THE CITY OF ASHEVILLE

STAFF REPORT

Council Meeting Date: May 24, 2022

Subject: Harrah's Cherokee Center - Asheville (HCCA) Pepsi Bottle Company Contract Extension

Staff Resource(s): Chris Corl, HCCA General Manager

Action Requested: Approval of a resolution authorizing the City Manager execute a contract with Pepsi Cola Bottling Company of Hickory NC with an amount not to exceed $480,000 over 6 years.

Background:

- After a competitive bid process, in December 2020 staff executed a six year sponsorship agreement with Pepsi Bottling Company of Hickory, NC.
- Pepsi provides equipment for the HCCA at an in kind value of $119,500, in kind marketing & product support and up to $10,000 in cash annually.
- Pepsi provides fair product purchase rates, with locked in maximum increases for the duration of the contract.
- In exchange the HCCA exclusively sells Pepsi products at concession stands within the facility.
- This includes carbonated beverages, water and sports drinks.
- Annual product purchase for resale budget is $75,000
- Average profit margin on Pepsi products sold at the HCCA is 85%.

Council Goal(s):

- A Financially Resilient City

Committee(s):

- None

Pro(s):

- Guaranteed purchase rates for the HCCA Food & Beverage department
- Pepsi is a North Carolina based company

Con(s):

- None.

Fiscal Impact:

- Annual expense not to exceed $80,000 from the HCCA enterprise budget. No impact to the HCCA General Fund Subsidy as purchases are offset by product sale revenues.

Suggested Motion:

- Motion to adopt a resolution authorizing the City Manager to enter into a $480,000 contract with Pepsi-Cola Bottling Company of Hickory, NC to purchase non-alcoholic beverages in alignment with the sponsorship agreement executed December, 2020.

Attachment(s)

- Resolution

RESOLUTION NO. 22-_____

RESOLUTION AUTHORIZING THE CITY MANAGER TO ENTER INTO A POURING RIGHTS CONTRACT WITH PEPSI BOTTLING COMPANY OF HICKORY, NC TO PROVIDE NON-ALCOHOLIC BEVERAGES AND RELATED EQUIPMENT AT THE HARRAH'S CHEROKEE CENTER - ASHEVILLE

WHEREAS, the City of Asheville has authority pursuant to Article 3 of Chapter 160A of the North Carolina General Statutes to enter into contracts for services with other entities; and

WHEREAS, the Harrah's Cherokee Center utilizes sales of beverage products as a significant revenue source for operations; and

WHEREAS, the Harrah's Cherokee Center issued a request for proposals for non-alcoholic beverage pouring rights and sponsorship to include competitive product pricing rates and the provision and maintenance of all necessary equipment; and

WHEREAS, the Pepsi Cola Bottling Company of Hickory, NC Inc. was selected as the winning bidder since their proposal contained the most favorable terms for the Harrah's Cherokee Center, including product pricing rates that were lower than current rates, and the payment of an annual sponsorship fee of up to $10,000 ; and

WHEREAS, the contract with the Pepsi Cola Bottling of Hickory, NC Inc. will have a term of four (4) years with two (2) one (1) year options to renew, if mutually agreeable, at a cost not to exceed $80,000 annually for product, as well as additional terms outlined in the above paragraph, and the monies have been budgeted in the Civic Center's Fiscal Year Budget;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ASHEVILLE THAT:

The City Manager is hereby authorized to enter into a contract and sponsorship agreement on behalf of the City of Asheville with Pepsi-Cola Bottling Company of Hickory, NC, for non-alcoholic beverage product purchase in a total amount over 6 years not to exceed $480,000. City Manager is further authorized to execute any change orders or extensions to said contract up to the budgeted amount as well as any amendments to the sponsorship agreement.

Read, approved and adopted this the 24th day of May, 2022.

_____ _____

City Clerk Mayor

Approved as to form:

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City Attorney