



City of San Antonio

Agenda Memorandum

File Number:15-5411

Agenda Item Number: 24.

Agenda Date: 11/12/2015

In Control: City Council A Session

DEPARTMENT HEAD: Michael J. Sawaya

COUNCIL DISTRICTS IMPACTED: Council District 2

SUBJECT:

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

SUMMARY:

This ordinance authorizes an Extension and Fifth 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, 2016, with up to seven additional 90-day extensions and estimated revenue to the City of \$159,936.00.

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, 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 Numbers 2013-11-21-0813 and 2014-10-30-0832, dated November 21, 2013, and October 30, 2014 respectively, authorized Third and Fourth Amendments to extend the term through November 22, 2014, and again through November 22, 2015.

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, 2015, has no additional extensions. With the Convention Center expansion project and Alamodome renovations project, and the recent 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.

In the interim, the intent is to solicit proposals from beverage producers for a new pouring rights and sponsorship agreement.

This Extension and Fifth Amendment extends the Pepsi agreement for 90 days, with up to seven additional 90-day extension options. Furthermore, if a new contract is executed prior to the expiration of the agreement, 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 Fifth 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 vending commissions per 90-day extension; Convention Center \$7,500 + \$1,601 in rebates per 90-day extension) with estimated revenue of \$159,936.00 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 2016 Adopted Budget.

RECOMMENDATION:

Staff recommends authorizing an Extension and Fifth Amendment of the Alamodome Advertising License Agreement with Pepsi Beverages Company to extend the term for an additional 90 days through February 22, 2016, with up to seven additional 90-day extension options.