



For one city, Coke is it, officially

By Martin Kasindorf
USA TODAY

HUNTINGTON BEACH, Calif. — This famed surfing mecca calls itself Surf City USA. But a sweeping financial deal the city has just cut with Coca-Cola soon may have beachgoers calling the place Slurp City.

The City Council has named Coke the "official city beverage," which gives the bottler the exclusive rights for 10 years to plant its logo and vending machines on all city property: beaches, parks, City Hall, even police and fire stations.

Pepsi-cola, Coke's rival, still can sell its merchandise in supermarkets, restaurants and convenience stores — anywhere but public property.

Coming next, city officials hope, will be similar exclusive sponsorship deals with a credit card company, an airline, a carmaker, a film company, perhaps even an Internet service provider.

Strapped civic finances are sparking the sell-off. The Coca-Cola Bottling Co. of Southern California, whose bid beat out Pepsi, will pay \$300,000 a year and kick in another \$300,000 to fix up one of the city's 56 fading parks each year for the next decade. The Coke money will allow Huntington Beach to paint city buildings for the first time in two years, city administrator Ray Silver says.

The first new Coca-Cola signs will appear on lifeguard chairs and beach restrooms near the city's famed pier in three months. Mayor Pro Tem Dave Garofalo vows to keep commercialization in good taste. There won't be "signs on the back of police cars saying 'Drive Safely, Have a Coke,'" he says.

Other California cities, their budgets equally constrained by Proposition 13 are jumping on the sponsorship idea as a way to make up budget shortfalls without raising taxes or user



By Kevin Rechin, USA TODAY

fees.

Proposition 13, enacted by California voters in 1978, requires approval from two-thirds of a locality's voters to pass a property tax increase. It is usually an insurmountable obstacle.

Huntington Beach is also getting inquiries from cities outside of California, as far afield as Cleveland.

In December, Sacramento took preliminary steps toward signing a similar contract with Pepsi-Cola. "This is an agreement that will send a tidal wave of Pepsi over Coke's Huntington Beach deal," says Jeff Brown, spokesman for Pepsi-Cola at its headquarters in Purchase, N.Y.

Don Schulte, the Huntington Beach sports marketing executive who brokered the Coke deal, says there's no end to the potential for other products to expand sales through "strategic alliances" with cities.

"If Calvin Klein comes out with a bathing suit

line, maybe we'll talk," Schulte theorizes. "We can put lifeguards in Klein bathing suits and sweatsuits. We can put beach parking attendants in Nike uniforms."

Garden Grove, Calif., another Orange County city, also has signed up with Schulte. "If you're strapped for money, and you have no practical way of raising your revenues, you have to be creative," Garden Grove City Manager George Tindall says.

Following Huntington Beach's lead, the neighboring city of Long Beach is looking for corporations to finance much-needed youth recreation programs in exchange for gaining access to city marinas and golf courses.

"It's a great deal," says Phil Hester, director of the Long Beach parks department. "You just have to make sure you have control so the city doesn't become a billboard."

Bob Phillips, spokesman for the regional Coca-Cola bottler, says the bottler wants to sell more soft drinks, but not in an environmentally damaging way. "We are not about plastering signs all over the city," he says.

Spreading a company emblem city-wide is an outgrowth of the trend for selling "naming rights" to sports stadiums. Anaheim makes money by letting Southern California Edison call the city-owned baseball stadium, where the major league Angels play, Edison International Field. Arrowhead water pays for naming Anaheim's hockey arena Arrowhead Pond.

On the basis of radio talk shows and newspaper polls, Garofalo estimates that only about 25% of local voters object to Huntington Beach's innovation.

Maybe residents are inured to the steady march of commercialization. Or maybe they figure that a sponsor's money can't really turn a city's population into a captive audience. "Anybody who surfs in Huntington Beach," Pepsi's Brown says, "knows there's plenty of places to get a cold Pepsi."