POURING RIGHTS PROPOSAL FROM PEPSI, INC., FOR THE CITY OF RIVERSIDE

Office of the City Manager

Economic Development Committee
August 20, 2026

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BACKGROUND

- May 5, 2020 the City Council approved a Citywide Partnership Policy.
- On February 20, 2025, the Economic Development Committee approved 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 specific setting(s) such as a park, municipal building, airport, or other municipal facility.
- In June of 2026 the City received a discussion proposal from Pepsi, Inc., to become the City's main pouring rights partner. Two rounds of discussions have occurred.

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DISCUSSION

- **Generally, this proposal:**
  - Is a medium-term (5-year) partner for pouring rights in facilities where these on-tap beverages are appropriate.
  - Beverages are non-alcoholic.
  - Pepsi, Inc., 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.
  - Covers vending and bottle sales services.
  - Annually, the City and vendor would coordinate to review beverage sales and product availability at all City sites.
  - Covers peripheral items covered such as maintenance, restocking, etc.

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DISCUSSION

This Proposal Offers:

- A full range of beverages from soda, to sports drinks, water, and tea/coffee.
- Installation and maintenance of machines at no cost to the City.
- Communication with partner and ability to modulate beverage offerings if needed.
- A small annual marketing products budget.
- Potential for snacks
  (but not part of this proposal).

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DISCUSSION

Proposal Pricing:

- $10,000 paid upfront;
- Years 1-4: $10,000 paid for sales for the year indexed to 4,000 cases/gallons and $15,000 annually for 6000+ cases/gallons (no difference for 4000-5999 cases);
- Rebates of $2.00 per 24pk case, $2.00 per 12pk case, and $1.00 per 12pk case for Aquifina water;
- 35% commission on vending. This commission could increase to 40% depending on agreed-upon sales prices for selected products;
- $1,000 marketing fund in the form of umbrellas, banners, tumblers, etc. (at Pepsi's discretion); and
- Superlative Group gets 15% commission on first contract.

RECOMMENDATIONS

That the Committee:

1. Consider a proposal and offer staff direction for a "pouring rights" proposal prepared by the Pepsi, Inc., as part of a larger pouring rights marketing initiative for the City; and

2. Authorize negotiation of an agreement between Pepsi, Inc., and the City led by the Acting City Manager and adhering to the parameters in this report, and refer a pouring rights agreement with Pepsi, Inc., to the City Council for consideration at a future meeting.