



## Legislation Text

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**File #:** K-1819-105, **Version:** 1

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**CONTRACT K-1819-105:** A CONTRACT BY AND BETWEEN THE NORMAN MUNICIPAL AUTHORITY, THE CITY OF NORMAN, OKLAHOMA, AND PEPSI BEVERAGES COMPANY FOR THE EXCLUSIVE SALE OF PEPSI PRODUCTS AT VARIOUS CONCESSION OPERATIONS THROUGHOUT THE PARKS AND RECREATION DEPARTMENT AND ACCEPTANCE OF ONE-TIME CONTRACTUAL INCENTIVE IN THE AMOUNT OF \$10,000 FROM PEPSI BEVERAGES COMPANY AND BUDGET APPROPRIATION.

**BACKGROUND:** In recent years prior to this agreement the Parks and Recreation Department had a long time verbal agreement with Coca-Cola. Due to the success at the Westwood Family Aquatic Center, Pepsi Co. contacted the Parks and Recreation department seeking an agreement to sell Pepsi products at the concession areas at Westwood Family Aquatics Center, Westwood Golf Grill and Recreation Centers. Parks and Recreation asked for bids from both Pepsi Co. and Coca-Cola with Pepsi Co. offering the best incentive package, including a \$10,000 one-time signing bonus incentive under the Agreement.

**DISCUSSION:** As of October 1, 2018 Parks and Recreation staff had negotiated an agreement including the \$10,000 one-time incentive, a total of \$28,000 in potential future development funds, and marketing funds for future years, subject to future appropriation and renewal by the City. Subject to appropriation, including as set forth in the Amending Addendum, the contract may be renewed annually for as many as five total years or potentially longer, depending upon the quantity of products supplied over the life of the collective renewals. Additional incentives addressed in the Agreement include 200 cases of free water, rebates of \$1.00 per gallon of fountain syrup purchased, and \$2.00 per case of 20 oz. bottles purchased. The total incentive package from Pepsi Co. is in excess of \$38,000 spread over five years. Where renewal or appropriation does not occur, the Agreement provides for the return of any unearned incentives or products not yet paid for. The first year's one-time incentive will fund repairs and upgrades to the various concession areas including items such as new paint, new televisions, new furniture and other cosmetic upgrades.

**RECOMMENDATION:** Based upon negotiations with Pepsi resulting in the described terms, staff recommends that Contract K 1819-105, including those terms included in its Amending Addendum, be approved effective October 1, 2018, in order that the NMA and City accept the negotiated incentives, including the \$10,000 one-time incentive from Pepsi Beverage Company, to be deposited into the Westwood Fund, Concession-Restaurant (revenue account 029-0000-347.16-11). City staff further recommends appropriation of those funds to Other Capital Equipment (account 029-7035-451.51-99) for various concession area improvements.