

Memorandum



CITY OF DALLAS

DATE April 29, 2016

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

On Monday, May 2, 2016 the Budget, Finance and Audit Committee will be briefed on the Beverage Services Contract. The briefing is attached for your review.

Please let me know if you need additional information.


Jeanne Chipperfield
Chief Financial Officer

Attachment

cc: Honorable Mayor and Members of the City Council
AC Gonzalez, City Manager
Christopher D. Bowers, Interim City Attorney
Craig D. Kinton, City Auditor
Rosa A. Rios, City Secretary
Daniel F. Solis, Administrative Judge
Ryan S. Evans, First Assistant City Manager

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



Beverage Services Contract

Budget, Finance and Audit Committee
May 2, 2016



Review the recommended proposal for beverage services

- Background
- Evaluation Results
- Recommendation

Background

- On December 7, 2015, Budget, Finance and Audit Committee provided policy direction on healthy choice and proposal evaluation criteria
- January 7th and 14th, 2016, Advertised Request for Sealed Competitive Proposal for Beverage Services
- February 11, 2016, three proposals were received

Committee Endorsed Healthy Options Criteria for Vending

Beverage Category (Nutritional Standard)	Dallas-specified Product Mix of total offerings per machine, not all machines will carry all
Diet Soda	Up to 20%
Full-flavored Soda	Up to 10%
Plain or Carbonated Water (0 calorie, 0 grams of carbohydrates, 0 grams of sugar)	25% or more
100% Fruit or Vegetable Juice (no added sweeteners, <250mg Sodium)	Up to 15%
Non-carbonated, Low (< 40) Calorie (can include teas, sports / energy drinks, and non-dairy, fortified options)	Up to 20%
1% or Non-fat White, Unflavored Milk	Up to 10%

Product mix allows flexibility based on location – **only water** is required to be in each machine.

Pouring rights are not impacted by the product mix above. Pouring rights are bundled with exclusive beverage vending agreement to leverage volume.

Financial Results

	Dr. Pepper Snapple Group		Coca Cola Refreshments		Pepsi Bottling	
Financial Investment	5-Year Estimated Investment	Notes	5-Year Estimated Investment	Notes	5-Year Estimated Investment	Notes
Exclusive Marketing Rights	\$840,000	\$168k per year	\$900,000	\$180k per year Includes a transition fund	\$950,000	\$190k per year
Estimated Vendor Commissions (Non-Guaranteed)	\$1,382,980	Based on Dr. Peppers Estimate of 15,000 cases/year	\$818,279	Based on Coca Cola's Estimate of 21,456 cases/year	\$114,600	Based on Pepsi Estimate of 12,947 cases/year
Financial Commitment Used for Evaluation Purposes	\$2,222,980		\$1,718,279		\$1,064,600	

Overall Evaluation Results - BKZ1612 Beverage Vending & Supply

Proposer	Financial Commitment (60 points)	Proposed Products and Pricing (15 points)	Operational Plan (15 points)	Educational and Marketing Plan (10 points)	AVERAGE SCORE	RANK
Dr. Pepper	57.68	12.80	11.20	8.00	89.68	1
Coca-Cola	42.61	12.60	13.20	8.00	76.41	2
Pepsi	23.31	12.00	13.80	9.80	58.91	3

Sample Product Mix

Multiple Select Glass Front Front

- Deja Blue Water
- Fruit2O Sparkling Water
- Vita Coco Coconut Water
- Canada Dry Sparkling Water
- Snapple 100% Juiced
- Snapple Diet Tea
- Diet 7Up
- Diet Dr. Pepper
- All Sport Zero
- Diet Coke

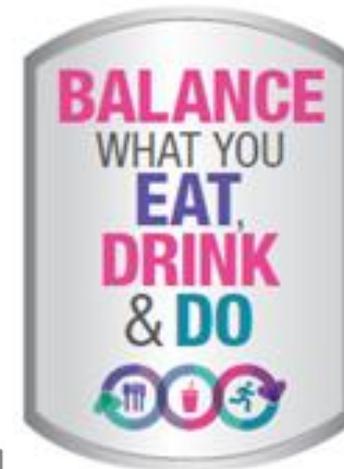


High Traffic Areas – City Hall and Recreation Centers

Education and Marketing Plan

Mixify Program

- All vending machines will be labeled with the Mixify logo to promote the program
- Alliance with the American Beverage Association to promote a healthy balance of snack and beverage consumption with a routine exercise program
- Promotes a life balance with diet and exercise



CALORIE CHOICES FOR CALORIE BALANCE

Calories are shown for full cups with no ice. Adding ice will reduce calories.

	SMALL 16 Fluid Ounces	MEDIUM 22 Fluid Ounces	LARGE 30 Fluid Ounces
Cola	200 Cal	280 Cal	380 Cal
Citrus	220 Cal	300 Cal	410 Cal
Lemon Lime	200 Cal	280 Cal	380 Cal
Ginger Ale	180 Cal	250 Cal	340 Cal
Diet Cola	0 Cal	0 Cal	0 Cal
Diet Lemon Lime	5 Cal	10 Cal	0 Cal
Fruit Punch	000 Cal	000 Cal	000 Cal
Sweet Tea w Lemon	000 Cal	000 Cal	000 Cal
Diet Sweet Tea w Lemon	000 Cal	000 Cal	000 Cal

BALANCE WHAT YOU EAT, DRINK & DO

Education and Marketing Plan

Vending Machine Promotions

- Vending machine promotions will be offered to the City of Dallas with mutual approval of sites and programs to promote healthy brands
- Consumers win items with marked bottles to designated area attractions



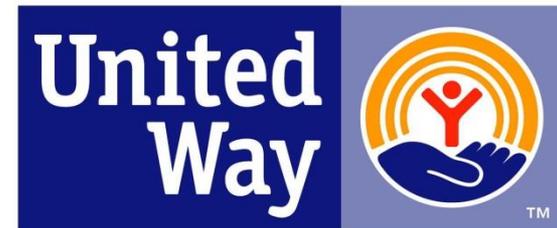
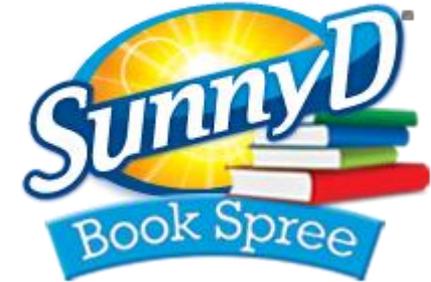
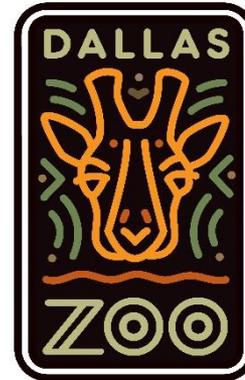
Recommendations for Committee Approval

Seek committee recommendation to move item forward for the May 11, 2016 Council agenda

Appendix

Dr. Pepper Community Engagement and Marketing Campaigns

Corporate partnerships and programs



Example Vending Machine Promotions

- Win a pedometer to track steps! Quarterly promotions to win Fitbit or pedometer by purchasing healthier items
- Track Your Steps at the Dallas Zoo! A partnership to track your steps along a walking trail with a visit to Dallas Zoo for the entire family
- All promotions will be mutually agreed upon by City of Dallas and Dr. Pepper



Fruit2O Book Spree



- Collect labels from any SunnyD or Fruit2O Sparkling Water to redeem for Scholastic Books at your school
- Annual promotion to assist any school and library in need of age appropriate books
- Promotes literacy and team building

**GREAT
Community
Outreach!**