



*City of Arts & Innovation*

# Economic Development Committee Memorandum

TO: HONORABLE CHAIR AND MEMBERS OF THE COMMITTEE DATE: FEBRUARY 20, 2025

FROM: OFFICE OF THE CITY MANAGER WARDS: ALL

SUBJECT: CONSIDERATION OF A POURING AND VENDING RIGHTS PROPOSAL FOR CITY OF RIVERSIDE PREPARED BY THE SUPERLATIVE GROUP, INC., AS PART OF A LARGER NAMING RIGHTS INITIATIVE FOR THE CITY

## **ISSUE:**

Consideration and staff direction for a “pouring and vending rights” proposal prepared by the Superlative Group, Inc., as part of a larger naming rights marketing initiative for the City.

## **RECOMMENDATION:**

That the Economic Development Committee consider a proposal and offer staff direction for a “pouring and vending rights” proposal (Exhibit A) prepared by the Superlative Group, Inc., as part of a larger naming rights marketing initiative for the City.

## **BACKGROUND:**

On May 5, 2020, the City Council approval a Citywide Partnership (Naming Rights) Policy that set parameters for consideration of corporate sales of naming rights for various municipal assets (Exhibit B). City Council also directed staff to release a Request for Proposals (RFP) for consultant services to assist the City in development and implementation of the Corporate Partnership Program. On March 23, 2023, the City Council authorized the award of RFP 2203 for a naming rights consultant to the Superlative Group, one of the largest U.S. firms with expertise in the valuation and sale of Naming Rights and corporate sponsorships for public and private sector clients. Superlative Group who was chosen because of its broad-based experience in clients, large and small project execution, well-developed staff expertise (e.g., internal attorneys and finance analysts who specialize in naming rights), and substantial California naming rights market experience.

## **DISCUSSION:**

With the hiring Superlative Group in 2023, the City Manager directed that the City’s Corporate Partnership Policy be revisited in terms of implementation pursuant to City Council direction. To date the City and Superlative Group have completed a market analysis for potential Riverside naming rights and have actively been exploring potential naming rights opportunities with ongoing

conversations occurring with regional economic partners including banks, healthcare providers, grocery and market chains, and tribal partners.

Part of the greater naming rights discussion between Superlative and the City Managers Office has been the opportunity to explore “pouring rights” for City. “Pouring rights” are contracts that give a beverage company the right to sell, serve, and market their drinks in a specific setting, such as a park, municipal building, airport, or other municipal facility. In exchange, the company pays the City for sponsorship and other incentives. Vendor partners are generally required to pour the products of the selected firm to the locations specified by the City, appropriately restock and merchandise the product, and maintain applicable equipment. Beverages are services consumed on City property by the public and/or by City employees. The goal of the “Pouring Rights” process is to increase existing and generate additional revenue streams to the City.

Generally, the proposal submitted to the City by Superlative Group sets the following parameters:

- This proposal would seek a long-term partner for pouring rights in facilities where these on-tap beverages are appropriate, and for vending rights for bottled beverages dispensed via machines.
- Beverages are generally non-alcoholic but may include soft drinks, energy drinks, sports drinks, bottled water, fruit drinks, and ready to drink tea products, among others. All beverages offered would be readily and legally available in the United States;
- Superlative would seek a partner who would enter into a contract with the City for 100% exclusive rights to sell/vend drinks at City facilities not covered under an existing lease or management agreement, and at City sponsored events.
- The vendor would offer their complete beverage line to the City, and would work with City staff to define the appropriate products for any given site.
- At no cost to the City, the vendor would install new state of the art vending machines at selected municipal facilities and actively service those machines. Vending machines would be inventoried annually and damaged machines replaced by the vendor. Beverage products would be promptly restocked.
- The City will cooperate with the Vendor to place advertisement materials and run promotions or giveaways that feature the Vendor’s products and stimulate sales. All costs will be at the vendor’s expense.
- The location of any machines will be at the discretion of the City and the City reserves the right to request the vendor to adjust service as needs develop.
- Annually, the City and vendor would cooperate to review beverage sales and product availability at all City sites, and make any changes as agreed to ensure the appropriate and beneficial selection of available products.

This report sets the parameters to partner with a nationally recognized beverage Supplier to enhance current municipal operations and service levels while maximizing the City’s revenues. This partnership will create new opportunities to provide substantial benefits for the City and its beverage supply partner. Based on comparable agreements in the Southern California market, it is estimated that the City could benefit from conservatively \$25,000-\$50,000 annually in pouring rights revenues, both directly in terms of exclusivity payment from the vendor partner, and indirectly from sales tax revenues. All resulting revenues from pouring and vending rights would be unrestricted revenue for the City and could be spent at the direction of the City Council. It is anticipated that this pouring/vending rights initiative would establish a long-term relationship with the Vendor that will be mutually beneficial to both parties. Ultimately, the City Council would set parameters for any pouring and vending rights partnership.

## **STRATEGIC PLAN ALIGNMENT:**

This item supports **Strategic Priority 5 – High Performing Government**, and **Goal 5.4** to maintain fiscal health by addressing gaps between revenues and expenditures.

This report aligns with each of the five cross-cutting threads as follows:

1. **Community Trust** – Building naming rights capacity will serve the public interest by potentially expanding programs and completing projects with external funding; benefiting the City's diverse populations, and result in greater public good.
2. **Equity** – Outside funding can be used to allow more City departments to be creative and competitive for grants, resulting in a more equitable distribution of funding opportunity that can reach populations citywide.
3. **Fiscal Responsibility** – The City ensures to maximize outcomes in usage of naming rights capitol as a way to lessen pressure on the General fund.
4. **Innovation** – This funding provides the City with the ability to create an innovative program for building capacity with the result in receiving greater external funding.
5. **Sustainability & Resiliency** – Riverside builds capacity by finding new resources that allow departments to adaptively address resident needs.

## **FISCAL IMPACT:**

The fiscal impact of this report is estimated at \$25,000-\$50,000 annually to the City, but this amount may vary based on fluctuations in the local market, negotiations with the City, and decisions made by the City Council regarding the scale and specific features of a pouring and vending rights program for the City of Riverside.

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Attachments: A – Proposal  
B – Corporate Partnerships Policy  
C – Presentation