

OHLONE COMMUNITY COLLEGE DISTRICT

MEMORANDUM

TO: Board of Trustees
FROM: Douglas Treadway
DATE: March 8, 2006
SUBJECT: Approval to award of bid for Beverage Vending/Special Sponsorship

On December 1, 2005, the District received proposals for Beverage Vending/Special Sponsorship for the Ohlone College Fremont Campus. The RFP requested vendors to submit a proposal for exclusive beverage vending sales and sponsorship funding.

One proposal was received from Pepsi Bottling Group. The major components of the vendor's proposal are as follows:

- Vending Commission: 45% Average less Tax, CRV fees = \$25,000-\$31,000 annual estimate
- Special Sponsorship Funding: \$15,500 annually
- Product Donations for campus events: 100 cases annually
- Vendor Marketing Budget for Ohlone College: \$1000 annually
- Vending machines will be supplied, maintained and stocked by Pepsi Bottling Group.

Excerpts from Pepsi's proposal are attached for your review. The term of the proposed contract is five years.

RECOMMENDATION:

The President/Superintendent recommends that the Board of Trustees award the contract for Beverage Vending/Special Sponsorship to Pepsi Bottling Group for a term of 5 years.

Attachments: Excerpts from Pepsi Proposal



Partnership Financial Benefits



Cash

• Total Partnership Payments over term	\$ 77,500
• Commission over 5 year term	\$155,145*
• <u>Incremental Value</u>	
• Total Equipment Investment over term	\$ 36,167
• Total Product Donations over term	\$ 4,550
• Total Marketing Value over term	\$ 5,000

Total Financial Opportunity **\$278,362**

Terms - Total Beverage Exclusivity for 5 Years

* Based on current volume trends, Could be more or less. Commissions based on Volume. Cash Outlay averages \$46,529 per year. College minimum Contribution Request \$30,000 per year.



Vending Commission Structure



Average Commission

<i>Vend Price/bottle</i>	\$	1.25
<i>Gross Revenue/case</i>	\$	30.00
<i>45% Average Commission/case</i>	\$	13.50
<i>Less Tax</i>	\$	2.29
<i>Less CRV</i>	\$.96
Net Commission/case	\$	10.25
2,378 cases per year	\$	24,466



Vending Commission Rates



- 20 oz. C.S.D Bottles – 45%
- 12 oz. C.S.D. Cans – 25%
- 20 oz. Gatorade Bottles – 25%
- All Energy Drinks – 25%



Local Marketing Programs



Program Description:

- Marketing Fund
 - Pepsi will provide an annual marketing budget valued at \$1,000 per year
 - The marketing budget will be used to develop and implement programs that drive campus revenue in all locations, and enhance the students, faculties and staffs experience with the Ohlone Community District.

Key Elements:

- Marketing programs may include:
 - Extension of national promotions such as Super Bowl, Major League Baseball, and Season Opener Tailgate celebrations at Ohlone Community College District
 - On-Campus Beverage Sampling Events: Free Pepsi product giveaways for new brand introductions

Timing:

- Ongoing throughout the term of the agreement
- Examples of custom marketing are described on the following slides

Value:

\$5,000



Marketing Commitment



Marketing Calendar

Through experience we have learned that the most effective way to implement marketing programs is through an annual calendar of events. Ideally, Pepsi will meet with a committee of College representatives 2-3 times per year. At these meetings, Pepsi will provide a list of marketing program ideas and the approximate value of each. The committee can then select the programs that best meet the needs of the College and determine the timing for each. Pepsi will use its resources to develop the program materials, with Ohlone Community College District reserving the right to approve all artwork before it is made final.



Vending Equipment Plan



- Pepsi Proposes that after the award of the contract, There be a campus walk to identify opportunities to strengthen our Vending occurrences.
- The campus tour would include Ohlone and Pepsi personal.
- Implement new Glass Front Vendors to increase Commission revenues on higher profit packages-brands.
- Ex. Energy Drinks, Frappucino, SoBe, Etc.



Bottle Product List



2005 Bottle Product Portfolio

Pacific Northwest BU
NorCal Coast MU

24/20 oz. Bottles

- Pepsi
- Diet Pepsi
- CF Diet Pepsi
- Pepsi One
- Pepsi Edge
- Pepsi Vanilla
- Diet Pepsi Vanilla
- Pepsi Twist
- Diet Pepsi Twist
- Wild Cherry Pepsi
- Mountain Dew
- Diet Mountain Dew
- Mt. Dew Code Red
- Mt Dew Live Wire
- Dr. Pepper
- Diet Dr. Pepper
- Diet Cherry Vanilla Dr
- Sierra Mist
- Sierra Mist Free
- Orange Slice
- Mug Root Beer
- Squirt
- Hawaiian Punch
- Hawaiian Punch Greenberry Rush
- Lipton Brisk
- 15/1 Liter Big Slam**
- Pepsi
- Diet Pepsi
- Sierra Mist
- Mountain Dew
- Mt. Dew Code Red
- Dr Pepper
- Squirt
- 15/1 Liter Bottles**
- Schwepes Tonic
- Schwepes Diet Tonic
- Schwepes Ginger Ale
- Schwepes Seltzer
- Schwepes Club Soda



8/2 Liter Bottles

- Pepsi
- Diet Pepsi
- Pepsi One
- Pepsi Edge
- Pepsi Twist
- Diet Pepsi Twist
- Pepsi Vanilla
- Diet Pepsi Vanilla
- Caffeine Free Pepsi
- Caffeine Free Diet Pepsi
- Wild Cherry Pepsi
- Mountain Dew
- Diet Mountain Dew
- Mt. Dew Code Red
- Dr Pepper
- Diet Dr Pepper
- Sierra Mist
- Sierra Mist Free
- Orange Slice
- Diet Orange Slice
- Mug Root Beer
- Squirt
- Hawaiian Punch
- Lipton Brisk

24/10 oz Bottles

- Pepsi
- Diet
- Sierra Mist
- Schwepes Tonic
- Schwepes Diet Tonic
- Schwepes Ginger Ale
- Schwepes Seltzer
- Schwepes ClubSoda

Tropicana 24/20 oz. Bottles

- Peach Papaya
- Strawberry Melon
- Pink Lemonade
- Lemonade
- OrangeAde
- Sugar Free Lemonade
- Sugar Free OrangeAde



Starbuck's Frappuccino 24/4-PK 9.5 oz

- Coffee
- Mocha
- Vanilla
- Mocha Lite
- Caramel

Starbuck's Frappuccino 12PK 13.7 oz

- Coffee
- Mocha
- Vanilla

24-6pk/24 oz Bottle

- Pepsi
- Diet Pepsi
- Wild Cherry Pepsi
- Mountain Dew
- Sierra Mist
- Dr Pepper
- Diet Dr Pepper



Gatorade Propel Fitness Water 24/16.9oz Bottles

- Berry
- Lemon
- Kiwi Strawberry

Aquafina Water (Still)

- Aquafina 24/20 oz
- Aquafina 6pk/24 oz
- Aquafina 24/16.9 oz (not for resale)
- Aquafina 15/1 Liter
- Aquafina 12/1.5 Liter

Sparkling(20oz & 1ltr)

- Lemon Lime
- Orange
- Berry
- Splash(20oz)**
- Raspberry
- Citrus Blend
- Wild Berry



SoBe 12/20oz.

- Cranberry Grapefruit
- Orange Carrot
- Green Tea
- Energy
- Power
- Tsunami
- Lizard Blizzard
- Lizard Fuel
- Lean Tropical
- Zen Blend
- Wisdom
- Lean Peach Tea
- Lean Cranberry Grapefruit
- Lizard Lava
- Nirvana
- Grape Grog
- Fuerte
- Black & Blue Berry Brew
- Courage
- Pomegranate Cranberry Elixir



LiptonOriginal 24/16 oz. Glass Bottles (Premium)

- Sweetened
- Unsweetened
- Lemon
- Diet Unsw No Lemon
- Raspberry
- Green Tea with Honey
- Diet Lemon
- Peach



Lipton Iced Tea (Popular) Plastic

- 20oz, 2Ltr, 1.5ltr**
- Green Tea w/ Citrus
- Diet Green Tea w/ Citrus
- Iced Tea w/ Lemon
- Diet Iced Tea w/ Lemon



Dole 12/15.2 oz Bottles

- Orange (100%)
- Apple (100%)
- Grape (100%)
- Ruby Red Grapefruit (100%)
- Lite Orange (50%)
- Lite Apple (50%)
- Lite Grape (50%)
- Lite Ruby Red (50%)
- Lite Berry Blend
- Lite Cranberry



Gatorade 24/20 oz Bottles

- Fruit Punch
- Lemon Lime
- Orange
- Fierce Grape
- Glacier Freeze
- Cool Blue Raspberry
- Extremo Mango





Can Product List



2005 Can Product Portfolio

Pacific Northwest BU
NorCal Coast MU

24-12pk/12 oz Cans

Pepsi
Diet Pepsi
Pepsi One
Pepsi Edge
Pepsi Twist
Diet Pepsi Twist
Pepsi Vanilla
Diet Pepsi Vanilla
Sierra Mist
Sierra Mist Free
Caffeine Free Pepsi
Caffeine Free Diet Pepsi
Mountain Dew
Diet Mountain Dew
Mt. Dew Code Red
Diet Mt Dew Code Red
Dr Pepper
Diet Dr Pepper
Diet Dr Pepper Cherry Vanilla
Diet Dr Caffeine Free
Mug Root Beer
Diet Mug Root Beer
Squirt
Diet Squirt
Hawaiian Punch
Lipton Brisk
Diet Lipton Brisk
Lipton Fruit Teaser
Lipton Brisk Raspberry
Orange Slice
Diet Orange Slice
Wild Cherry Pepsi
Diet Wild Cherry Pepsi



24-6pk/12 oz. Cans

Pepsi
Diet Pepsi
Pepsi One
Caffeine Free Diet Pepsi
Wild Cherry Pepsi
Mountain Dew
Dr. Pepper
Sierra Mist
Orange Slice
Mug Root Beer
Squirt
Hawaiian Punch
Lipton Brisk



6.5 oz Cans

Starbucks Double Shot



8.3 oz Cans

Mountain Dew Amp
SoBe Adrenaline Rush
Sugar Free Adrenaline Rush



16 oz Cans

SoBe No Fear
SoBe No Fear Sugarfree



8 oz Cans

Pepsi
Diet Pepsi
Sierra Mist
Mountain Dew

