



CITY COUNCIL MEMORANDUM

FROM: The Office of the City Manager **DATE:** June 8, 2020
SUBJECT: Authorize the City Manager to execute a seven-year beverage sponsorship contract with Bottling Group LLC (Pepsi) for NRH2O Family Water Park in the annual amount of \$49,000.
PRESENTER: Frank Perez, NRH2O General Manager

SUMMARY:

The City Council is being asked to approve a seven-year beverage contract and sponsorship with Bottling Group LLC (Pepsi) for NRH2O Family Water Park in the annual amount of \$49,000.

GENERAL DESCRIPTION:

Staff solicited requests for proposals (RFP 20-007) for a beverage vendor for NRH2O Family Water Park. Proposals were received from Pepsi, Coca-Cola and American Bottling Company (Dr Pepper). After evaluation and negotiation, staff determined that Pepsi’s proposal best fits the current needs and requirements of the water park. The Pepsi proposal includes better pricing on product and its “value-adds” offer the water park the best financial opportunity. A comparison chart showing a summary of vendor proposals is listed below.

Beverage Sponsorship Evaluation for Life of Contract

	<u>Pepsi</u>	<u>Dr Pepper</u>	<u>Coca-Cola</u>
Sponsorship			
Sponsorship Dollars	\$105,000	\$75,000	\$0
Marketing Promotions	\$75,250	\$53,750	\$40,250
Product	<u>\$5,250</u>	<u>\$3,750</u>	<u>\$7,000</u>
	\$185,500	\$132,500	\$47,250
Annual Cost	\$49,000	\$51,000	\$43,000

Pepsi’s proposal is valued at \$185,500 over a seven-year period and includes several major components. The largest component is for sponsorship dollars in the form of cash payments totaling \$105,000. The other components include advertising and marketing promotions valued at \$75,250 over the life of the contract and product valued at \$5,250.



Some of the highlights of Pepsi's proposal are:

- Pepsi will provide \$15,000 per year (\$105,000 total) in sponsorship dollars for NRH₂O. These funds may be allocated for special events for other purposes.
- Pepsi will provide \$10,750 worth of additional marketing promotions annually including digital promotions and in-person events for NRH₂O (\$75,250 total).
- Pepsi will provide all equipment necessary to vend contracted products and they will provide all maintenance for vending equipment.
- Pepsi will provide complimentary product of 150 cases annually to be used for special events (\$5,250 total).
- At no charge, Pepsi will supply "point of purchase" equipment to NRH₂O. Such items are "point of sale" signs, menu boards, clocks and Pepsi promotional banners.

NRH₂O's Obligations:

- Pepsi will be the exclusive beverage provider for NRH₂O Family Water Park.
- Pepsi will be listed as a sponsor on the major donor/sponsor board at the front of NRH₂O and their logo will be listed on all promotional materials and special event materials.

Payments for utilization of this multi-year contract may be authorized annually during the budget process for the corresponding term provided funds have been budgeted for each remaining year of the contract, and the terms and conditions of the contract have not changed. Those payments will not require additional City Council approval.

While NRH₂O Family Water Park is owned and operated by the city, it is primarily funded through revenue generated by the park.

RECOMMENDATION:

Authorize the City Manager to execute a seven-year beverage sponsorship contract with Bottling Group LLC (Pepsi) for NRH₂O Family Water Park in the annual amount of \$49,000.