



UCF Pouring Rights with Coca-Cola – Contract Extension Approval

EXECUTIVE SUMMARY

Objective

Approval of the Coca-Cola contract extension is related to university beverage pouring rights and sponsorship for UCF campuses and is a revenue source for both the campuses and the UCF Athletics Association (UCFAA). An extension of this contract with Coca-Cola will allow for greater return of revenues and donations to UCF, while also creating scholarships and job opportunities for students.

Summary of Key Observations/Recommendations

Through negotiations with Coca-Cola between the university and UCFAA, this contract will include growth in the below areas.

- Sponsorship revenue will increase over the life of the term by 31% from the current annual \$1,200,000 to \$1,500,000 in the first year and escalates to \$1,669,074 by the final year of the contract.
- Analysis of 11 active comparable Football Bowl Subdivision schools, including seven from the Big XII, reveals an average annual sponsorship of \$1,310,416.
- Commissions on vended products will remain at 35% of sales with a \$300,000 annual minimum guarantee.
- Campus product donations will increase 44% over current during the contract term to an average of \$36,000 annually. This will benefit the campus through distribution to departmental and student organizations.
- UCFAA product and equipment donations represent a contract increase of 95% collectively of product and equipment. This \$131,000 annual average helps support UCFAA by lowering the amount of hydration products and equipment needed to be purchased directly.
- Annual funding of \$15,000 has been added to support campus sustainability initiatives.
- Professional development opportunities for students:
 - Three (3) Tuition Scholarships annually for incoming freshmen (Florida Prepaid College Foundation)
 - Three (3) Summer Paid Student Internships (New)
 - Two (2) Paid Campus Ambassadors (Currently 1)
 - Student Athlete summer jobs programs (New)
- The contract renewal includes funds to support campus and Athletics marketing initiatives.
- A new \$10,000 annual funding commitment has been added to support support Athletics events or initiatives.

Additional Background

N/A

Rationale

This new agreement would help support the Mission XII objectives with corporate partnerships and growing critical support for the financial obligations of the UCFAA operating budget. It will also aid in providing championship-caliber services to our students and student athletes in their educational and career pursuits with the new summer jobs programs, and corporate internship opportunities.

Implementation Plan

No implementation plan is needed, as services will be continuous to current operation.

Resource Considerations

There are three categories for financial consideration that make up approximately \$24.3 million of contract value over the life of this proposed contract. This represents a 40% growth over prior contract structure.

- Sponsorship Revenue - The sponsorship structure represents a revenue income of \$15,500,000 over a 10-year period.
- Other Revenue or Expense Savings resources - Other sources include an Athletics Concession Fee, Beverage vending commission, Sustainability funding, Marketing funding, Athletic Campaign funds and product donations. These additional categories represent approximately \$6.743 million of revenue or expense savings to the campus over the 10-year period.
- Additional Campus Benefit – There are four additional benefits within for Annual Scholarships, Paid Internships, Athletic Summer Jobs programs, and Campus Ambassador Program. Although not a direct financial benefit to the university, the value is approximately \$2.056 million over the 10-year period creating opportunities for students to gain paid professional experience.

Conclusion

Based on the information provided, staff recommends approval of the Coca-Cola contract extension.