



Exhibition Place

28

August 28, 2011

To: The Board of Governors of Exhibition Place

ACTION REQUIRED

From: Dianne Young
Chief Executive Officer

Subject: **Freight Forwarding & Customs Brokerage Services Agreement**

Summary:

This report recommends the Board enter into a four-year (2011 to 2015) agreement with Mendelssohn Event Logistics ("Mendelssohn") as the official freight forwarding and customs brokerage services provider to Exhibition Place including Direct Energy Centre and the Allstream Centre. Mendelssohn is a major service provider in this industry and the approval of the agreement between the Board and Mendelssohn will result in a positive income stream to Exhibition Place and the Allstream Centre in accordance with the 2012 operating budget.

A Request for Proposal (RFP) was issued through the City of Toronto Purchasing Department for Freight Forwarding Services with only one bid received to this RFP.

Recommendations:

It is recommended that the Board:

- 1) **Enter into an agreement with Mendelssohn Event Logistics for a four (4) year period expiring on September 30, 2015, on the terms and conditions outlined in this report and the Confidential Attachment 1 to this report and other such terms and conditions satisfactory to the Chief Executive Officer and the City Solicitor; and,**
- 2) **Direct that the confidential information contained in Confidential Attachment 1 to this report not be released publicly in order to protect the competitive position and future economic interests of Exhibition Place.**

Financial Impact:

Approval of the agreement between the Board and Mendelssohn will result in a positive income stream to Direct Energy Centre and the Allstream Centre in accordance with the 2012 operating budget and as outlined in the Confidential Attachment 1 to this report.

Decision History:

At its meeting of September 19, 2008 the Board approved a three (3) year agreement with Mendelssohn for the official supplier of freight forwarding and customs brokerage services within the Direct Energy Centre and Allstream Centre. The term of that agreement expires on September 30, 2011.

Issue Background:

Given the expiration of the existing agreement for freight forwarding and custom brokerage services at the end of September, a Request for Proposal (RFP) was issued through the City of Toronto Purchasing Department for Freight Forwarding Services. The RFP was for the Exhibition Place, Direct Energy Centre and Allstream Centre but excluded the CNE, the RAWF, Ricoh Coliseum and Honda Indy.

Comments:

The RFP issued stated the review criteria which placed an emphasis on experience, service levels, pricing and incremental revenue to the Board. The RFP required all proponents to abide by all collective agreements at Exhibition Place and comply with the Fair Wage policy of the City of Toronto and also reserved the right for Exhibition Place to reject any or all proposals.

The designation of "Official Supplier" is an accepted industry practice and is utilized by other trade and consumer show venues, such as the Metro Toronto Convention Centre. The designation has been very beneficial for Direct Energy Centre and has allowed it to (i) earn an incremental revenue stream; (ii) participate in cooperative marketing and sales initiatives; and (iii) provide clients with an opportunity to utilize the benefits associated with "one-stop shopping". The services being recommended in this report are ones that are incremental to services provided by Exhibition Place.

Proposals for freight forwarding services were submitted by only one (1) proponent, Mendelssohn, which is a major provider of this service in the industry. It is recommended that the Board enter an agreement with Mendelssohn as the "Official Supplier" of Freight Forwarding Services. The commission to be received from Mendelssohn is outlined in the confidential attachment to this report.

The substantial terms and conditions of this agreement are as follows:

- (a) Term: Three (3) years, commencing October 1, 2011 and expiring on September 30, 2015.
- (b) Rights: To be an Official Supplier providing top quality Freight Forwarding services, including the transportation planning, shipping, special packaging needs, customs clearance and insurance to ensure that exhibitor goods move efficiently around the world.
- (c) Fees: Per the submitted RFP response.
- (d) Reporting/Auditing Requirements: As required to allow the Board to determine and confirm amounts payable under the agreement.

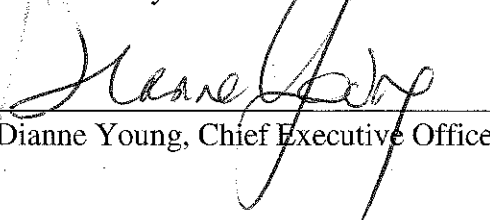
- (e) Taxes: Mendelssohn shall be responsible for payment of all taxes, rates and assessments levied with respect to its activities and presence on the grounds.
- (f) Office Space: Mendelssohn shall be given the right to occupy office space within the DEC for the sole purpose of providing the services permitted under the agreement, subject to such terms and conditions as may be required.
- (g) Equipment/Expenses: Mendelssohn shall provide and maintain all equipment and furnishings required for its purposes and be solely responsible for the payment of all expenses and costs associated with its operations, including utility costs.
- (h) Rates: All rates to be charged to exhibitors or other persons shall be as set out in the agreement.
- (i) Joint Marketing Initiatives to be mutually agreed by the parties
- (j) Indemnity/Insurance: Mendelssohn shall indemnify the Board, and the City of Toronto and with respect to any and all expenses, costs or claims as a result of Mendelssohn's exercise of its rights under the agreement or use of the grounds. Mendelssohn shall provide sufficient insurance in such form and amount as required by the Chief Executive Officer, in consultation with the City's Insurance & Risk Management Group.
- (k) Union Obligations: Mendelssohn shall comply with all trade union/association agreements affecting work done on the grounds.
- (l) Other Commercial Terms: The agreement shall include other standard commercial terms respecting termination and other matters in a form satisfactory to the Chief Executive Officer and the City Solicitor.

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Submitted by:


Dianne Young, Chief Executive Officer