



## REPORT

**TO:** Mayor Avis & Council

**FROM:** Jason Kabel, Community Services Division Manager

**DATE:** May 31, 2018

**RE:** **Pepsico Beverages Canada Agreement at Memorial Sports Centre**

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### **Preamble**

At present, the Fort Frances Memorial Sports Centre (MSC) is in an exclusivity contract with Pepsico Beverages Canada to offer Pepsi products in the facility (canteens (2) and vending machines (3)) and at the Sorting Gap Marina.

The existing contract has been beneficial to both parties as well as the contracted concessionaire. The Community Services Division has been in discussions with the Pepsico representative to re-negotiate the existing contract that is being held at the current rates until a new agreement is signed (current contract effective dates May 1, 2015 – April 30, 2018).

Below is a summary of the proposed pricing, rebates, and equipment:

### **PepsiCo Proposal:**

- This contract renewal is another 3 year contract – May 1, 2018 to April 30, 2021.
- Will not include the previous \$1000/yr. exclusivity cheque but we've increased the rebate amounts (see below)
- These new rebate amounts will increase your annual rebate from Pepsi based on current volume
- 3% pricing increases annually
- I have also included (but it's not in your proposal) a \$250 cheque for Wasaw as they had some expired Pepsi that we couldn't give them a refund for, so this is just to help them out – it's a one-time cheque.

### **Pricing & Rebates**

Product	Unit	Current Price	Rebate /case	Unit Cost	<u>2018 Proposed Price</u>	<u>New Rebate /case</u>
591mL CSD bottles	24	25.13	1.00	0.95	25.89	2.00
591mL Aquafina	24	14.20	1.00	0.52	14.63	2.00
591mL Aquafina Plus	12	19.56	-	1.54	20.15	1.00
450ml Juice	12	14.75	-	1.16	15.80	1.00
591mL Gatorade/G2	12	14.23	-	1.12	14.23	1.00
547mL Pure Leaf	12	19.42	-	-	19.71	1.00

### **Equipment**

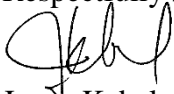
Pepsi owned vending machines at MSC to remain:

- Glas Front Vender with dollar bill validator MSC main lobby.
- Two vending machines with dollar bill validators.

**Recommendation**

The Community Services Executive Committee recommends entering into a new three year contract with Pepsico Beverages Canada with pricing shown and 3% annual price increases.

Respectfully Submitted,

  
Jason Kabel

**Council approval of this report will** agree with the Community Services Executive Committee to authorize a new 3 year contract with Pepsico Beverages Canada at the Memorial Sports Centre and further authorize Mayor and Clerk to execute the digital Docusign agreement as required.

				2017 Volume - Current Pricing				Proposed			
		Volume in Raw cs	Volume in Units	Invoice Price	Total Paid by Customer	Contract Rebate	Total Paid by PBG to Customer	Tier Price	Total Paid By Customer	Contract Rebate	Total Paid by PBG to Customer
591ml	CSD	422	422	\$25.13	\$10,604.86	\$1.00	\$422.00	\$25.89	\$10,925.58	\$2.00	\$844.00
591ml	Aqua	228	228	\$14.20	\$3,237.60	\$1.00	\$228.00	\$14.63	\$3,335.64	\$2.00	\$456.00
591ml	Aquafina+	59	59	\$19.56	\$1,154.04		\$0.00	\$20.15	\$1,188.85	\$1.00	\$59.00
450ml	Juice	43	43	\$14.75	\$634.25		\$0.00	\$15.80	\$679.40	\$1.00	\$43.00
591ml	Gatorade	455	455	\$14.23	\$6,474.65		\$0.00	\$14.23	\$6,474.65	\$1.00	\$455.00
547ml	Pure Leaf	163	163	\$19.42	\$3,165.46		\$0.00	\$19.71	\$3,212.73	\$1.00	\$163.00
		1370	1,370	Total	\$22,105.40	Total	\$650.00	Total	\$22,604.12	Total	\$1,857.00

#### Summary - Old Contract

Customers Payments

\$22,105.40

**Pepsi Rebates**

**\$650.00**

**Annual Exclusivity**

**\$1,000.00**

**Marketing External**

**\$0.00**

**Product Donations**

**\$0.00**

Net Beverage Cost to Customer

\$20,455.40

#### Summary - New Contract Proposal

Customers Payments

\$22,604.12

**Pepsi Rebates to Customer**

**\$1,857.00**

**Annual Exclusivity**

**\$0.00**

**Marketing Annual**

**\$0.00**

Net Beverage Cost to Customer

\$20,747.12

**Net Effect To Customer on Proposed Contract**

**\$291.72**

#### Net Invoice Price Comparison

Old Invoice \$22,105.40

Rebate \$650.00

**Net Old Pricing \$21,455.40**

Proposed Invoice \$22,604.12

Proposed Rebate \$1,857.00

**Net New Pricing \$20,747.12**

**Old vs New Net -\$708.28**