

Coca-Cola questions contract

■ THE COMPANY SAYS it may have bid differently if it, like Pepsi, had been offered a 12-year deal.

By ERIN GIBSON
Senior Reporter

The university did not give the Coca-Cola Co. the option of bidding on a 12-year beverage contract, a Coca-Cola spokesman said Tuesday.

Allen Baird, Coca-Cola sales center manager in Lincoln, said the university asked his company to bid on a 10-year contract.

But the Pepsi Cola Co. and its bottler, LinPepCo, signed a 12-year contract this summer to pay the University of Nebraska-Lincoln more than \$24.2 million in exchange for an exclusive right to sell soft drinks on campus beginning July 1.

The opportunity to bid on an additional two years "could have made a difference in (Coca-Cola's) proposal," Baird said. "But that wasn't an option."

Under state law, the university must take bids on any major construction or service contract before a contract is awarded.

Melvin Jones, UNL vice chancellor for business and finance, said Pepsi was given an additional two years because Coca-Cola holds a contract with the Athletic Department through June 30, 1999.

Pepsi wanted to provide beverages and advertise for 10 years in Memorial Stadium.

"Pepsi wants to make an impression," Jones said. "It was felt that they should be given an additional two years so that they would have a presence in that stadium."

Coca-Cola signed a contract with the Athletic Department in June 1994, he said. Under the contract, Coca-Cola chose in 1997 whether to continue to the contract through June 1999, and the university must honor Coca-Cola's decision.

"We asked them not to exercise their option," Jones said, but Coca-Cola chose to continue the beverage contract with athletics through 1999.

It's a Deal

On July 1, 1997, Pepsi Cola Co. began paying the university more than \$24.2 million over 12 years in exchange for an exclusive contract to sell beverages on campus. Below is a list of what both the university and Pepsi receive from this alliance.



What Pepsi gets: (Effective July 1, 1999)

- 20 tickets to each university home athletic game
- Eight tickets to each Big 12 tournament
- Eight tickets to each football bowl game the university participates in
- Eight tickets to one football away game, including transportation
- License to use and reproduce UNL trade and service marks in print, radio, TV and Internet promotion of Pepsi's beverage products
- Display its logo on two Husker Vision panels in Memorial Stadium and on three scoreboards
- Have its logo appear during eight Husker Vision replays
- Have its logo on the score table at the Bob Devaney Sports Center and on two panels on clocks in the Sports Center

What the university gets:

- \$1 million a year for 12 years
- \$11 million quasi-endowment to the University of Nebraska Foundation
- \$100,000 a year for 12 years to NU athletics
- \$100,000 a year, estimated share of vending machine profit

SOURCE: LINPEP/CO CONTRACT

AARON STECKELBERG/DN

Jones said Pepsi was awarded the contract because its product Mountain Dew was the top-selling soft drink on campus last year, and Pepsi offered the university the most money.

"Based on my knowledge of other financial packages proposed by the leading soft-drink makers to other institutions, this is by far the biggest ever offered for a campus of our size," Jones said in June.

Pepsi will pay the university a \$1 million licensing fee each year for 12 years under the contract and will pay an additional \$100,000 annually to the Athletic Department.

Pepsi became an official sponsor of the department this summer although athletics' contract with Coca-Cola has yet to expire.

Pepsi also paid \$11 million this summer to the University of Nebraska Foundation to support academic and student programs.

Theresa Klein, foundation spokeswoman, said the \$11 million was invested this July as a quasi-endowment, which means the foundation will spend only the net income gained by the account's \$11 million principle.

About \$550,000 will accrue each

year, Klein said. The foundation will not withdraw the account principle, although the contract allows it to withdraw some of the \$11 million to fund major university projects.

Sandy Watmore, the university's liaison to Pepsi for vending services, said the university will also receive 55 percent of all profits made in about 100 pop vending machines around campus once sales top \$800,000.

Last year, about \$1.26 million was spent in campus vending machines, she said. So the university could make an additional \$140,000 each year.

The university made \$207,000 in profits from vending machine sales last year, Watmore said. Those profits were distributed among several groups on campus, including student organizations, the Nebraska Unions, housing and food service, university libraries and athletics.

Jones said those departments would continue to receive funding from the \$1.1 million Pepsi will give the university annually.

A committee will decide which other university programs and areas should receive funding, he said.

Curt Ruwe, president of the

Please see BEVERAGE on 14

UNL orders Coke to increase prices

By ERIN GIBSON
Senior Reporter

The University of Nebraska-Lincoln demanded Tuesday that Coca-Cola Co. raise the price of soft drinks in its vending machines in NU Athletic Department facilities to match the price of other campus vending machines.

Allen Baird, Coca-Cola sales center manager, said Heidi Cuca, athletic marketing director, asked him to raise the price of a 12-ounce soft drink from 35 cents to 50 cents, the price Pepsi Cola Co. charges for 12-ounce soft drinks on campus.

"They don't want us to look as if we're the good guys," Baird said.

Cuca said she placed the call on behalf of James Main, assistant vice chancellor for business and finance. Main was unavailable for comment.

Baird and Cuca said they were unsure whether Coca-Cola must comply with the university's request to change prices.

The Athletic Department's five-year beverage contract with Coca-Cola Co. didn't expire when the university and Pepsi Cola Co. signed a 12-year contract worth more than \$24 million this summer.

Coca-Cola operates four vending machines in Athletic Department buildings and plans to install two more machines underneath the west side of Memorial Stadium, Baird said.

Vending machines are now at Buck Beltzer Field and in the Hewitt Center, he said. Coca-Cola also operates about 26 fountain units in Memorial Stadium and the Bob Devaney Sports Center.

The Coca-Cola contract, signed in July 1994, expires on June 30,

1999. Under that agreement, Coca-Cola provides all beverages at on-campus Athletic Department events, including those held at Buck Beltzer Field, Memorial Stadium and the Bob Devaney Sports Center, Baird said.

Carl Hutchison, special projects buyer in UNL's purchasing office, said he first contacted the Athletic Department on behalf of Main's office through Gary Fouraker, associate athletic director for business affairs, and asked him to raise prices in the Coca-Cola vending machines.

Hutchison said he made the request because the standard price for a 12-ounce soft drink on campus is 50 cents and he didn't "want to play favorites" with vending machine prices.

Pepsi did not ask for the price increase, and there is nothing in the Pepsi contract that would require competitors' machines to charge similar prices for soft drinks, he said.

The Athletic Department's vending machines historically have charged less for soft drinks, but the university did not ask Coca-Cola to change the price of soft drinks in those machines before the Pepsi contract was signed, Hutchison said.

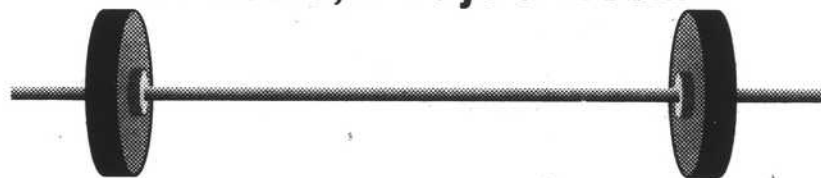
"But we've never been in this situation before either," Hutchison said.

Pepsi became an Athletic Department sponsor July 1 and agreed to pay \$100,000 annually to the department through June 30, 2009.

Pepsi will provide all beverages and vending services at athletic

Please see COKE on 8

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Union lounge to reopen before semester begins

By TERRA CHAPEK
Staff Reporter

After a summer of plywood tunnels and a missing lounge, Nebraska Union this fall will offer students about the same services it did in the spring.

Larry Blake, project manager, said the main lounge, which was sealed off during the summer, will be opened and refurbished before classes begin. A smaller dining area will also be available to students, he said.

Parts of the lounge and dining area will close periodically throughout the fall, said Daryl Swanson, Nebraska Union director.

Swanson said students will be without the north restrooms until the middle of October. The new restrooms are expected to be completed by the third home football game, he said.

The restrooms are being slightly relocated and enlarged.

To enter the restrooms, students will walk around a wall instead of using a door, like the restrooms in airports, Swanson said.

During reconstruction, the women's lounge and the second-floor restrooms will be open.

The 24-hour computer lab, formerly on the main floor, is being relocated to the first floor of Lyman Hall until construction is complete, Swanson said. The

temporary lab will be open 24 hours.

Swanson said the union has lost many of its meeting rooms. Two of the union's main meeting rooms, the Regency Room and the Heritage Room, are under construction. The ballroom will also be unavailable. Union administration and Student Involvement offices are being housed in the ballroom and will remain there throughout the year.

Although space will be sparse, Swanson advised clubs or organizations seeking meeting space to try making reservations at the union.

Blake said heating and cooling the union had been another concern. But he said the union has not lost any air conditioning, and he expects the cooling systems to be working until September. He said heating shouldn't be a problem.

Blake said students will see most of the changes outside the building. The new addition's steel skeleton is almost completed, Blake said. A retaining wall and the beginning of an outdoor water feature in the plaza area also will be visible in early fall.

Swanson said the union construction is on schedule and that fall construction will concentrate on the inside of the building.

"Aug. 1, 1998, still seems to be a realistic timeline (for completion)," Swanson said.

The fall construction will concentrate on the inside of the building, Blake said.