



Rainbow Vending Marketing Partnership Agreement

November 16, 2011

Presented by:

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Director, Strategic Partnerships

Corporate Partnership Program (CPP)



Background

- **In June of 2011, the CPP issued a Request for Sponsorship for Vending Services to seventeen companies.**
 - **The CPP met and negotiated with four companies.**
 - **Rainbow Vending was selected to be the City's Beverage Vending Partner based on the overall benefits to the City.**



Proposed Marketing Agreement

- **Rainbow Vending will be the exclusive provider of beverage vending machines at City facilities for a five year term.**
- **Rainbow Vending will implement an advertising sales program to generate incremental revenue for the City, and which will comply with the City of San Diego's sign ordinance.**
- **The City will receive 30% gross commission of beverage product sales and 30% net commission of advertising sales.**
- **Rainbow Vending will increase vending locations through addition of aesthetically pleasing enclosures, in high volume areas that will protect against vandalism.**
- **Rainbow Vending will pay \$100,000 in advance of sales for Fiscal Year 2012.**



Projected Revenue

FY2012	\$100,000*
FY2013	\$90,000
FY2014	\$160,000
FY2015	\$190,000
FY2016	\$215,000
<u>FY2017</u>	<u>\$115,000**</u>
Total	\$870,000

** \$100,000 paid in advance of sales for Calendar Year 2012*

***Agreement is based on calendar year so revenue will carry into FY2017*



Key Benefits to the City

- **Highest projected revenue potential from:**
 - **Product sales and advertising commissions**
 - **Highest commission percentages compared to other proposals**
- **Unique advertising and sponsorship commissions are incremental**
- **Expansion and enclosure commitment**
- **Diverse product line**
- **Marketing Agreement applies only to beverage vending machine locations, and does not prevent the City from working with other beverage companies on marketing partnerships.**



Key Benefits to Rainbow Vending

- **Official Vending Partner for the City of San Diego**
- **Website Presence**
- **Exclusive provider of beverage vending machines at City facilities and locations**
- **Opportunity to sell advertising on vend fronts and enclosures, within the sign ordinance parameters.**



Fiscal Considerations

- **The City of San Diego is projected to receive \$870,000 in estimated revenue over five years based on product and advertising sales.**
- **Rainbow Vending will pay \$100,000 in advance of sales in Year One, which secures upfront revenue in Fiscal Year 2012.**



Requested Action

- **Authorize the Mayor to enter into a Marketing Partnership Agreement with Rainbow Vending, which represents a financial benefit to the City in estimated revenue of \$870,000 based on projected product and advertising sales over five years.**



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