



4.1

THOMAS V. LEE
DEPUTY CITY MANAGER
DOWNTOWN DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

1030 15TH STREET
SUITE 250
SACRAMENTO, CA
95814-4009

PH 916-264-8109
FAX 916-264-7279

December 9, 1998

APPROVED
BY THE CITY COUNCIL

DEC 15 1998

OFFICE OF THE
CITY CLERK

City Council
City of Sacramento

Honorable Members in Session:

SUBJECT: *Capital Spirit* – Award of Exclusive Negotiations for Non-alcoholic Beverages

LOCATION AND COUNCIL DISTRICT: Citywide, All Districts

RECOMMENDATION

Staff recommends that the City Council, by resolution, approve the following actions:

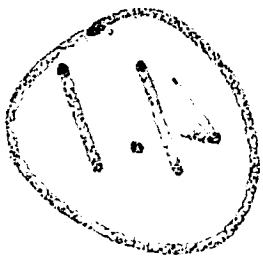
1. Authorize staff to enter into exclusive negotiations with Pepsi-Cola for sponsorship of the Capital Spirit program in the Non-alcoholic Beverages category.
2. Direct staff to negotiate with Pepsi-Cola for a period of sixty days (60) and return to Council with a Memorandum of Understanding for approval.

CONTACT PERSON: Michelle Nelson, Senior Management Analyst, 264-7064
Wendy Saunders, Development Manager, 264-8196

FOR COUNCIL MEETING OF: December 15, 1998

SUMMARY

This report provides an update of the Capital Spirit program and a summary of the proposals received for the Non-alcoholic Beverages category. This report recommends exclusive negotiations with Pepsi-Cola based on scoring of the selection criteria outlined in the RFP and guidelines adopted by City Council. Approval of staff's recommendation does not constitute a contractual agreement with Pepsi-Cola. The 60-day negotiation period is to further define Pepsi-Cola's proposal and to coordinate Council, departmental and community input, as appropriate.



2000

2000

BACKGROUND

- On September 15th, City Council authorized solicitation of proposals in the Non-alcoholic Beverages and Telecommunications categories.
- On September 23rd, Request for Proposals were issued for the Non-alcoholic Beverages category to the attached list of companies (**Attachment A**).
- On November 13, 1998, two proposals were received. (One week extension was given to both companies)

Overview of Selection Process

- On several occasions, prior to the submission deadline, staff and the consultant met and/or had conference calls with representatives from Pepsi-Cola and Coca-Cola to further explain the program and the expectations for submittal.
- Final details of each proposal were received from Pepsi-Cola and Coca-Cola on November 23. Companies were asked to sign a Letter of Intent to confirm their final proposal as the beginning point for negotiations.
- Each proposal was reviewed against the selection criteria outlined in the Request for Proposal. **Attachment B** is a summary of how each proposal rated in each of the four areas:

I.	Financial Proposal	50 points
II.	Additional Support	20 points
III.	Qualifications & Experience	20 points
IV.	Statement of Intent & Commitment to <i>Capital Spirit</i> and City priorities	10 points
	TOTAL POSSIBLE	100 points

Based on Pepsi-Cola's fulfillment of all of the selection criteria, as indicated by their score of 100 points, staff recommends that the City enter into exclusive negotiations with Pepsi-Cola.

Exclusive Negotiation Period

- Exclusive negotiations will continue for a 60 day period to clarify and define Pepsi-Cola's proposal and to coordinate and meet with appropriate Councilmembers, departments and impacted neighborhood and community groups.
- If negotiations are successful at the end of the 60-day period, it is anticipated that a Memorandum of Understanding (MOU) will be recommended for City Council approval.
- The MOU would define all of the parameters of a contractual agreement between the Pepsi-Cola and the City. Upon signing the MOU, the sponsor company would be required to place a twenty-five percent (25%) down payment of the first years fee as a down payment in order to hold the category during contract development.

FINANCIAL CONSIDERATIONS

The financial proposal of the company recommended by staff is within the range that was established in the RFP (between \$500,000 and \$800,000 per year). The Letter of Intent signed by the selected company states that the annual fee will not be less than the amount in the proposal. Further definition of entitlements and costs are necessary to determine the final city benefit.

POLICY CONSIDERATION

- The RFP and selection process used to determine the company to enter into exclusive negotiations was consistent with that approved by City Council at their meeting on September 15, 1998.
- Award of Exclusive Negotiations does not constitute a contractual agreement with the selected company. Further negotiations and discussions with departments, Councilmembers and community interests will occur over the next sixty (60) days prior to Council consideration of an MOU.

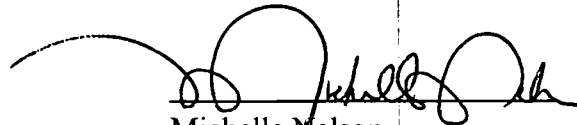
ENVIRONMENTAL ISSUES

There are no environmental issues related to the approvals recommended in this report.

MBE/WBE

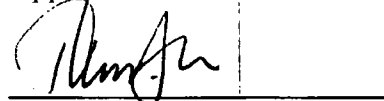
Staff is coordinating with the Office of Minority, Women and Small Business to address how a long term sponsorship relationship can address the City's M/WBE Policies and Goals.

Respectfully submitted,



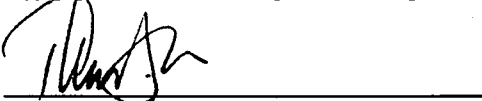
Michelle Nelson
Senior Management Analyst


Approval Recommended:



Thomas V. Lee
Deputy City Manager

RECOMMENDATION APPROVED:



 William H. Edgar
City Manager

APPROVED
BY THE CITY COUNCIL

DEC 15 1998

RESOLUTION NO. 98-638

ADOPTED BY THE SACRAMENTO CITY COUNCIL

OFFICE OF THE
CITY CLERK

ON DATE OF _____

RESOLUTION APPROVING THE AWARD OF EXCLUSIVE NEGOTIATIONS
TO PEPSI-COLA AND DIRECTING STAFF TO NEGOTIATE
WITH PEPSI-COLA FOR A PERIOD OF SIXTY DAYS

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. Staff is authorized to enter into exclusive negotiations with Pepsi-Cola for sponsorship of the Capital Spirit program in the Non-alcoholic Beverages category;
2. Staff is directed to negotiate with Pepsi-Cola for a period of sixty days (60) and return to Council with a Memorandum of Understanding for approval.

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____

4

DATE ADOPTED: _____

ATTACHMENT A

Companies that Received Non-alcoholic Beverages RFP

- **Nor Cal Beverage** - #1 distributor in Sacramento of Cadbury Schweppes brands: Dr. Pepper, Hines Root beer, Bubble Up, Squirt, Canada Dry, Crush, Diet Rite, Hawaiian Punch; Very Fine juices, Nor-Cal water)

- **ICEE – Western Region** – Subsidiary of S&J Snack Foods

- **7-Up Bottling Company**

- **Pepsi-Cola**

- **Coca-Cola**

ATTACHMENT B

Criteria	Pepsi-Cola	Coca-Cola
I. Financial Proposal (including fees and commissions) – 50%	Proposed fee: Within range identified in RFP (\$500,000 - \$900,000); payments beginning of Year 1. Commissions: Negotiable.	Proposed fee: None Commissions: Based on % of actual product sales. Estimates not within the range identified in the RFP.
Score	50	5
II. Additional Support of Capital Spirit – 20%	Proposed promotional/advertising support for <i>Capital Spirit</i> , including one special promotion each year. Equipment installation is included in offer.)	Proposed promotional/advertising support for <i>Capital Spirit</i> . Equipment installation is included in offer.
Score	20	20
III. Qualification and experience – 20%	Existing municipal accounts – Sacramento State University, Sacramento City College, and Los Rios Community College District. Active in sponsorship of local events, programs. Local management team has over 110 years of combined experience.	Existing municipal accounts – Sacramento Convention Center, Memorial Auditorium, Sacramento Zoo. Active in sponsorship of local events, programs. Three generations of local management experience.
Score	20	20
IV. Statement of intentions and commitment to nature of Sacramento’s Capital Spirit project – 10%	Flexibility in integrating their support into City opportunities. Interested in working with existing third party beverage vendors and snack food vendors with existing City contracts to minimize impacts to small business enterprise	Have previously demonstrated strong community support however there was some difficulty in integrating their business platform with requests outlined in the RFP.
Score	10	5
TOTAL SCORE	100	50



#2
4.1

THOMAS V. LEE
DEPUTY CITY MANAGER
DOWNTOWN DEPARTMENT

CITY OF SACRAMENTO
CALIFORNIA

1030 15TH STREET
SUITE 250
SACRAMENTO, CA
95814-4009

PH 916-264-8109
FAX 916-264-7279

December 4, 1998

City Council
City of Sacramento

Honorable Members in Session:

SUBJECT: *Capital Spirit* – Award of Exclusive Negotiations for Non-alcoholic Beverages

LOCATION AND COUNCIL DISTRICT: Citywide, All Districts

RECOMMENDATION

Staff recommends that the City Council, by resolution, approve the following actions:

1. Authorize staff to enter into exclusive negotiations with Company A for sponsorship of the Capital Spirit program in the Non-alcoholic Beverages category.
2. Direct staff to negotiate with Company A for a period of sixty days (60) based on Company A's Letter of Intent outlined in Exhibit A.

CONTACT PERSON: Michelle Nelson, Senior Management Analyst, 264-7064
Wendy Saunders, Development Manager, 264-8196

FOR COUNCIL MEETING OF: December 15, 1998

SUMMARY

This report provides an update of the Capital Spirit program and a summary of the proposals received for the Non-alcoholic Beverages category. This report recommends exclusive negotiations with Company A based on scoring of the selection criteria outlined in the RFP and guidelines adopted by City Council. Approval of staff's recommendation does not constitute a contractual agreement with Company A. The 60-day negotiation period is to further define Company A's proposal and to coordinate Council, departmental and community input, as appropriate.

BACKGROUND

- On September 15th, City Council authorized solicitation of proposals in the Non-alcoholic Beverages and Telecommunications categories.
- On September 23rd, Request for Proposals were issued for the Non-alcoholic Beverages category to the attached list of companies (**Attachment A**).
- On November 13, 1998, two proposals were received. (One week extension was given to both companies)

Overview of Selection Process

- On several occasions, prior to the submission deadline, staff and the consultant met and/or had conference calls with representatives from Company A and Company B to further explain the program and the expectations for submittal.
- Final details of each proposal were received from Company A and Company B on November 23. Companies were asked to sign a Letter of Intent to confirm their final proposal as the beginning point for negotiations.
- Each proposal was reviewed against the selection criteria outlined in the Request for Proposal. **Attachment B** is a summary of how each proposal rated in each of the four areas:

I.	Financial Proposal	50 points
II.	Additional Support	20 points
III.	Qualifications & Experience	20 points
IV.	Statement of Intent & Commitment to <i>Capital Spirit</i> and City priorities	10 points
	TOTAL POSSIBLE	100 points

Based on Company A's fulfillment of all of the selection criteria, as indicated by their score of 100 points, staff recommends that the City enter into exclusive negotiations with Company A.

Exclusive Negotiation Period

- Each company has provided a signed Letter of Intent with their proposals. This letter of intent outlines the major terms of their proposal and provides a basis for beginning negotiations.
- Exclusive negotiations will continue for a 60 day period to clarify and define Company A's proposal and to coordinate and meet with appropriate Councilmembers, departments and impacted neighborhood and community groups.
- If negotiations are successful at the end of the 60-day period, it is anticipated that a Memorandum of Understanding (MOU) will be recommended for City Council approval.
- The MOU would define all of the parameters of a contractual agreement between the company and the City. Upon signing the MOU, the sponsor company would be required to place a

twenty-five percent (25%) down payment of the first years fee as a down payment in order to hold the category during contract development.

FINANCIAL CONSIDERATIONS

The financial proposal of the company recommended by staff is within the range that was established in the RFP (between \$500,000 and \$800,000 per year). The Letter of Intent signed by the selected company states that the annual fee will not be less than the amount in the proposal. Further definition of entitlements and costs are necessary to determine the final city benefit.

POLICY CONSIDERATION

- The RFP and selection process used to determine the company to enter into exclusive negotiations was consistent with that approved by City Council at their meeting on September 15, 1998.
- Award of Exclusive Negotiations does not constitute a contractual agreement with the selected company. Further negotiations and discussions with departments, Councilmembers and community interests will occur over the next sixty (60) days prior to Council consideration of an MOU.

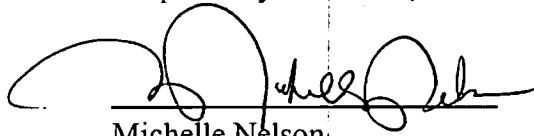
ENVIRONMENTAL ISSUES

There are no environmental issues related to the approvals recommended in this report.

MBE/WBE

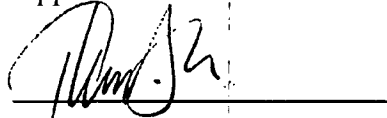
Staff is coordinating with the Office of Minority, Women and Small Business to address how a long term sponsorship relationship can address the City's M/WBE Policies and Goals.

Respectfully submitted,



Michelle Nelson
Senior Management Analyst

Approval Recommended:



Thomas V. Lee
Deputy City Manager

RECOMMENDATION APPROVED:



for William H. Edgar
City Manager

ATTACHMENT A

Companies that Received Non-alcoholic Beverages RFP

- **Nor Cal Beverage** - #1 distributor in Sacramento of Cadbury Schweppes brands: Dr. Pepper, Hines Root beer, Bubble Up, Squirt, Canade Dry, Crush, Diet Rite, Hawaiian Punch; Very Fine juices, Nor-Cal water)

- **ICEE – Western Region** – Subsidiary of S&J Snack Foods

- **7-Up Bottling Company**

- **Pepsi-Cola**

- **Coca-Cola**

ATTACHMENT B

Criteria	Company A	Company B
I. Financial Proposal (including fees and commissions) – 50%	Proposed fee was in the range of the investment sought (\$500,000 - \$900,000/year) with payments made at the beginning of Year 1. Commissions would be negotiable.	No fee was proposed. Commission paid would be based on actual sales and was not estimated to be in the range of the investment sought.
Score	50	5
II. Additional Support of Capital Spirit – 20%	Proposed promotional/advertising support for <i>Capital Spirit</i> , including one special promotion each year. Equipment installation is included in offer.)	Proposed promotional/advertising support for <i>Capital Spirit</i> . Equipment installation is included in offer.
Score	20	20
III. Qualification and experience – 20%	Existing municipal accounts – Sacramento State University, Sacramento City College, and Los Rios Community College District. Active in sponsorship of local events, programs. Local management team has over 110 years of combined experience.	Existing municipal accounts – Sacramento Convention Center, Memorial Auditorium, Sacramento Zoo. Active in sponsorship of local events, programs. Three generations of local management experience.
Score	20	20
IV. Statement of intentions and commitment to nature of Sacramento's Capital Spirit project – 10%	Flexibility in integrating their support into City opportunities. Interested in working with existing third party beverage vendors and snack food vendors with existing City contracts to minimize impacts to small business enterprise	Have previously demonstrated strong community support however there was some difficulty in integrating their business platform with requests outlined in the in the RFP.
Score	10	5
TOTAL SCORE	100	50

5

RESOLUTION NO.

ADOPTED BY THE SACRAMENTO CITY COUNCIL

ON DATE OF _____

RESOLUTION APPROVING THE AWARD OF EXCLUSIVE NEGOTIATIONS
TO COMPANY A AND DIRECTING STAFF TO NEGOTIATE
WITH COMPANY A FOR A PERIOD OF SIXTY DAYS

BE IT RESOLVED BY THE COUNCIL OF THE CITY OF SACRAMENTO:

1. Staff is authorized to enter into exclusive negotiations with Company A for sponsorship of the Capital Spirit program in the Non-alcoholic Beverages category;
2. Staff is directed to negotiate with Company A for a period of sixty days (60) and return to Council with a Memorandum of Understanding for approval.

MAYOR

CITY CLERK

FOR CITY CLERK USE ONLY

RESOLUTION NO.: _____
DATE ADOPTED: _____ 4 6