

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 5/7th 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 5/7th 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 8th 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.

RECOMMENDATION

The administration recommends waiving, by 5/7th 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
	\$375,000	\$100,000	\$125,000	\$675,000	\$1,275,000

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



PROPOSED INVESTMENTS

CASH



COMPLIANCE PAYMENT → 75K
REVENUE INCREASE → EST. 360K

COST OF GOODS



REBATE → EST. 20K
SAMPLE PRODUCT → 135K

RED BULL
VODKA

VALUE IN KIND



MERCHANDISING POS → N/A
EVENT ENHANCEMENT → 100K

MARKETING SUPPORT



EVENT CAR
ATHLETE ACTIVATIONS
F1 ACTIVATION
EST. 100K

EST. 790K INCREASE FROM ENERGY CATEGORY



CASH & COST OF GOODS





CASH & COST OF GOODS

CASH

EXECUTION BONUS

- \$75K PAID WITHIN 30 DAYS OF CONTRACT EXECUTION

REBATE

- \$5 PER CASE PURCHASED, PAID N30 QUARTLERY

VOLUME BONUS

- \$25,000 PAID AT 10K CASES, ADDITIONAL \$25,000 EACH ADDITIONAL 5K CASES

COST OF GOODS

APPROVED DISTRIBUTORS

- BREAKTHRU BEVERAGE
- RBDC
- SYSCO

PRICING

- \$36/CASE
- 24 8.4 OZ CANS

VENDING

- 3RD PARTY VENDOR SELECTION UP TO SPECTRA

SAMPLE PRODUCT

CITY OF MB EMPLOYEES

- 15K CANS @ \$3 A CAN

CITY OF MB CONSUMERS

- 30K CANS @ \$3 A CAN
- MUTUALLY AGREED UPON OCCASSIONS AS TO NOT CANABALIZE SALES



SALES INCREASE

PROFIT PROJECTION – UPDATED

CURRENT SELLING SITUATION



\$1.43
COST PER CAN



16 OZ MONSTER



\$65K
PROFIT ON 600 CASES
AT \$4.5 PER CAN



CONSIDERATIONS

- ASSUMES AVERAGE SELLING PRICE OF \$4.5 PER 16 OZ MONSTER CAN
- MONSTER NOT AVAILABLE AT ALL OUTLETS OR EXECUTED WELL DURING EVENT LANDSCAPE.

PROPOSED SELLING SITUATION



\$1.30
COST PER CAN



8.4 OZ RED BULL



\$432K
PROFIT ON 4K CASES
SOLD TO CONSUMERS
AT \$4.5 PER CAN

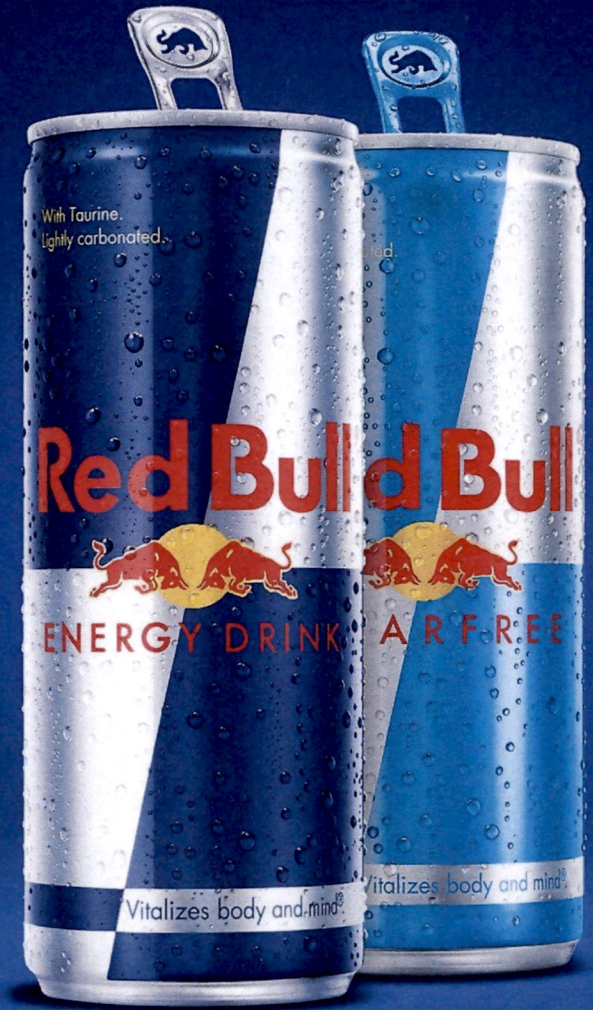


CONSIDERATIONS

- ASSUMES AVERAGE SELLING PRICE OF \$4.5 PER 8.4.
- HISTORICAL DATA FOR LIKE ACCOUNTS USED FOR PROJECTIONS (APPENDIX C)



VALUE IN KIND





MECHANDISING POS

RED BULL TO PROVIDE

- VENDING MACHINES
- COLD EQUIPMENT
- MENU DESIGN & PRINT
- DIGITAL POSTERS
- SOCIAL MEDIA CONTENT CREATION

EVENT ENHANCEMENT POS

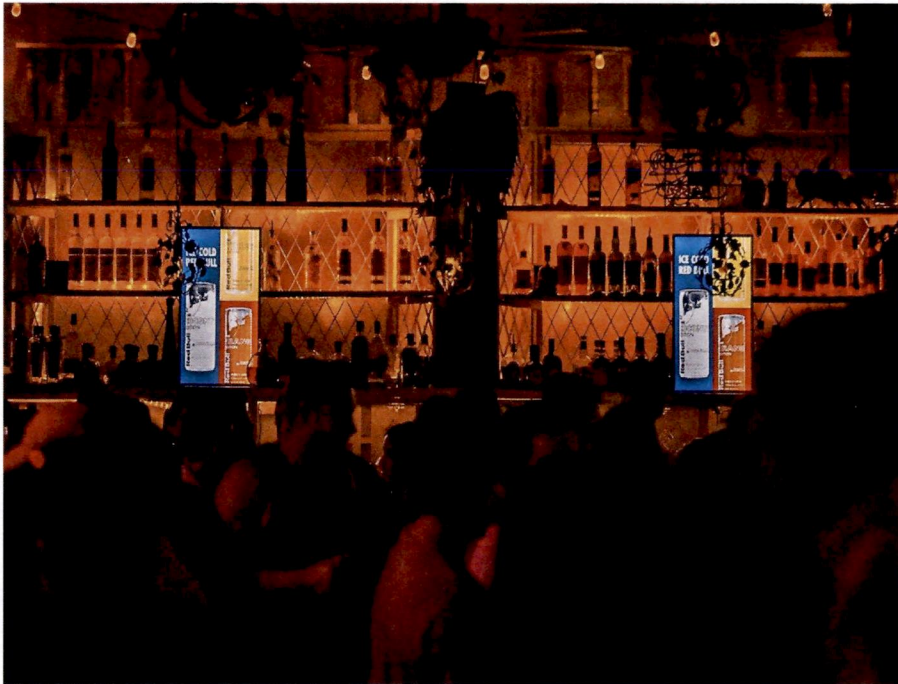
RED BULL TO PROVIDE

- DJ DESKS
- BARS
- WIG-WAMS (LARGE PARASOL)
- EVENT VEHICLE



POS

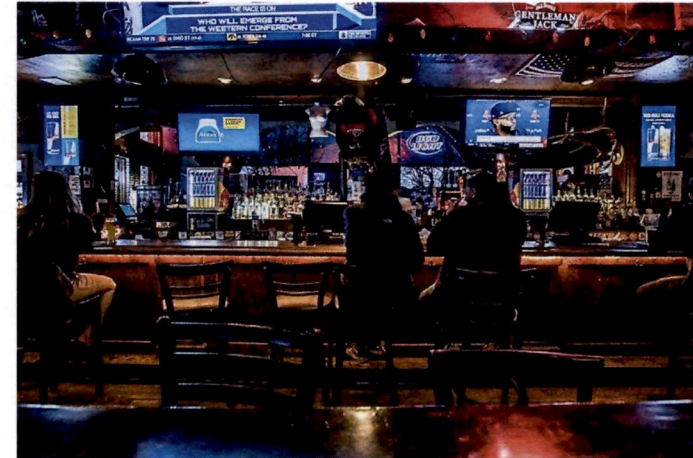
DIGITAL POSTERS- CLICK VIDEO ON THE RIGHT





MERCHANDISING

COLD EQUIPMENT & DIGITAL POSTERS





EVENT ENHANCEMENT EVENT CAR





EVENT ENHANCEMENT BARS



CASH BAR



SMALL FIRE BAR



LIVE MUSIC BAR



OSCAR BAR



LAB BAR



SNOBEA BAR

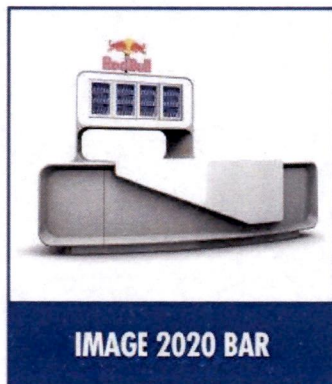


IMAGE 2020 BAR



MODULAR BAR



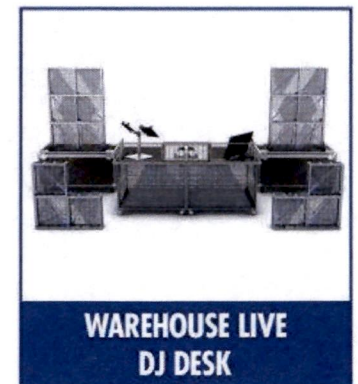
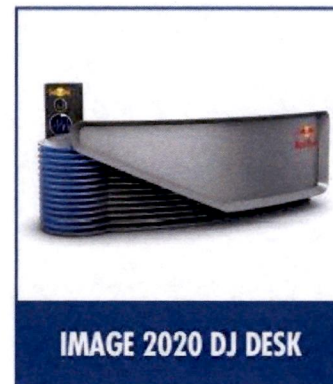
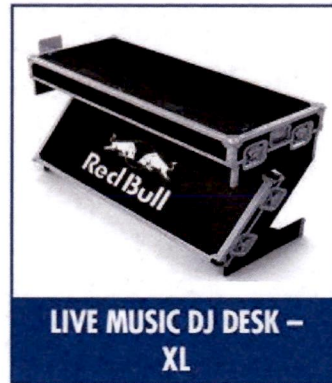
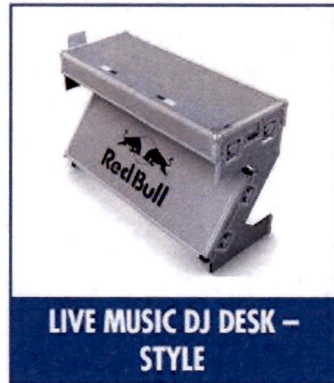
WAVEBREAKER BAR



ELEMENTS BAR



EVENT ENHANCEMENT DJ EQUIPMENT





EVENT ENHANCEMENT OVER HEAD ITEMS



G2 PARASOL



G3.5 PARASOL



G3.5 PARASOL
SILVER



G3.5 PARASOL
PARAGASTRONOMY



WIGWAM I – 13M



WIGWAM II – 16M



ARCH 400



ARCH 500



ARCH 800



ARCH 1000



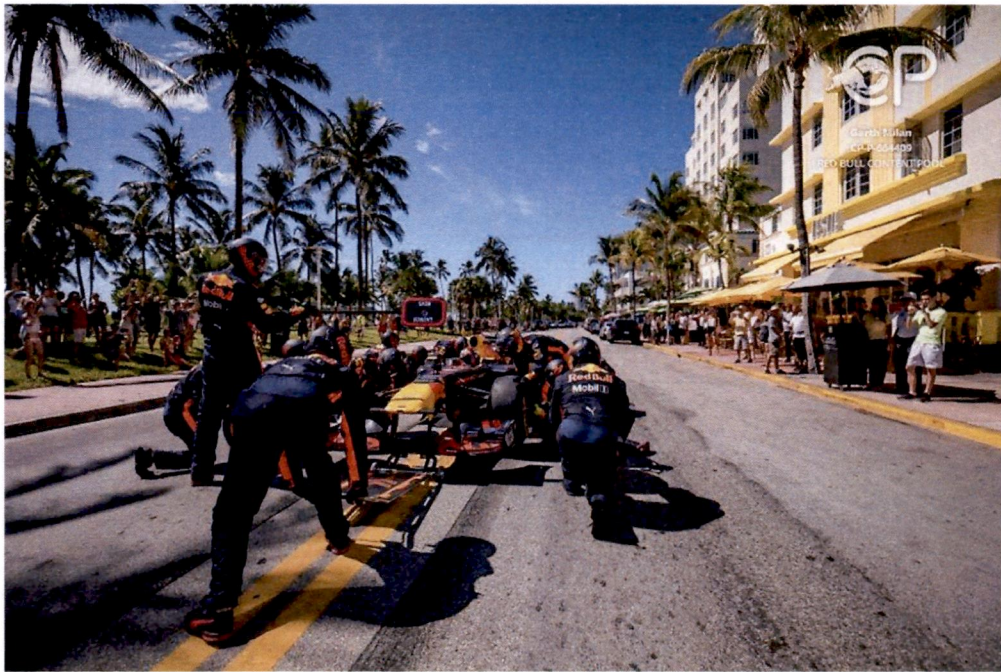
MARKETING SUPPORT





MARKETING SUPPORT

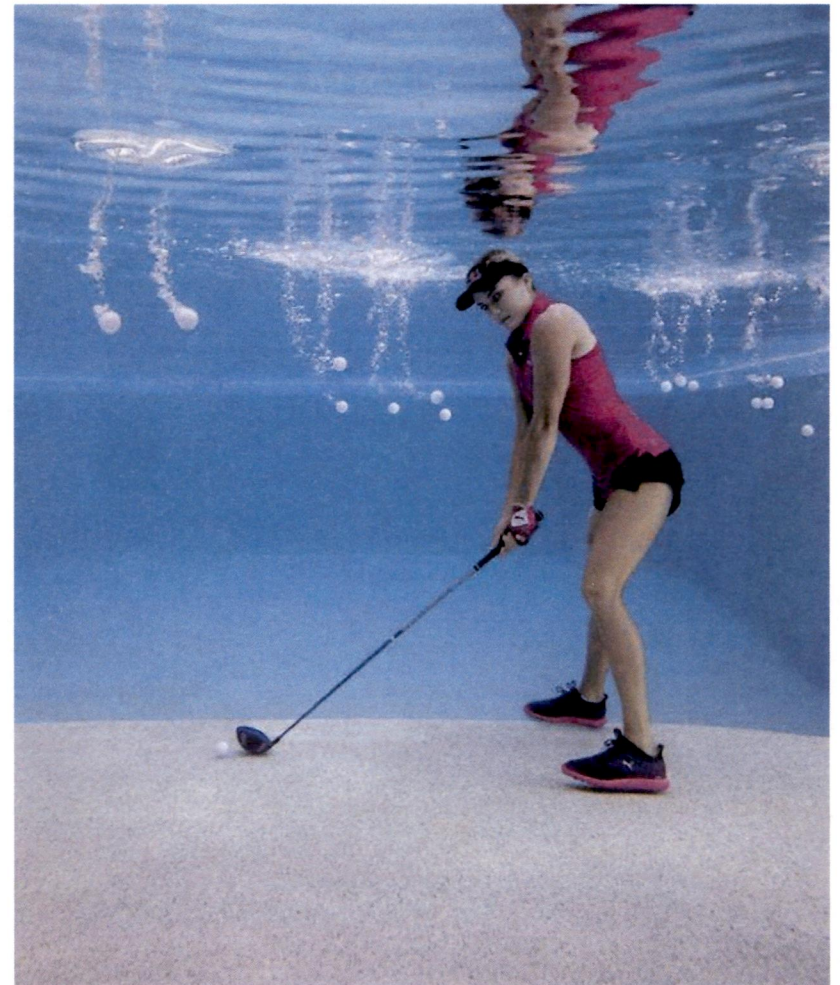
F1 COLLABORATIONS





MARKETING SUPPORT

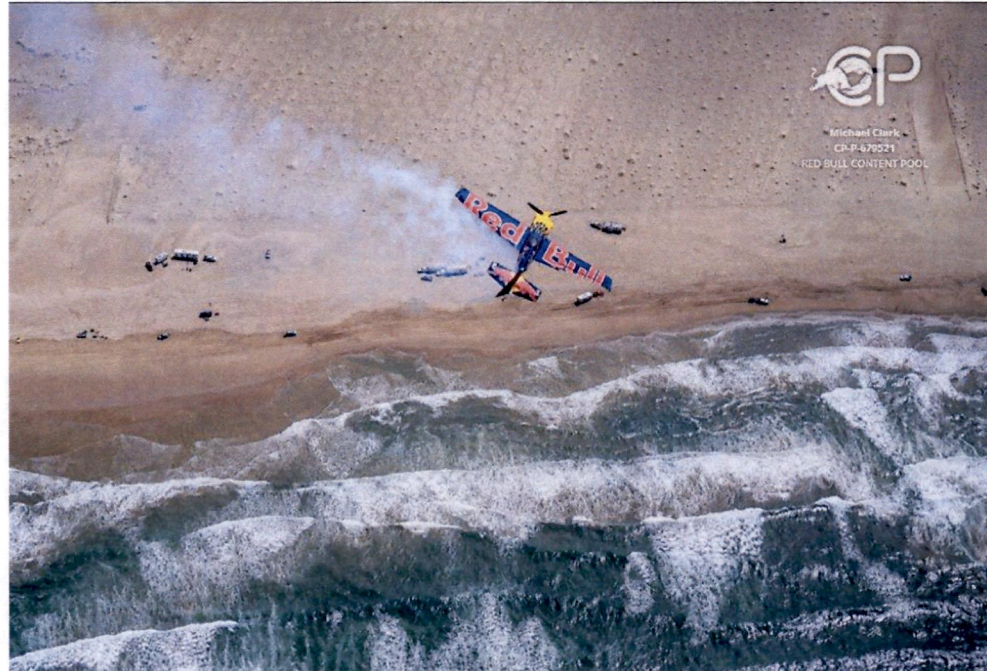
ATHLETE ACTIVATIONS





MARKETING SUPPORT

RED BULL AIR FORCE





SUSTAINABILITY





SUSTAINABILITY AT RED BULL

WE USE MORE THAN 80% RENEWABLE ENERGY AND ARE EXPANDING THE USE CONTINUOUSLY.



OUR CANS ARE MADE OF UP TO 100% RECYCLED ALUMINUM.



RED BULL CANS THEMSELVES ARE 100% RECYCLABLE.



SECONDARY PACKAGING, SUCH AS THE CARTON AND FOIL, IS MADE UP OF UP TO 100% RECYCLED MATERIAL, AND IS 100% RECYCLABLE.

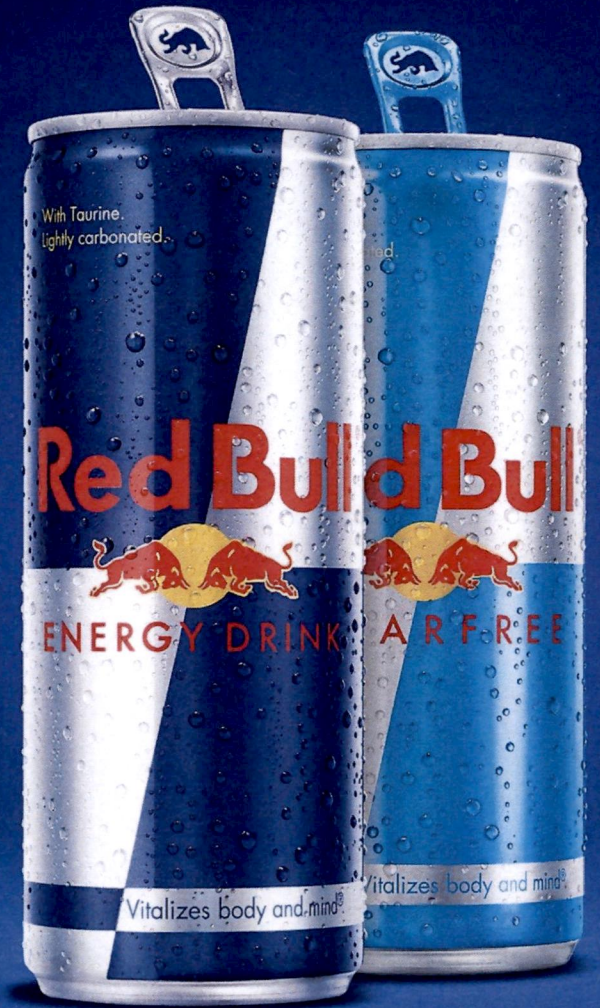


REGARDING ENVIRONMENTAL RESPONSIBILITY...

WE ARE CALCULATING OUR ENVIRONMENTAL FOOTPRINT THROUGHOUT THE SUPPLY CHAIN AND ARE TRYING TO REDUCE IT CONTINUOUSLY.



WHAT IS IN THE CAN?





WHAT'S IN THE CAN?

A

TAURINE

An amino acid found naturally in the human body and involved in a wide range of biological processes.

TAURINE IS PRESENT IN FOOD LIKE SCALLOPS, POULTRY AND EVEN BABY FOOD.

B

B-VITAMINS

B-Vitamins play an important role in energy-yielding metabolism, such as the build up and breakdown of carbohydrates and proteins.

RED BULL CONTAINS WATER-SOLUBLE VITAMINS

C

CAFFEINE

Caffeine's primary site of action in the human body is the central nervous system where it stimulates cognitive functions.

CAFFEINE IS FOUND NATURALLY IN OVER 60 PLANTS WORLDWIDE

S

SUGAR

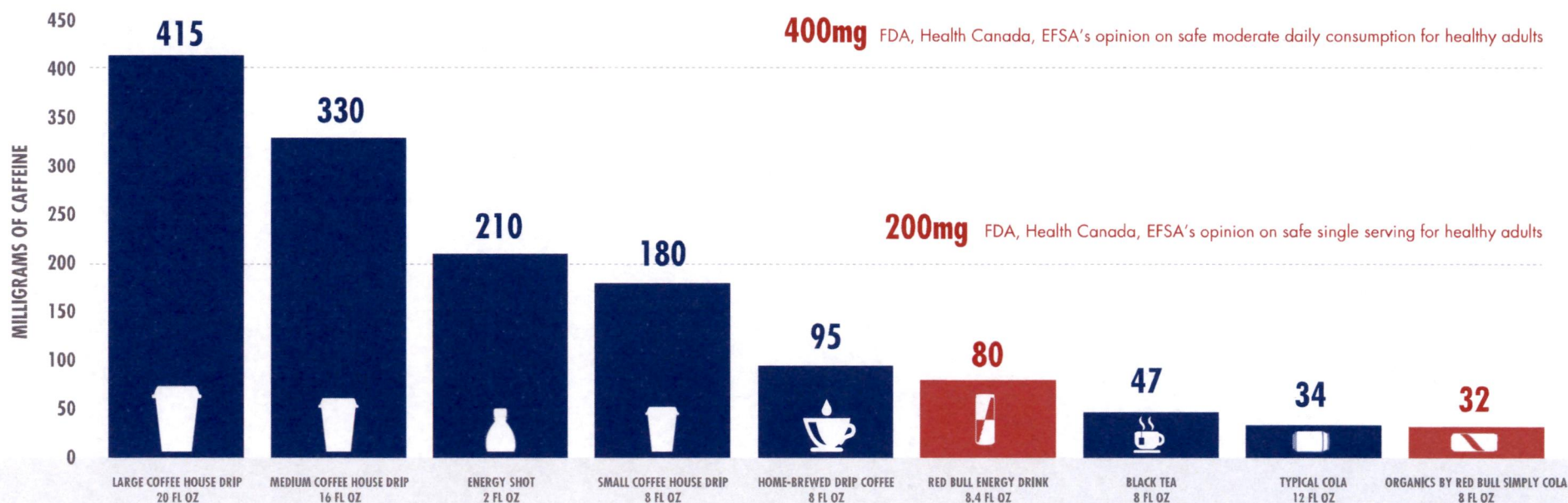
Well known carbohydrates (basic nutrients) that are consumed in the daily diet.

THE SUGARS IN RED BULL ARE REAL SUGARS



CAFFEINE CONTENT OF POPULAR BEVERAGES

THE AMOUNT OF CAFFEINE IN A CAN OF RED BULL IS SIMILAR TO THE AMOUNT IN A HOME BREWED CUP OF COFFEE

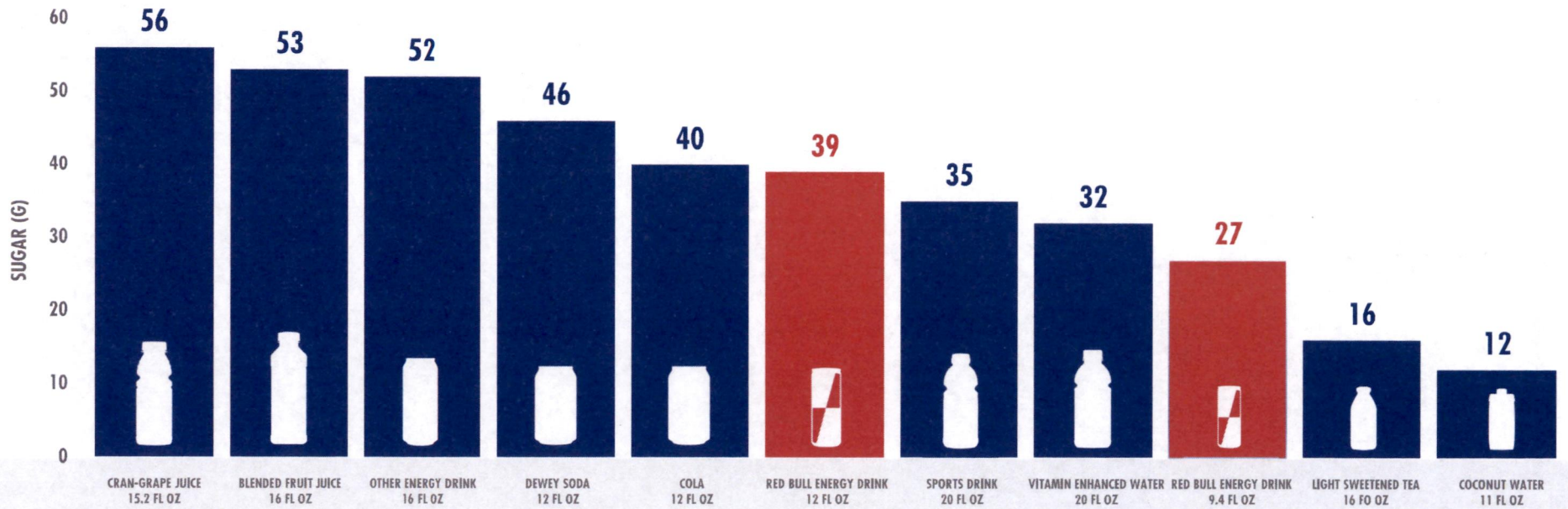


<http://ndb.nal.usda.gov/ndb/search/list?qlookup=19902>



SUGAR CONTENT OF POPULAR BEVERAGES

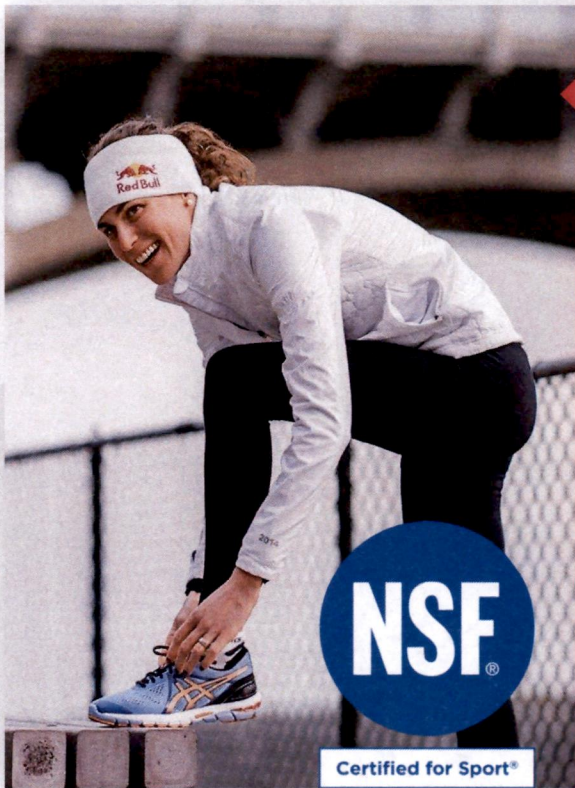
ONE CAN OF RED BULL CONTAINS ABOUT THE SAME AMOUNT OF SUGAR AS A GLASS OF APPLE JUICE



Source: Source: Food Chemistry, H.-D. Belitz, W. Grosch, P. Schieberle, third edition (2004), Springer-Verlag, Stiftung Warentest (7/2012); USDA Nutrient Database



TRUSTED THIRD PARTY CERTIFICATION



**RED BULL
PRODUCTS ARE**

NSF CERTIFIED

FOR SPORT®

**MEANING OUR
PRODUCTS ARE TESTED
FOR OVER 270 ATHLETIC
BANNED SUBSTANCES
FROM THE WADA, NFL,
AND MLB PROHIBITED
SUBSTANCES LISTS.**

NSF INTERNATIONAL

...is an independent and accredited non-governmental organization whose mission is "to protect and improve global human health".

**RED BULL HAS BEEN NSF CERTIFIED
FOR SPORT SINCE 2006.**

- Red Bull is the first and only energy drink to have this certification.
- For more information visit: www.nsf sport.com



ENERGY CATEGORY PERFORMANCE





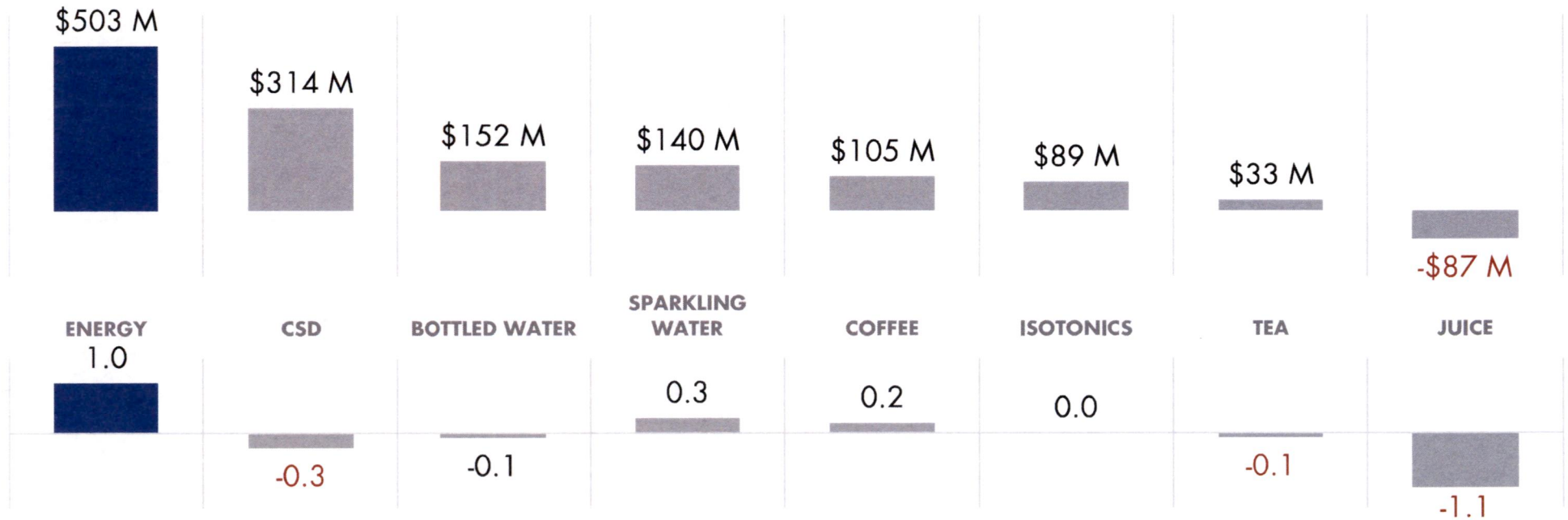
ENERGY LEADS TOTAL BEVERAGE GROWTH YTD

ENERGY UP A FULL \$ SHARE POINT OF TOTAL BEVERAGE



CATEGORY \$ GROWTH – MULO+C

\$ SHR CHANGE VS YA



SOURCE: IRI MULO+C YTD W.E. 5.19.2019



RED BULL HOLDS 6/10 TOP ENERGY SUBBRANDS

ALL SKU AND PACKS SIZES

TOP 10 ENERGY SUBBRANDS YTD



YTD
SALES

\$392 MM \$232 MM \$118 MM \$103 MM \$47 MM \$33 MM \$32 MM \$28 MM \$26 MM \$26 MM

AVG
DISTRIBUTION

99 99 95 97 79 86 86 79 80 75

SOURCE: IRI Total US MULO+C YTD WK DATA ENDING 02-23-20



RED BULL LARGEST SINGLE SERVE BRAND IN US MULO C

RED BULL DRIVING MOST % GROWTH, MONSTER AND MTN DEW DECLINING



TOP FIVE SINGLE SERVE BEVERAGE BRANDS – FY 2019

	<u>#1</u>	<u>#2</u>	<u>#3</u>	<u>#4</u>	<u>#5</u>
SALES	\$4.5 B	\$3.8 B	\$3.1 B	\$2.7 B	\$2.0 B
% CHG	+7.1%	-1.0%	+2.3%	+3.9%	-3.8%
\$ CHG	+\$93 M	-\$38 M	+\$70 M	+\$102 M	-\$80 M