

RESOLUTION NO. 2021-31541

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE ADMINISTRATION TO NEGOTIATE AN AMENDMENT TO THE SPONSORSHIP AGREEMENT WITH THE COCA-COLA COMPANY IN ORDER TO ADDRESS THE FINANCIAL IMPACT OF THE PANDEMIC; SAID AMENDMENT REMOVING THE CITY'S REQUIREMENT TO PURCHASE A MINIMUM OF 22,500 CASES OF COCA-COLA PRODUCT PER YEAR FOR THE 2020 AND 2021 CONTRACT YEARS (FINAL CONTRACT YEARS), GUARANTEEING THAT THE CITY WILL RECEIVE THE FULL SPONSORSHIP FEE FOR THE 2020 CONTRACT YEAR, IN THE AMOUNT OF \$325,000, AND REDUCING THE SPONSORSHIP FEE THAT COCA-COLA WOULD HAVE TO PAY THE CITY FOR THE 2021 CONTRACT YEAR FROM \$325,000 TO \$195,433.33; AND FURTHER AUTHORIZING THE CITY MANAGER TO EXECUTE THE FINAL NEGOTIATED AMENDMENT.

WHEREAS, the City of Miami Beach (the "City") entered into a sponsorship agreement, dated March 14, 2012 (the "Agreement"), with Coca-Cola North America, a division of the Coca-Cola Company, and Coca-Cola Refreshments USA, Inc. d/b/a Florida Coca-Cola Bottling Company (the "Bottler") (collectively, "Coca-Cola") for a term beginning January 1, 2012 and ending on December 31, 2021; and

WHEREAS, on March 1, 2017, the Mayor and City Commission adopted Resolution No. 2017-29774, approving the assignment of the Bottler's interest in the Agreement to Coca-Cola Beverages Florida, LLC ("Successor Bottler") in connection with the sale of Bottler's assets to the Successor Bottler; and

WHEREAS, the parties executed an assignment and assumption agreement, dated March 29, 2017, assigning Bottler's interest in the Agreement to the Successor Bottler; and

WHEREAS, per the terms of the Agreement, the City receives \$325,000 annually, subject to a minimum annual purchase of 22,500 cases of Coca-Cola product per year; and

WHEREAS, due to the COVID-19 pandemic, the City has purchased 13,530 cases of product during the 2020 contract year (approximately 60.13% of the City's annual commitment); and

WHEREAS, since the City will not be meeting the minimum annual purchase requirement for 2020, the City would therefore be required to return the \$325,000 annual sponsorship check that was received in February, 2020; and

WHEREAS, to retain the sponsorship funding received for 2020, the City notified Coca Cola of the intent to place a bulk purchase amount; and

WHEREAS, due to the global pandemic, Coca Cola has proposed an amendment to the Agreement, removing the City's requirement to purchase a minimum of 22,500 cases of Coca-Cola product for the 2020 and 2021 contract years; and

WHEREAS, Coca-Cola's proposal will ensure that the City will receive the entire sponsorship fee for the 2020 contract year, in the amount of \$325,000, and, further, guarantees that the City will receive a sponsorship fee, in the amount of \$195,433.33 (based upon the percentage (60.13%) of purchases of Coca-Cola products for the 2020 contract year), for the 2021 calendar year regardless of the amount of Coca-Cola product purchased; and

WHEREAS, under the proposed terms of the amendment, Coca-Cola would continue to fulfill all marketing requirements and product donations stated in the Agreement; and

WHEREAS, the City Manager recommends executing an amendment to the Agreement based upon the essential terms set forth in this Resolution.

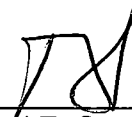
NOW, THEREFORE, BE IT DULY RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, that the Mayor and City Commission hereby authorize the Administration to negotiate an amendment to the sponsorship agreement with the Coca-Cola Company in order to address the financial impact of the pandemic; said amendment removing the City's requirement to purchase a minimum of 22,500 cases of Coca-Cola product per year for the 2020 and 2021 contract years (final contract years), guaranteeing that the City will receive the full sponsorship fee for the 2020 contract year, in the amount of \$325,000, and reducing the sponsorship fee that Coca-Cola would have to pay the City for the 2021 contract year from \$325,000 to \$195,433.33; and, further, authorize the City Manager to execute the final negotiated amendment.

PASSED and ADOPTED this 13th day of January 2021.

ATTEST:



Dan Gelber, Mayor


1/26/2021
Rafael E. Granado, City Clerk

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION


City Attorney
12-30-20
Date

MIAMI BEACH

COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission
FROM: Raul J. Aguila, Interim City Manager
DATE: January 13, 2021

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AUTHORIZING THE ADMINISTRATION TO NEGOTIATE AN AMENDMENT TO THE SPONSORSHIP AGREEMENT WITH THE COCA-COLA COMPANY IN ORDER TO ADDRESS THE FINANCIAL IMPACT OF THE PANDEMIC; SAID AMENDMENT REMOVING THE CITY'S REQUIREMENT TO PURCHASE A MINIMUM OF 22,500 CASES OF COCA-COLA PRODUCT PER YEAR FOR THE 2020 AND 2021 CONTRACT YEARS (FINAL CONTRACT YEARS), GUARANTEEING THAT THE CITY WILL RECEIVE THE FULL SPONSORSHIP FEE FOR THE 2020 CONTRACT YEAR, IN THE AMOUNT OF \$325,000, AND REDUCING THE SPONSORSHIP FEE THAT COCA-COLA WOULD HAVE TO PAY THE CITY FOR THE 2021 CONTRACT YEAR FROM \$325,000 TO \$195,433.33; AND FURTHER AUTHORIZING THE CITY MANAGER TO EXECUTE THE FINAL NEGOTIATED AMENDMENT.

RECOMMENDATION

Adopt the resolution.

BACKGROUND/HISTORY

The City of Miami Beach (the "City") entered into a sponsorship agreement, dated March 14, 2012 (the "Agreement"), with Coca-Cola North America, a division of the Coca-Cola Company, and Coca-Cola Refreshments USA, Inc. d/b/a Florida Coca-Cola Bottling Company (the "Bottler") (collectively, "Coca-Cola") for a term beginning January 1, 2012, and ending on December 31, 2021.

On March 1, 2017, the Mayor and City Commission adopted Resolution No. 2017-29774, approving the assignment of the Bottler's interest in the Agreement to Coca-Cola Beverages Florida, LLC ("Successor Bottler") in connection with the sale of Bottler's assets to the Successor Bottler. The parties executed an assignment and assumption agreement, dated March 29, 2017, assigning Bottler's interest in the Agreement to the Successor Bottler.

Per the terms of the Agreement, the City receives \$325,000 annually, subject to a minimum annual purchase of 22,500 cases of Coca-Cola product per year.

Due to the COVID-19 pandemic, the City has purchased 13,530 cases of product during the 2020 contract year (approximately 60.13% of the City's annual commitment). Since the City will not be meeting the minimum annual purchase requirement for 2020, the City would therefore be required to return the \$325,000 annual sponsorship check that was received in February, 2020. To retain the sponsorship funding received for 2020, the City notified Coca Cola of its intent to place a bulk purchase amount. Due to the global pandemic, Coca Cola has proposed an amendment to the Agreement, removing the City's requirement to purchase a minimum of 22,500 cases of Coca-Cola product for the 2020 and 2021 contract years.

Coca-Cola's proposal will ensure that the City will receive the entire sponsorship fee for the 2020 contract year, in the amount of \$325,000, and further, guarantees that the City will receive a sponsorship fee, in the amount of \$195,433.33 (based upon the percentage [60.13%] of purchases of Coca-Cola products for the 2020 contract year), for the 2021 calendar year, regardless of the amount of Coca-Cola product purchased. Under the proposed terms of the amendment, Coca-Cola would continue to fulfill all marketing requirements and product donations stated in the Agreement.

SUPPORTING SURVEY DATA

NA

Amount(s)/Account(s):

011-8000-369964

CONCLUSION

The City Manager recommends executing the amendment to the Agreement, based upon the essential terms set forth in this Resolution.

Applicable Area

Not Applicable

Is this a "Residents Right to Know" item, pursuant to City Code Section 2-14?

No

Does this item utilize G.O. Bond Funds?

No

Legislative Tracking

Marketing and Communications

ATTACHMENTS:

Description

- ☐ Proposed Amendment Outline
- ☐ Resolution

COMB: Payment Proposal

	2020
Contractual Volume Commitment	22,500
2020 Volume	13,530
Pending Delivery 12/9	338
Volume Commitment Difference	8,632
Sponsorship Payout	\$ 325,000.00
Percentage V/C Completed	60.13%
Reduced V/C	\$ 195,433.33

Highlights:

- Final sponsorship payment for the contract term.
- Method: Applied 60.13% of volume purchased to the sponsorship payment
- Release the COMB from the volume commitment for 2021
- Remain committed to providing \$200K in marketing value in 2021

