



WESTMINSTER
C O L O R A D O

AGENDA

SPECIAL WESTMINSTER CITY COUNCIL MEETING

FRIDAY, FEBRUARY 19, 1999

AT 5:00 PM

1. Pledge of Allegiance
2. Roll Call
3. Purpose of Special Meeting:
 - A. Joint Sponsorship Agreement with Pepsi Cola
4. Adjournment

February 18, 1999

To All Members of City Council:

A special meeting of the City Council has been set for Friday, February 19, 1999 at 5:00 P.M. at City Hall for the following purpose:

Joint Sponsorship Agreement with Pepsi Cola

Sincerely,

Michele Kelley, CMC
City Clerk

February 18, 1999

Michele Kelley, City Clerk
City of Westminster
4800 West 92nd Avenue
Westminster, CO 80030

Dear Michele:

Please call a special meeting of the City Council for Friday, February 19, 1998 at 5:00 P.M. to be held at City Hall for the following purpose:

Exclusive Beverage Contract with Pepsi Cola

Sincerely,

Nancy M. Heil, Mayor

February 18, 1999

TO ALL CITY COUNCILLORS

The Agenda for the Special City Council meeting (February 19, 1999) is being delivered with your Council Agenda for Monday, February 22nd, 1999.

Please sign this page and return to the City Clerk's office.

This form is authorizing the Special City Council meeting for Friday, February 19th at 5:00 P.M. to take place with less than 24 hours notice of the agenda information.

Fred Allen, Councillor

Herb Atchison, Councillor

Sam Dixon, Councillor

Nancy M. Heil, Mayor

Ann Merkel, Mayor Pro Tem

Glenn Scott, Councillor

Suzanne Smith, Councillor

CITY OF WESTMINSTER, COLORADO
MINUTES OF THE SPECIAL CITY COUNCIL MEETING
HELD ON FRIDAY, FEBRUARY 19, 1999 AT 5:00 P.M.

PLEDGE OF ALLEGIANCE:

Mayor Heil led Council, Staff and the audience in the Pledge of Allegiance.

ROLL CALL:

Present at roll call were Mayor Heil, Mayor Pro Tem Merkel and Councillors Allen, Atchison, Dixon, and Scott. Also present were William Christopher, City Manager; Martin McCullough, City Attorney; and Michele Kelley, City Clerk. Absent was Councillor Smith.

PURPOSE OF SPECIAL MEETING:

Mayor Heil stated the purpose of the Special Meeting was to consider an Exclusive Beverage Contract with Pepsi Cola for the sale of beverage products at City facilities.

JOINT SPONSORSHIP AGREEMENT WITH PEPSI COLA:

A motion was made by Merkel and seconded Allen to approve the Sponsorship agreement with Pepsi-Cola Metropolitan Bottling Company, Inc. which provides exclusive distribution and sale of Pepsi-Cola products at various City of Westminster facilities including the new Promenade Ice Centre, and authorize appropriate City Officials to execute the Agreement with Hyland Hills Park and Recreation District, School District 50 and Pepsi Cola. The motion carried unanimously.

ADJOURNMENT:

The meeting was adjourned at 5:15 P.M.

ATTEST:

Mayor

City Clerk



WESTMINSTER
COLORADO

Agenda Memorandum

Date: February 19, 1999
Subject: Joint Sponsorship Agreement with Pepsi-Cola
Prepared by: Bill Christopher, City Manager

Introduction

City Council is requested to approve an exclusive Sponsorship Agreement with Pepsi-Cola pertaining to the sale of beverage products at City facilities including the new Promenade Ice Centre. The agreement is a joint agreement which involves Hyland Hills Park and Recreation District and School District 50 facilities.

Summary

Representatives from the City of Westminster, School District 50 and Hyland Hills Park and Recreation District have been negotiating a joint Sponsorship Agreement with Pepsi-Cola. The Agreement calls for the exclusive sale of Pepsi-Cola products at the various entities' facilities where beverage vending machines or fountain service is available. The Agreement calls for sponsorship fees and commission payments to be made by Pepsi-Cola to each of the three entities which, in turn, reflect volume of historic sales or, in the case of the Ice Centre, on projected sales.

Hyland Hills Board of Directors and School District 50 Board of Education have recently approved the Agreement and a signing ceremony is scheduled for Monday, February 22 at 3:00 P.M. at the School District 50 Administration Building.

Staff Recommendation

Approve the Sponsorship Agreement with Pepsi-Cola Metropolitan Bottling Company, Inc., which provides exclusive distribution and sale of Pepsi-Cola products at various City of Westminster facilities including the new Promenade Ice Centre, and authorize appropriate City Officials to execute the Agreement with Hyland Hills Park and Recreation District, School District 50 and Pepsi Cola.

Background

There is a growing trend of private sector companies being desirous of entering into exclusive Sponsorship Agreements with local governmental entities such as school districts, park and recreation districts and municipalities. Staff from the City and Hyland Hills initiated an effort to obtain proposals from beverage companies for sponsorship rights at the new Promenade Ice Centre. This process was subsequently expanded to include all City facilities, Hyland Hills facilities and School District 50 facilities. Pepsi-Cola provided the best proposal to the three entities, and negotiations have been underway for the past months to solidify a Sponsorship Agreement.

The key provisions of the recommended Agreement are as follows:

- The term of the Agreement with Pepsi-Cola would be for 15 years, although there are provisions in the Agreement for termination.

Joint Sponsorship Agreement with Pepsi Cola
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- The Agreement covers all facilities that have vending machines or fountain service at City of Westminster, Hyland Hills Park and Recreation District and School District 50 facilities. The new Promenade Ice Centre is included in the Agreement and is a “centerpiece” of the Agreement.
- The Agreement calls for an exclusive relationship with Pepsi-Cola in beverage products sold or dispensed at the stated facilities. It includes carbonated soft drinks, juice and juice-base products, isotonics, ready-to-drink tea, ready-to-drink coffee, bottled water and other non-alcoholic beverage products distributed by Pepsi.
- Pepsi-Cola will pay sponsorship fees on an annual basis to each of the three entities based on the terms spelled out in the Agreement. In the case of the City of Westminster, a sponsorship of \$20,000 per year will be paid for various City facilities and a \$100,000 fee will be paid to the Promenade Ice Centre. (The sponsorship fees do not involve any naming rights).
- Pepsi-Cola will be designated as an “official sponsor” of Hyland Hills, the School District and the City of Westminster, and Pepsi may use this designation in its advertising, promotional and packaging materials subject to the approval of each of the respective entities.
- Pepsi shall have signage on 11 dashboards, five of which will be located in the main ice rink and three each in the other two ice rinks.
- Pepsi shall work with Hyland Hills and the City to develop a first-class concession area at the Ice Centre. Pepsi-Cola is responsible for providing the necessary vending and fountain dispensing equipment for facilities at each of the three entities.
- Pepsi-Cola will pay commissions to each of the three entities based on the volume of product sold. Prices of the various products are detailed in the Agreement with each of the three entities having the option of setting the vend price on facilities where there is employee access. The commission rate for the Ice Centre shall be 30% and 20% for City facilities with commissions calculated based on gross receipts collected from full-service vending machines installed at facility premises.
- Each entity shall be entitled to inspect the accounting records of Pepsi regarding transactions at subject facilities. Upon request, Pepsi’s records shall be available for review on an annual basis for the prior year’s transactions by February 1 of the ensuing year.
- Pricing of soft drinks sold to each of the three entities is spelled out with the current pricing being \$12.00 per case for 20 ounce bottles, and \$10.65 per case for one liter bottles.
- Either Party may terminate the Sponsorship Agreement for cause.

This Agreement will provide the City of Westminster a projected \$43,000 per year, which does not include the Ice Centre facility. As additional City facilities are added to the contract, commission sales will be afforded the City by Pepsi-Cola. This will include the City Park Fitness Center, Heritage Golf Course facilities and the planned Northwest Recreation Center.

Respectfully submitted,
William M. Christopher, City Manager
Attachment

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Subject: Sponsorship Agreement with Pepsi-Cola
Prepared by: Bill Christopher, City Manager

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Respectfully submitted,

William M. Christopher
City Manager

Attachment

Summary of Proceedings

Summary of Proceedings of the Special City Council meeting held Friday, February 19, 1999.

Present at roll call were Mayor Heil, Mayor Pro Tem Merkel and Councillors Allen, Atchison, Dixon, and Scott. Absent was Councillor Smith.

Council approved the Joint Sponsorship Agreement with Hyland Hills Park and Recreation District, School District 50 and Pepsi Cola for the sale of Pepsi Cola products at City facilities.

At 5:15 P.M. the meeting was adjourned.

By order of the Westminster City Council
Michele Kelley, CMC, City Clerk
Published in the Westminster Window March 4, 1999.