



# City of San Antonio

## Agenda Memorandum

**File Number:**14-2327

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**Agenda Item Number:** 22.

**Agenda Date:** 10/30/2014

**In Control:** City Council A Session

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**DEPARTMENT HEAD:** Michael J. Sawaya

**COUNCIL DISTRICTS IMPACTED:** Council District 2

### **SUBJECT:**

Extension and Fourth Amendment of Alamodome Advertising License Agreement with Pepsi Beverages Company

### **SUMMARY:**

This ordinance authorizes an Extension and Fourth Amendment of the Alamodome Advertising License Agreement with Bottling Group, LLC d/b/a Pepsi Beverages Company ("Pepsi") to extend the term for 90 days through February 22, 2015, with up to three additional 90-day extensions and estimated revenue to the City for the entire extension period of \$79,968.00.

### **BACKGROUND INFORMATION:**

Ordinance Number 98468, dated November 13, 2003, authorized an Alamodome Advertising License Agreement with Pepsi, including pouring rights, for an initial term of five years, from November 23, 2003, through November 22, 2008, and with a five-year renewal option through November 22, 2013. Pepsi was selected after proposals were solicited from Pepsi and Coca-Cola.

Ordinance Number 2008-11-20-1048, dated November 20, 2008, authorized an Extension Agreement and First Amendment to the Agreement and exercised the five-year renewal option.

Ordinance Number 2011-06-23-0581, dated June 23, 2011, authorized a Second Amendment due to an expiring agreement between the City and Pepsi for the Convention Center and City golf courses.

Ordinance Number 2013-11-21-0813, dated November 21, 2013, authorized a Third Amendment, to ultimately extend the term through November 22, 2014.

Key terms of the agreement include:

- City provides Pepsi the exclusive rights to dispense (i.e. “pouring rights) at the Alamodome and Convention Center, and advertise its products at the Alamodome.
- City provides 10 advertising locations to Pepsi inside and outside the Alamodome, and nine advertising locations inside the Convention Center
- Pepsi pays the City an annual fee of \$40,000 (\$10,000 quarterly) for the Alamodome and provides all beverage dispensing equipment and marketing support in the form of retail promotions, can panel advertisements, and radio advertising and broadcasts. Pepsi pays the City an annual fee of \$30,000 (\$7,500 quarterly) for the Convention Center and rebates of \$2.00/case (estimated at \$6,404.00 annually)

## **ISSUE:**

The current contract, which expires on November 22, 2014, has no additional extensions. With the Convention Center expansion project and the solicitations of the Food and Beverage service contracts at both the Convention Center and the Alamodome, it is important to maintain continuity of service with current vendors and contractors.

This Extension and Fourth Amendment extends the Pepsi agreement for 90 days, with up to three additional 90-day extension options. Furthermore, if a new contract for pouring rights is executed prior to the end of any of the extension options, the agreement automatically terminates.

## **ALTERNATIVES:**

City Council could direct staff to revise the terms and conditions of the extension and amendment.

The proposed Extension and Fourth Amendment continues the current terms and conditions of the agreement, as previously amended, including compensation to the City at the same rates.

## **FISCAL IMPACT:**

If approved, this action is expected to generate approximately \$19,992 in additional City revenue for the initial 90-day extension (Alamodome \$10,000 + \$891 in prorated vending commissions per 90-day extension; Convention Center \$7,500 + \$1,601 in prorated rebates per 90-day extension) with estimated revenue of \$79,968.00 during the full extension period.

In addition, the City receives marketing support from Pepsi for Alamodome events throughout the year.

This revenue is budgeted in the FY 2015 Adopted Budget.

## **RECOMMENDATION:**

Staff recommends authorizing an Extension and Fourth Amendment of the Alamodome Advertising License Agreement with Pepsi Beverages Company to extend the term for an additional 90 days, through February 22, 2015, with up to three additional 90-day extension options.

