

May 8, 2009

ACTION REQUIRED

To: The Board of Governors of Exhibition Place

From: Dianne Young
Chief Executive Officer

Subject: **The Munchie Company Vending Agreement**

Summary:

The Munchie Company, who is reliable and very conscientious, has been providing Snack Vending Services for Exhibition Place since 2006 and this report recommends terms and conditions for a further three-year agreement for this service.

Recommendation:

It is recommended that the Board enter into a three (3) year agreement with The Munchie Company "TMC" for the provision and service of snack food vending machines on the same terms and conditions as the present lease, and such other terms and conditions satisfactory to the City Solicitor and the Board's CEO.

Financial Implications & Impact Statement:

There is a positive financial implication resulting from the adoption of this report with a commission generated for the Board in the amount of approximately \$1,450.00 per year.

Decision History:

At its meeting of September 21, 2006, the Board approved a three-year agreement with The Munchie Company, commencing on July 1, 2005 which agreement provided Exhibition Place employees access to snacks at a low cost and expires on June 30, 2009.

Issue Background:

In light of the very minor dollar value of this agreement which provides internal snack machines only for the use by Exhibition Place employees, staff are recommending renewal without issuance of a formal RFQ.

Comments:

Staff are recommending a three-year agreement with TMC on the following terms and conditions:

- (a) Term - three-year term effective July 1, 2009 and expiring on June 30, 2012;
- (b) Cost of Products - all snacks (which are peanut free) are priced at \$1.00 and chocolate/candy bar products are priced at \$1.25;

- (c) Services Provided – TMC shall provide and service five (5) snack food vending machines at their expense, and at no expense to the Board. “TMC” shall stock, service, and otherwise maintain said equipment for the duration of the agreement at no expense to the Board, save for Hydro. TMC is responsible for the purchase of all products in said vending machines located in the Queen Elizabeth Building Executive Offices (2 machines), General Services Building (1 machine), Cleaning Services Building (1 machine) and the Horse Palace (1 machine);
- (d) Service & Maintenance - all service and maintenance costs will be the responsibility of TMC;
- (e) Commission Payments - commission payments will be paid on amounts net of taxes, both PST and GST, and any refunds reimbursed to users of vending machines will be deducted from gross sales to determine net sales. Commission payments to the Board will be submitted on an annual basis with statements reflecting such sales. TMC shall pay the Board a commission of 20% on net sales in year one and the commission for years two and three will be based on a "floating scale" as follows:
- 20% commission will be paid on total net sales under \$6,000;
 - 22% commission will be paid on total net sales over \$6,000; and
 - 25% commission will be paid on total net sales over \$7,000.

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Submitted by:

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