

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING RESOLUTION NO 2021-31965, AND APPROVING THE NEGOTIATED TERMS OF THE CITY'S AGREEMENT WITH RED BULL NORTH AMERICA, INC FOR THE EXCLUSIVE ENERGY DRINK POURING RIGHTS CATEGORY, AND FURTHER AUTHORIZING THE CITY MANAGER AND CITY CLERK TO EXECUTE THE FINAL AGREEMENT WITH RED BULL NORTH AMERICA, CONSISTENT WITH THE TERMS SET FORTH HEREIN.

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, as the 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, on January 13, 2021, the Mayor and City Commission adopted Resolution No. 2021-31541, approving an amendment to the Agreement ("Amendment No. 1"); said Amendment removing the City's requirement to purchase a minimum of 22,500 cases of Coca-Cola product per Agreement Year for the 2020 and 2021 Agreement Years; guaranteeing that the City would receive the full Sponsorship Fee for the 2020 Agreement Year, in the amount of \$325,000.00; and reducing the Sponsorship Fee that Coca-Cola would have to pay the City for the 2021 Agreement Year from \$325,000.00 to \$195,433.33; and

WHEREAS, the Agreement expired on December 31, 2021; and

WHEREAS, in order to explore all opportunities for a non-alcoholic pouring rights partnership, while ensuring continuity of services and maintenance of existing equipment, the City and Coca-Cola agreed to extend the Agreement, on a month to month basis, commencing on January 1, 2022, for a period not to exceed six (6) months (June 30, 2022), and to remove the energy beverage category from the scope of the Agreement; 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, while removing all plastics included in the proposals for the soda and water categories, 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; and invited entities in the nonalcoholic beverage category to submit "best and final" offers; and

WHEREAS, subsequent to their submission and presentation, Spectra Partnerships recommended to the City the selection of Red Bull North America as the City's exclusive Energy Drink beverage sponsor; and advised City staff that an agreement with Red Bull North America would provide a financial, marketing and in-kind benefit of an approximate amount of \$1,275,000.00 to the City over the proposed five-year term of the partnership (cash and non-cash value); and

WHEREAS, on December 8, 2021, the Mayor and City Commission adopted Resolution No. 2021-31965, waiving, by 5/7th vote, the formal competitive bidding requirement, and authorizing the City Manager to negotiate an agreement with Red Bull North America, for an exclusive pouring rights energy drink category municipal marketing agreement, for vending and dispensing on certain City-owned properties, based upon the following essential terms:

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
	\$375,000	\$100,000	\$125,000	\$675,000	\$1,275,000

- (1) Term: 5 years;
- (2) Sponsorship fee*: \$75,000.00 per year, starting in 2022;
- (3) Rebate Bonus-: \$5/case or gallon purchased, paid quarterly;
- (4) Volume Bonus: \$25,000 paid at 10,000 cases purchased, and an additional \$25,000 each additional 5,000 cases
- (5) Full-Service Vending Rebates - \$5 / case for all cases sold through Red Bull's third-party vending supplier;
- (6) Sampling Product – \$135,000 (retail value) in sampling product as mutually agreed to between both parties so as not to affect existing product sales;
- (7) Complimentary Product - up to 625 cases (15,000 x 8.4 oz cans) of free product (not cash convertible);
- (8) Value of sponsorship over term of the Agreement (for cash and non-cash), in the amount of \$1,275,000.00, inclusive of the annual sponsorship fees (\$375,000.00); can rebates (\$100,000.00); volume bonus (\$125,000.00); and sample / complimentary product value (\$675,000.00); and

WHEREAS, following the March 9, 2022 City Commission meeting, the City and Red Bull North America entered into further negotiations, and agreed to additional essential business terms, which include providing Red Bull North America with certain benefits in order to incentivize Red Bull North America to bring large events, meetings and sampling activations to Miami Beach; increase awareness of the partnership; increase brand awareness around both brands; and drive sales, therefore increasing revenues for both the City and Red Bull North America; and

WHEREAS, in addition to the benefits outlined in their Proposal, the City and Red Bull North America have agreed to the following additional essential business terms:

1. Waiver of Special Event Permit and/or Permit Application Fees. Red Bull North America shall have the use for up to two (2) mutually agreed upon event(s) per year, based on availability, for a value of up to a maximum of \$25,000.00 per event, all in accordance with the City Code, and will not include the waiver of any hard costs, all of which shall be the responsibility of Red Bull North America; and
2. Two (2) Product Sampling Permits per Month. Red Bull North America shall have the right to use a maximum of twenty four (24) product sampling permits per year, which will not include all other fees and costs of production, including but not limited to taxes, police, security, sanitation, etc., all of which shall be the responsibility of Red Bull North America; said permit waivers having a value to Red Bull North America, in the amount not to exceed \$60,000.00, based upon 24 waivers per year (maximum two per month), with an approximate value of \$2,500.00 each; and
3. Vending Services and Rebates. Red Bull North America will contract with a third-party vendor to execute city wide vending services. The City will receive a vending rebate of \$5 /per case for each case sold in vending machines placed on City property or within City venues; and
4. Advertising Benefits. Red Bull North America shall have the following advertising benefits, which do not have an actual out-of-pocket expense to the City: (1) one (1) royalty free advertisement in any City-produced event collateral as the "Official Energy Drink of Miami Beach"; (2) one (1) royalty free Red Bull North America PSA or message per year to be aired on MBTV; and (3) one (1) royalty free Red Bull North America PSA or message per year to be aired on the Miami Beach trolley video screens, with above advertising benefits having no additional costs to the City; and

WHEREAS, based upon the foregoing, the City Manager recommends approving the additional essential business terms for the agreement with Red Bull North America.

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 amend Resolution No. 2021-31965, and approve the negotiated terms of the City's Agreement with Red Bull North America for the exclusive energy drink pouring rights category; and further authorize the City Manager and City Clerk to execute the final agreement with Red Bull North America, consistent with the terms set forth herein.

PASSED and **ADOPTED** this _____ day of July 2022.

ATTEST:

Dan Gelber, Mayor

Rafael E. Granado, City Clerk

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney *[Signature]*

7-14-22
Date