

RESOLUTION NO. 2021-31965

**A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, WAIVING, BY 5/7TH VOTE, THE FORMAL COMPETITIVE BIDDING REQUIREMENT, FINDING SUCH WAIVER TO BE IN THE BEST INTEREST OF THE CITY, AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AN AGREEMENT WITH RED BULL NORTH AMERICA, INC. (RED BULL), AS THE EXCLUSIVE ENERGY DRINK SPONSOR, TO INCLUDE POURING RIGHTS, MUNICIPAL MARKETING, VENDING AND DISPENSING ON CERTAIN CITY-OWNED PROPERTIES, BASED UPON THE ESSENTIAL TERMS SET FORTH IN THE CITY COMMISSION MEMORANDUM ACCOMPANYING THIS RESOLUTION, FOR A TERM OF FIVE (5) YEARS; AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE THE AGREEMENT, SUBJECT TO FORM APPROVAL BY THE CITY ATTORNEY.**

**WHEREAS**, the City's municipal sponsorship agency, Global Spectrum L.P. ("Spectra Partnerships"), worked with City staff to identify priorities for their efforts in securing municipal marketing partners, and identified non-alcoholic beverage partnerships as a target category, and;

**WHEREAS**, Spectra Partnerships initiated a selection process to identify and recommend an exclusive / official non-alcoholic beverage partner for the City, with the goal of identifying a partner that would be interested in a brand affiliation relationship with the City, and providing a marketing benefit to both parties, as well as revenue generation for the City; and

**WHEREAS**, Spectra Partnerships initiated a process that involved the initial identification of potential respondents; an invitation for those companies to submit proposals; the selection of the best potential partnership offers for the submission of a "best and final" offer; and the recommendation of a final offer for the City to consider; and

**WHEREAS**, Spectra Partnerships invited the top three (3) national entities in the non-alcoholic beverage category to submit "best and final" offers and, subsequent to their submission and presentation, recommended to the City the selection Red Bull North America, Inc. (Red Bull) as the City's exclusive energy drink sponsor to include pouring rights, municipal marketing, vending and dispensing rights on certain city-owned properties, based upon the essential terms set forth in their proposal, attached as Exhibit "A" to the City Commission Memorandum accompanying this Resolution (the "Proposal"); and


**WHEREAS**, Spectra Partnerships analyzed the Proposal and advised City staff that an agreement with Red Bull would provide a financial and marketing benefit of more than \$1,275,000 to the City over the proposed five-year term of the partnership (cash and non - cash value); and

**WHEREAS**, based upon the foregoing, the City Manager recommends waiving, by 5/7<sup>th</sup> vote, the formal competitive bidding requirement, as permitted in Section 2-367(e) of the City Code, and authorizing the City Administration to negotiate an agreement with Red Bull for a term of five (5) years, based upon the essential terms set forth in the City Commission Memorandum accompanying this Resolution.

**NOW, THEREFORE, BE IT RESOLVED BY THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA**, that the Mayor and City Commission hereby waive, by 5/7<sup>th</sup> vote, the formal competitive bidding requirement, finding such waiver to be in the best interest of the City, and authorize the City Manager to negotiate an agreement with Red Bull North America, Inc. (Red Bull), as the exclusive energy drink sponsor, to include pouring rights, municipal marketing, vending and dispensing rights on in certain city-owned properties, based upon the essential terms set forth in the City Commission Memorandum accompanying this Resolution, for a term of five (5) years; and further authorize the City Manager and City Clerk to execute the agreement, subject to form approval by the City Attorney.

**PASSED and ADOPTED** this 8<sup>th</sup> day of December 2021.

**ATTEST:**

  
\_\_\_\_\_  
Rafael E. Granado, City Clerk



  
\_\_\_\_\_  
Dan Gelber, Mayor

DEC 13 2021

APPROVED AS TO  
FORM & LANGUAGE  
& FOR EXECUTION

  
for City Attorney  12/6/21  
Date



# MIAMI BEACH

## COMMISSION MEMORANDUM

TO: Honorable Mayor and Members of the City Commission  
FROM: Alina T. Hudak, City Manager  
DATE: December 8, 2021

SUBJECT: A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, WAIVING, BY 5/7TH VOTE, THE FORMAL COMPETITIVE BIDDING REQUIREMENT, FINDING SUCH WAIVER TO BE IN THE BEST INTEREST OF THE CITY, AND AUTHORIZING THE CITY MANAGER TO NEGOTIATE AN AGREEMENT WITH RED BULL NORTH AMERICA, INC. (RED BULL), AS THE EXCLUSIVE ENERGY DRINK SPONSOR, TO INCLUDE POURING RIGHTS, MUNICIPAL MARKETING, VENDING AND DISPENSING ON CERTAIN CITY-OWNED PROPERTIES, BASED UPON THE ESSENTIAL TERMS SET FORTH IN THE CITY COMMISSION MEMORANDUM ACCOMPANYING THIS RESOLUTION, FOR A TERM OF FIVE (5) YEARS; AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE THE AGREEMENT, SUBJECT TO FORM APPROVAL BY THE CITY ATTORNEY.

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### **RECOMMENDATION**

The administration recommends waiving, by 5/7<sup>th</sup> vote, the formal competitive bidding requirement, as permitted in Section 2-367(e) of the City Code, and authorizing the City Administration to negotiate an agreement with Red Bull for a term of five (5) years, based upon the essential terms set forth in the City Commission Memorandum accompanying this Resolution.

### **BACKGROUND/HISTORY**

The City has an agreement for pouring rights with Coke Florida as the non-alcoholic beverage partner. Pouring rights refers to dispensed non-alcohol beverages or beverages sold via concession, as compared to those being sold through a vending machine. This agreement was approved by the Commission on March 14, 2012 and is set to expire on December 31, 2021. The City's municipal sponsorship consultant, Spectra Partnerships, initiated a selection process for new non-alcoholic beverage partnership opportunities for the City. Spectra Partnerships has developed and cultivated successful non-alcoholic beverage partnerships for 150+ clients across North America and has identified multiple opportunities to grow the financial, brand, product, and sustainability contributions for both the City and its residents and visitors.

### ***Current Opportunities:***

Comparable to the previous partnership, the selected entity would have exclusive category



vending and pouring rights at all pre-determined City owned facilities, including those currently managed by third parties, including, but not limited to the Miami Beach Convention Center, the North Beach Bandshell and Flamingo Park Tennis Center as examples.

The management or contracted companies for these respective City facilities will be required to comply with any of the City's selected category sponsors, with all revenues relating to sponsorship and commissions, as well as marketing support, to benefit the City directly.

***Process:***

Spectra Partnerships managed the process relating to the exclusive beverage partner program on behalf of the City, beginning with initial identification of potential respondents; an invitation for those companies to submit proposals; the selection of the best potential partnership offers for the submission of a "best and final" offer; and the recommendation of a final offer for the City to consider.

Spectra Partnerships' involvement has included being the day to day contact for proposers as well as facilitating all administrative functions, analysis of comparable partnerships, negotiation on sponsorship deal points, and providing these potential partners with information relating to the City and opportunities. Spectra Partnerships also gathered information on current venues, volumes, and deal structures.

***Proposal Components:***

Spectra Partnerships advised prospective proposers of the City's interest in an energy drink partner and the availability of opportunities from this partnership. Spectra Partnerships also advised the prospective proposers of the City's interest in securing a partner that provided an annual sponsorship fee, a comprehensive marketing plan, and a sustainability and recycling strategy to enhance the presence of both the partner brand and the Miami Beach brand to ensure the executed agreement was a 360 degree integrated plan, and not simply an exchange of money. Red Bull North America, Inc. (Red Bull) submitted a five-year proposal.

**ANALYSIS**

***Best and Final Offers:***

Based on Spectra Partnerships review, Red Bull presented a proposal that provided a combination of an annual "sponsorship" fee, commissions on sales, and a rebate program. Red Bull also provided preferred product pricing, as it was essential that proposed pricing be competitive with current pricing in the overall market and at City of Miami Beach venues. The proposal also delineated potential marketing opportunities from the partnership.

Below are the major components of the proposal:

Term:

- 5 years

Sponsorship fee:

- \$75,000 per month paid within 30 days of contract execution.

Commissions / Pricing / Rebates:

- Rebate Bonus: \$5 per case purchased, paid quarterly.
- Volume Bonus: \$25,000 paid at 10,000 cases, additional \$25,000 for each additional 5,000 cases.
- Pricing - \$36/case for 24 x 8.4 oz cans
- Sample Product – 15,000 cans at \$3/can for CMB employees, and 30,000 cans at \$3/can at mutually agreed upon occasions.



**Sustainability:**

- 80% renewable energy in the manufacturing process.
- Red Bull cans are made of up to 100% recycled aluminum.
- Red Bull cans are 100% recyclable.
- Secondary packaging (carton and foil) is made up of up to 100% recycled material and is 100% recyclable.

**Marketing:**

- Red Bull offers some of the world's most recognizable branded events and marketing efforts and will look to partner with the City across multiple activations which could include F1, athlete collaborations, and the Red Bull Air Force. Red Bull is committed to exploring all activations with the City as they are currently building out their 2022 and beyond activation strategy.

**PROPOSAL:**

**Exhibit A** outlines the sponsorship proposal submitted by Red Bull. The proposal delineates the general responsibilities of each party during the term of the Agreement. As noted, several points remained under discussion at the time this agenda item went to print, pending further clarification and agreement by Red Bull's and the City's legal teams on proposed language submitted by all parties and to be confirmed in the verbiage included in the final contract. The final contract will also include all confirmed locations of potential vending equipment.

***Estimated Total Value:***

Red Bull was founded in 1984 and controls the largest share of the energy drink category in the global beverage industry with over 7.9 billion cans sold in 2020. As reflected in the attached proposal, the estimated total value of the proposed energy drink sponsorship partnership with Red Bull over the term of the agreement is approximately \$1,275,000, inclusive of the annual sponsorship fees (\$375,000); can rebate (\$100,000), volume bonus (\$125,000) and sample product value (\$675,000).

The following charts provide a breakdown of the value of the proposed partnership between the City of Miami Beach and Red Bull (cash and non-cash):

RED BULL					
YEAR	Sponsorship	Rebates	Volume Bonus	Product Commitment	TOTAL
2022	\$75,000	\$20,000	\$25,000	\$135,000	\$255,000
2023	\$75,000	\$20,000	\$25,000	\$135,000	\$255,000
2024	\$75,000	\$20,000	\$25,000	\$135,000	\$255,000
2025	\$75,000	\$20,000	\$25,000	\$135,000	\$255,000
2026	\$75,000	\$20,000	\$25,000	\$135,000	\$255,000
	<b>\$375,000</b>	<b>\$100,000</b>	<b>\$125,000</b>	<b>\$675,000</b>	<b>\$1,275,000</b>

***Requirements of City:***

As is common in these types of partnerships, there are certain expectations with regards to the non-alcoholic beverage partner's role. In addition to supporting the efforts of expanding the sales of the products through city-owned vending locations and venues, support will include: recognition of the partnership as the official energy drink of Miami Beach; exclusive sampling rights on public rights of way, with a waiver of certain permit and application fees for a limited number of sampling events on public property (mutually agreed upon and to be determined in the final contract); recognition of the integrated logo, with a right to use the logo; City use of only Red Bull energy drink products at City events (the agreement negotiated will be subject to any existing contractual rights that the city has with other parties, and will allow the City a certain number of waivers per year.

Spectra Partnerships, in conjunction with the administration, recommends that the City enter negotiations with Red Bull as the City's official energy drink partner, pursuant to the proposal in Exhibit A.

**SUPPORTING SURVEY DATA**

N/A

**Applicable Area**

Citywide

**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

**Strategic Connection**

Non-Applicable

**Legislative Tracking**

Marketing and Communications

**ATTACHMENTS:**

**Description**

- ▢ Exhibit A - Red Bull Proposal
- ▢ Resolution