

RESOLUTION NO. _____

A RESOLUTION OF THE MAYOR AND CITY COMMISSION OF THE CITY OF MIAMI BEACH, FLORIDA, AMENDING RESOLUTIONS NO 2021-31965 AND NO. 2022-32221, WHICH AUTHORIZED THE CITY MANAGER TO NEGOTIATE AND EXECUTE AN AGREEMENT WITH RED BULL NORTH AMERICA, INC (RED BULL) FOR THE EXCLUSIVE ENERGY DRINK POURING RIGHTS BASED UPON APPROVED ESSENTIAL BUSINESS TERMS; SAID AMENDMENT AUTHORIZING THE SEGREGATION OF THE SPONSORSHIP, SALE AND DISTRIBUTION OF PRODUCTS, AND VENDING EQUIPMENT AND SERVICES COMPONENTS OF THE AGREEMENT; AND FURTHER APPROVING AND AUTHORIZING THE CITY MANAGER TO EXECUTE: (1) THE SPONSORSHIP AGREEMENT WITH RED BULL; (2) THE RED BULL PRODUCT DISTRIBUTION AGREEMENT WITH RED BULL DISTRIBUTION COMPANY, INC.; AND (3) THE RED BULL VENDING AGREEMENT WITH BETTOLI TRADING CORP. D/B/A BETTOLI VENDING FOR A TERM OF FIVE (5) YEARS, COMMENCING RETROACTIVELY AS OF JULY 1, 2022.

WHEREAS, the City of Miami Beach (the "City") entered into a sponsorship agreement, dated March 14, 2012 (the "Coca-Cola 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, due to the impacts of the COVID-19 pandemic, on January 13, 2021, the Mayor and City Commission adopted Resolution No. 2021-31541, approving an amendment to the Coca-Cola 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, in order to explore all opportunities for a non-alcoholic pouring rights partnership, while ensuring continuity of services and maintenance of existing equipment, on December 8, 2021, the Mayor and City Commission adopted Resolution No. 2021-31966, authorizing the City Manager to negotiate and execute Amendment No. 2 to the Coca Cola Agreement, and extending the Coca-Cola Agreement on a month to month basis, commencing on January 1, 2022 and expiring on June 30, 2022 ("Extended Term"), and modifying certain financial terms during the Extended Term, including the removal of the energy beverage category from the scope of the Coca-Cola Agreement; and

WHEREAS, Global Spectrum L.P. ("Spectra Partnerships"), the City's municipal sponsorship agency, initiated a selection process to identify and recommend an exclusive, official non-alcoholic beverage partner for the City; 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. 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 (the "Proposal"); 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, Inc., a California corporation ("Red Bull") 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 December 8, 2021 meeting, the City and Red Bull entered into further negotiations, and agreed to provide Red Bull with additional benefits in order to incentivize Red Bull to bring large events, meetings and sampling activations to Miami Beach; to

increase awareness of the partnership; to increase brand awareness around both brands; and to drive sales, therefore increasing revenues for both the City and Red Bull; and

WHEREAS, on July 20, 2022, the Mayor and City Commission adopted Resolution No. 2022-32221, amending Resolution No. 2021-31965; said amendment approving the foregoing additional essential business terms for the agreement:

- Rebate Opportunity. Red Bull shall pay the City the rebate amount of \$5 per case on product purchased in the vending machines, which rebate is in addition to the rebate offered in the original Proposal for product sales, paid quarterly;

- Waiver of Special Event Permit and/or Permit Application Fees. Red Bull shall have the use for up to two (2) mutually agreed upon events per year, based on availability, for a value of up to a maximum of \$25,000 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;

- Up to two (2) Product Sampling Permits per Month. Red Bull 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; said permit waivers having a value to Red Bull, in the amount not to exceed \$60,000, based upon 24 waivers per year, with an approximate value of \$2,500.00 each; and

- Advertising Benefits. Red Bull 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 PSA or message per year to be aired on MBTV; and (3) one (1) royalty free Red Bull PSA or message per year to be aired on the Miami Beach trolley video screens; and

WHEREAS, during one of the final negotiation meetings with Red Bull, in November 2022, Red Bull advised that they had changed their operating model and that Red Bull could only include the sponsorship component of the transaction in the Red Bull agreement and that purchase of products as well as the vending services would need to be contracted with an authorized distributor of Red Bull products; and

WHEREAS, the City and Red Bull negotiated a Sponsorship Agreement, which removed the sale and distribution of Red Bull Products, as well as the vending machine services, from the original agreement, a copy of which is attached to the City Commission Memorandum accompanying this Resolution, entitled “Red Bull Pouring Rights Sponsorship Agreement”; and

WHEREAS, the City and Red Bull Distribution Company, Inc., a Delaware corporation, an authorized distributor of Red Bull products, have reached an agreement for the purchase and distribution of Red Bull products, a copy of which is attached to the City Commission Memorandum accompanying this Resolution, entitled “Red Bull Pouring Rights Distribution Agreement”; and

WHEREAS, the City and Bettoli Trading Corp. have negotiated a vending service agreement for Red Bull products, a copy of which is attached to the City Commission Memorandum accompanying this Resolution, entitled “Red Bull Pouring Rights Vending Agreement”; and

WHEREAS, based upon the foregoing, the City Manager recommends authorizing the Administration to segregate the purchase and distribution of Red Bull products and the vending services of Red Bull products from the Sponsorship Agreement; and approve and authorize the City Manager to execute the: (1) Red Bull Sponsorship Agreement with Red Bull; (2) Red Bull Product Distribution Agreement with Red Bull Distribution Company, Inc.; and (3) the Red Bull Vending Agreement with Bettoli Trading Corp. d/b/a Bettoli Vending.

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 Resolutions No. 2021-31965 and No. 2022-32221, which authorized the City Manager to negotiate and execute an agreement with Red Bull North America, Inc. (Red Bull) for the exclusive energy drink pouring rights based upon approved essential business terms; said amendment authorizing the segregation of the sponsorship, sale and distribution of products, and vending equipment and services components of the agreement; and further approve and authorize the City Manager to execute the: (1) Red Bull Sponsorship Agreement with Red Bull; (2) Red Bull Product Distribution Agreement with Red Bull Distribution Company, Inc.; and (3) the Red Bull Vending Agreement with Bettoli Trading Corp. d/b/a Bettoli Vending for a term of five (5) years, commencing retroactively as of July 1, 2022.

PASSED and ADOPTED this 27th day of March, 2023.

ATTEST:

Dan Gelber, Mayor

Rafael E. Granado, City Clerk

APPROVED AS TO
FORM & LANGUAGE
& FOR EXECUTION



City Attorney

3-15-23
Date