

Livonia Public Schools

Business Services Office

Date: September 2, 2014

To: Randy Liepa, Ph.D., Superintendent

From: Lisa Abbey, Director of Business Services

Re: Coca-Cola Contract Recommendation

Our exclusive contract with Coca-Cola ended as of June 30, 2013 and we have been working on another vendor contract over that time period. Attached please find a memo from Kristen Hennessey regarding the efforts to date.

We are recommending that we enter into an agreement with Coca-Cola as they will provide the best overall package to the District. Please see the attached comparison.

We would like to discuss the Coca Cola contract recommendation at the Monday, September 8, 2014 Finance Committee meeting. Kristen Hennessey will be available to discuss any details on the program you may have. Please let me know if you have any questions. Thank you.

LA/kp

Attachments



To: Lisa Abbey

From: Kristen Hennessey

CC: Nick Armelagos, Pat Schuchardt

Date: August 4, 2014

Subject: Exclusive Beverage Agreement

As of June 30, 2013 our exclusive 5-year agreement with Coca-Cola ended. This was an agreement that returned rebates and commission to Food Service, vending and athletics annually. In addition, it provided sponsorship monies over the course of the 5 year agreement. This agreement was provided as a product and services combination. All equipment and serving of equipment was part of the exclusive agreement with Coke.

In April, we identified two vendors that could potentially provide a service and product agreement to meet the scale of Livonia Public Schools needs and met the regulations of the Healthy Hunger Free Kids Act of 2010. We asked the vendors to review this agreement for both Livonia Public Schools and Plymouth–Canton Community Schools together. We believe that these two vendors are the only vendors that can provide the level of service and scope that districts of these sizes require. Each company presented a detailed proposal.

Proposals:

PepsiCo presented the following:

- Vended Commission-37%-\$39,850(annual projection)
- First year only conversion - \$11,250- one time only- (\$4,500 years 2-5)
- Annual bottle and cans rebate-\$4,100 (\$1.00 per case)
- Free Goods Annually-\$2,835
- Sideline kits (3)-\$3,900
 - Annual Total Value-\$61,935
 - 5 year agreement value based on current usage -\$282,675

Coca-Cola presented the following:

- Vended Commission-30%- \$48,747 (annual projection)
- Annual Exclusivity Funding- \$4,000
- Annual bottle and can rebate-\$4,420 (\$2.00 per case)
- Student Scholarship- \$1000 annually
- Free Goods Annually-\$1,120
- Sideline kits (3)- \$3,000
- Student Recycling-\$200
 - Annual Total Amount-\$62,487
 - 5 year agreement value based on current usage- \$312,435

For the length of the contract Coke represents \$38,460 better return for the district. Coke does offer all products directly through their delivery services. PepsiCo has some products that would have to be brought in by our food distributor and would not be eligible for rebate or commission. My recommendation is to renew our agreement with Coca -Cola for five years. As we grow our concessions programs we will see a better return on the case rebates. In addition, Coca Cola is offering a rebate for our vended product in addition to commission, PepsiCo is not.

LIVONIA PUBLIC SCHOOLS
2014/15
BEVERAGE AGREEMENT

Five Year Agreement	PepsiCo	Coca-Cola
Estimated Vending resources	\$ 199,250	\$ 243,735
Other services/products*	\$ 83,425	\$ 68,700
Total	\$ 282,675	\$ 312,435

*Other services products may include:
Student recycling Program
Sideline Kits
Rebates
Charitable (free) products
Exclusivity agreement