

**CITY COUNCIL
COMMUNICATION:**

03-160

AGENDA:

APRIL 7, 2003

SUBJECT:

FIRST
AMENDMENT TO
THE SINGLE
BEVERAGE
PROVIDER
AGREEMENT

TYPE:

RESOLUTION
ORDINANCE
RECEIVE/FILE

SUBMITTED BY:

DONALD M. TRIPP
PARK AND
RECREATION
DIRECTOR

ITEM _____

**OFFICE OF THE CITY MANAGER
CITY OF DES MOINES, IOWA**

SYNOPSIS —

Approval of the First Amendment to the Single Beverage Provider Agreement between the City of Des Moines and Pepsi Americas, and authorization of the Mayor to sign said amendment.

FISCAL IMPACT —

This amendment has minimal fiscal impact. In the original agreement, the City was to provide golf season passes valued at \$14,000 to Pepsi Americas. This amendment reduces the number of passes, saving the City \$8,000.

When enacted, the expected revenue from the agreement was bid to be \$998,802 over the five years. This estimate has not changed since the original agreement. All other fiscal portions of the agreement remain the same.

RECOMMENDATION —

Approval of the First Amendment to the Single Beverage Provider Agreement between the City of Des Moines and Pepsi Americas, and authorization of the Mayor to sign said amendment.

BACKGROUND —

On March 18, 2002, the City of Des Moines and Pepsi Americas, pursuant to Roll Call No. 02-709, entered into a Single Beverage Provider Agreement for all events and locations managed by the Des Moines Park and Recreation Department and its concession operations and vending locations.

Park and Recreation Department staff met with Pepsi staff in an annual review of the partnership for 2002 and determined that it was necessary to amend the agreement to provide for more flexibility in determining which events are included in the sponsorship program to clarify when the annual sponsorship amount will be paid, to allow the City flexibility in determining vend prices, and to modify the event tickets provided to Pepsi Americas.

Under the agreement, Pepsi Americas provides \$25,000 in annual sponsorship funding in exchange for recognition as the City of Des Moines "Soft Drink Partner for Parks" for specific events listed in the Agreement. Since Park and Recreation events vary from year to year, the amendment allows those events to be determined annually by mutual agreement. In addition, the amendment

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also clarifies that the \$25,000 annual sponsorship amount will be paid by March 19 of each year. Pepsi Americas supplies up to \$1,000 in free Pepsi products for specific events listed in the agreement. The amendment allows the City to annually determine which events will receive the free product.

The amendment allows 20-ounce vending machine prices to be set by the City, and applies the commission rate of 33 percent per case.

The original agreement gave Pepsi Americas 20 tickets to City-sponsored events and four golf season passes annually. The amendment changes the City's obligation to 20 tickets to events for which Pepsi is an affiliate sponsor and an 18-hole round with ½ cart on weekdays or weekends equal in value to the local radio promotion provided to the City by Pepsi, up to an annual maximum of \$6,000.

