Legislation Details (With Text)

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Title:	Approve Sponsorship Agreement with Pepsi Beverages Company to be Exclusive Non-Alcoholic Beverage Provider for the Fresno Convention & Entertainment Center				
Sponsors:	Office of Mayor & City Manager				
Indexes:					
Code sections:					
Attachments:	1. Pepsi Beverages Company Sponsorship Agreement 10.18.18.pdf, 2. Request for Proposal - Pouring Rights.pdf, 3. RFP Reponse - Pepsi.pdf, 4. RFP Response - Coca Cola.pdf, 5. Supplement - Signed Sponsorship Agreement.pdf				

Date	Ver.	Action By	Action	Result

REPORT TO THE CITY COUNCIL

December 6, 2018

FROM: WILLIAM OVERFELT, General Manager
Fresno Convention & Entertainment Center/SMG

SUBJECT

Approve Sponsorship Agreement with Pepsi Beverages Company to be Exclusive Non-Alcoholic Beverage Provider for the Fresno Convention & Entertainment Center

RECOMMENDATION

Staff recommends approval of the Sponsorship Agreement, which will provide an annual sponsorship fee of $20,000 from the year 2018 to 2027, plus a 25 percent commission for vending machines, and $3.00 rebate per case or gallon sold, in exchange for Pepsi's designation as exclusive non-alcoholic beverage provider for the Fresno Convention & Entertainment Center.

EXECUTIVE SUMMARY

The Sponsorship Agreement designates Pepsi as the exclusive non-alcoholic beverage provider for the Fresno Convention & Entertainment Center and provides for bulk-rate pricing and maintenance of beverage equipment through December 31, 2027. In exchange for this designation, Pepsi will provide an annual sponsorship fee of $20,000 from the year 2018 to 2027 (or until minimum volume thresholds are reached), plus a 25 percent commission for vending machines, and a $3.00 rebate per

case or gallon sold. Such commissions and rebates are paid annually.

The commission revenues are estimated at $5,100 per year and the rebates estimated at $11,300 based on 2016 volume. Using these estimates, the total annual funding from this contract will vary, but could be as much as $36,400 in one year.

BACKGROUND

SMG subcontracts for food and beverage services pursuant to its contract with the City to manage the Fresno Convention & Entertainment Center. Sponsorship Agreements and major subcontracts for supplies and services require City approval prior to SMG entering into them. SMG, working with the Superlative Group, Inc., prepared a Request for Proposal (RFP) and distributed it to Pepsi, Coca Cola and Dr. Pepper. Responses to the RFP received from Pepsi and Coca Cola. After review, it was determined that the proposal from Pepsi was superior and SMG moved forward with negotiating the major terms of the Sponsorship Agreement and brings it now to the Council for City Approval.

Also note that Pepsi has a Pouring Rights agreement with SaveMart Center, however terms of that agreement are confidential.

The RFP and the responses from Pepsi and Coca Cola are attached to this report.

ENVIRONMENTAL FINDINGS

N/A

LOCAL PREFERENCE

N/A

FISCAL IMPACT

The Sponsorship Agreement will provide $20,000 annually, plus rebates and commissions for beverage sales. The total fiscal impact will depend upon the number of events held at the Fresno Convention & Entertainment Center, and the sales of non-alcoholic beverages at these events. All revenues from this agreement will be used to support and maintain the Convention Center.

Attachment: Pepsi Beverages Company Sponsorship Agreement (Revised 10.11.18)
Request for Proposal - Pouring Rights
RFP Response - Pepsi
RFP Response - Coca Cola