursday December 20, 2012