



**City of Kingston
Report to Council
Report Number 16-090**

To: Mayor and Members of Council
From: Lanie Hurdle, Commissioner, Community Services
Resource Staff: Luke Follwell, Director, Recreation and Leisure Services
Date of Meeting: April 19, 2016
Subject: Award of contract for Supply and Delivery of Healthy Food and Beverage Vending Services for Various Facilities

Executive Summary:

In 2008, the City of Kingston advertised a Request for Proposal (RFP) for pouring rights to coincide with the opening of the INVISTA Centre. In 2009 a separate request for proposal was issued for other recreation facilities which included the Catarauqui Community Centre, Harold Harvey Arena, Memorial Centre, Centre 70 and Confederation Basin Marina. Coca-Cola Bottling Company was the successful proponent for both RFPs and has been providing pouring rights (beverages) at various recreation facilities. The existing contract for pouring rights expires in May 2016.

Prior to releasing the renewal RFP and based on feedback from the public, staff engaged with KFL&A Public Health on how to improve upon the nutritional offerings in recreation facilities. KFL&A created a survey designed to engage facility users to qualify interest in creating healthier options in both drink and food vending machines.

On January 13, 2016, two (2) proposals were received from PepsiCo Beverages Canada and The Coca Cola Bottling Company respectively, in response to RFP F31-CSG-RLS-2015-139 'Supply and Delivery of Healthy Food and Beverage Vending Services for Various Facilities'.

In accordance with By-Law Number 2000-134, A By-Law to Establish Purchasing Policies and Procedures, Section 3.4, the approval of Council is required when less than three (3) proposals are received.

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Recommendation:

That PepsiCo Beverages Canada be awarded the contract (RFP F31-CSG-RLS-2015-139) for the 'Supply and Delivery of Healthy Food and Beverage Vending Services for Various Facilities' for a term of four (4) years with the option of two further one year renewals at the sole discretion of the City of Kingston; and

That the Mayor and Clerk be authorized to execute the contract in a form satisfactory to the Director of Legal Services.

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Authorizing Signatures:

ORIGINAL SIGNED BY COMMISSIONER

Lanie Hurdle, Commissioner, Community Services

ORIGINAL SIGNED BY CHIEF ADMINISTRATIVE OFFICER

Gerard Hunt, Chief Administrative Officer

Consultation with the following Members of the Corporate Management Team:

Cynthia Beach, Corporate & Strategic Initiatives

Denis Leger, Transportation, Facilities & Emergency Services

Not required

Jim Keech, President and CEO, Utilities Kingston

Not required

Desiree Kennedy, Chief Financial Officer & City Treasurer

Not required

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Options/Discussion:

In 2008, the City of Kingston advertised a RFP for pouring rights to coincide with the opening of the INVISTA Centre. In 2009 a separate RFP was issued for other recreation facilities which included the Cataraqui Community Centre, Harold Harvey Arena, Memorial Centre, Centre 70 and Confederation Basin Marina. Coca-Cola Bottling Company was the successful proponent of both RFPs and has been providing pouring rights (beverages) at various recreation facilities. During the term of the contract some facilities were deleted and others added based on feedback and the need for pouring rights services. The existing pouring rights contract with Coca-Cola is set to expire in May 2016.

Based on feedback from the public, staff engaged with KFL&A Public Health on how to improve upon the nutritional offerings in our recreation facilities. KFL&A created a survey designed to engage facility users to qualify interest in creating healthier options in both drink and food vending machines. Surveys were conducted at the Artillery Park Aquatic Centre, Cataraqui Community Centre, the INVISTA Centre and three other surrounding facilities in the KFL&A catchment area. Dates and times of participant recruitment varied to include patrons accessing the recreation facilities at different times of day, days of the week, for regular programming and special tournaments, and for different sports to obtain a range of demographics and interests. Nine data collection periods were held, beginning in February 2015 and ending early May 2015.

Out of the nearly 400 responses received, over half reported that they would purchase food and drink more often if there were healthier options available. Based on this data and in consultation with KFL&A, staff created an RFP to address both the Pouring Right contract and the Food Vending contract and combined them into one. Stipulations were created to ensure the inclusion of healthier options using three (3) categories: "sell/offer more", "sell/offer less" and "sell never". The "sell/offer more" category includes healthier options that generally have high levels of essential nutrients and lower amounts of fat, sugar and/or sodium. The "sell/offer less" category includes options that may have slightly higher amounts of fat, sugar and/or sodium than products in the "sell/offer most" category. The "not recommended" category (sell never) includes options that generally contain few or no essential nutrients and/or contain high amounts of fat, sugar and/or sodium. The RFP also included a phased approach over 4 years to increase the availability of healthy options within various City of Kingston facilities.

A transition chart was created for the RFP that the successful proponent will be required to achieve throughout the duration of the contract and is included below in Table 1.0. The content of the chart was reviewed by KFL&A Public Health. The successful proponent will be required to provide audit information for each vending machine to ensure that they are meeting the transition guidelines for implementation.

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Table 1.0: Four Year Transition in Vending Machines

	Sell/Offer Most	Sell/Offer Least	Not Recommended
Current practice (beverage)	12%	18%	70%
Current practice (food)	2%	1%	97%
Years 1 & 2 (food & beverage)	25%	25%	50%
Years 3 & 4 (food & beverage)	35%	25%	40%

On January 13, 2016, two requests for proposals were received for RFP F31-CSG-RLS-2015-139 for the 'Supply and Delivery of Healthy Food and Beverage Vending Services for Various Facilities'. Proposals were received from:

1. Coca-Cola Bottling Company
2. PepsiCo Beverages Canada

The submissions were reviewed by a cross-departmental team and scored on the following criteria set out in the RFP:

- Product Quality, Suitability, Consistency and Customer Service (42%)
- Financial Proposal (40%)
- Company Profile, Resources & References (15%)
- Accessibility (3%)

The Proponents had the option to bid solely on food vending, beverage vending or both, without penalty in the scoring matrix. A summary of the scoring for the two submissions received in response to the RFP are below.

1. PepsiCo Beverages Canada (Total Score: 83)
2. Coca-Cola Bottling Company (Total Score: 70)

The top ranked proposal was from PepsiCo Beverages Canada which included both a beverage and food vending option. PepsiCo will be providing the beverage services and Dutch Oven Vending Service Limited will be providing the food vending services. The combined proposal from PepsiCo included an annual payment to the City of Kingston in the amount of \$10,000 plus monthly vending commissions for food and drink for the duration of the contract. It is anticipated that the monthly amounts will average approximately \$2,625 based on the current consumption data. PepsiCo has also included a onetime exclusive marketing payment of \$10,000 which is not included in the annual summary below in Table 2.0.

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The second ranked proposal from Coca-Cola Bottling Company was only proposing to provide the beverage option and had not identified a potential partner in the food vending. The financial proposal from Coca-Cola did represent as high of a return to the City of Kingston over the same four year period as summarized below from PepsiCo.

Table 2.0: Financial proposal for PepsiCo Beverages Canada

Funding	Annual	Over 4 year term
Annual funding payment	\$10,000	\$40,000
Vending commissions (estimated on current volumes)	\$31,500	\$126,000
Annual marketing payments	\$2,000	\$8,000
Total estimated payments to the City of Kingston (2016-2019)	\$43,500	\$174,000

The previous Coca-Cola pouring rights contract included annual payments of \$15,000, an average of \$20,000 in commissions and annual marketing budgets of \$3,000. Based on the numbers provided in this report, it is anticipated that the new contract will be a slight increase over the previous contract with Coca-Cola.

The proposal from PepsiCo included over the counter beverage sales that will be applicable to the following facilities which provide concession services:

1. INVISTA Centre
2. Cataraqui Community Centre
3. Grand Theatre

The proposal from PepsiCo included beverage vending at the following facilities:

1. Artillery Park Aquatic Centre
2. INVISTA Centre
3. Cataraqui Community Centre
4. Memorial Centre
5. Centre 70
6. Belle Park Fairways
7. Confederation Basin Marina
8. Rideaucrest

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The proposal from PepsiCo included food vending at the following facilities with the service provided by Dutch Oven Vending Service Limited:

1. Artillery Park Aquatic Centre
2. INVISTA Centre
3. Cataraqui Community Centre
4. Memorial Centre
5. Centre 70
6. Belle Park Fairways
7. Rideaucrest

Additional locations for beverage and food vending may be added or deleted at any time based on demand.

Staff will continue to work with KFL&A Public Health to ensure appropriate healthy options can be offered to the users of City of Kingston facilities.

Existing Policy/By-Law:

By-Law 2000-134 A By-Law to Establish Purchasing Policies and Procedures

Notice Provisions:

Not applicable

Accessibility Considerations:

Accessible requirements were included in the scoring matrix of the RFP.

Financial Considerations:

The proposal from PepsiCo Beverages Canada included \$10,000 as a one-time marketing payment with an additional \$10,000 as annual marketing payments and 28% of monthly gross revenues (food and drink with projected annual returns to the City of \$31,500) plus an annual \$2,000 marketing revenue for the duration of the contract. The projected four year (2016-2019) return to the City of Kingston is estimated at \$184,000. This contract contributes to non-tax revenues and all revenues would be captured in the individual facility operating budgets.

Contacts:

Lanie Hurdle, Commissioner, Community Services 613-546-4291 extension 1231

Luke Follwell, Director, Recreation and Leisure Services 613-546-4291 extension 1815

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Other City of Kingston Staff Consulted:

Alan McLeod, Senior Legal Counsel, Legal Services Department

Colin Wiginton, Cultural Director, Cultural Services Department

Dianne Zemba, Manager, Grand Theatre, Cultural Services Department

Adam McCluskey, Manager, Recreation Facilities, Recreation & Leisure Services

Laura Christopher, Supervisor, Finance & Administration, Residential Long Term Care

Janis Morrison, Purchasing Coordinator, Financial Services Department

Exhibits Attached:

Not applicable