



Exhibition Place

Item No. 33

ACTION REQUIRED

November 24, 2011

To: The Board of Governors of Exhibition Place

From: Dianne Young
Chief Executive Officer

Subject: **Starvend Vending Agreement**

Summary:

This report recommends that the Board approve a four (4) year agreement with Starvend Vending (Starvend) for the provision and service of hot/cold food, beverages and snack vending machines accessible for Exhibition Place employees only at a very low cost, without issuance of a formal Request for Quotations.

Recommendations:

It is recommended that the Board:

- 1) Enter into a four (4) year agreement with Starvend Vending for the provision and service of foodservice vending machines on the terms and conditions outlined in this report, and such other terms and conditions satisfactory to the City Solicitor and the Board's CEO; 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 Implications & Impact Statement:

Approval of the agreement between the Board and Starvend will result in a positive income stream to Exhibition Place as outlined in the Confidential Attachment 1 to this report.

Decision History:

As part of the 2009 Strategic Plan, the Board approved a Financial Goal to *Seek additional revenue opportunities* with an *Outcome to seek new or expand revenue opportunities within our existing operations.*

Issue Background:

At its meeting of May 29, 2009, the Board approved a three-year agreement with The Munchie Company, who has been providing vending services to Exhibition Place since 2006. The agreement commenced on July 1, 2009 and expires June 30, 2012. The proprietor of The

Munchie Company has verbally communicated to the Corporate Secretary, who manages the current snack machines, that he must terminate his agreement with the Board.

Comments:

In light of the termination of the existing agreement, staff sought out another supplier to provide food and snacks for Exhibition Place staff, especially important on shifts when there is no available food concession on site or in the neighbourhood. Because the volume purchased from these machines by staff is relatively low, it is difficult to find a supplier to allocate machines at Exhibition Place and then keep them supplied. Starvend has been a supplier to Medieval Times, a tenant of Exhibition Place, for the last six years and has been highly recommended. Starvend is willing to step in immediately so that Exhibition Place employees have access to snack, beverages and foodservice machines in back-of-house locations and at prices that are affordable for staff.

Staff are recommending a four-year agreement with Starvend on the following terms and conditions:

- (a) Term - four-years effective January 1, 2012 and expiring on December 31, 2015;
- (b) Cost of Products in all snack machines are priced under normal retail costs;
- (c) Cost of Products in hot/cold foodservice/beverage machine are priced under normal retail costs.
- (d) Services Provided – Starvend shall provide and service six (6) snack vending machines and two (2) hot/cold vending machines at their expense, and at no expense to the Board. Starvend shall stock, service, and otherwise maintain said equipment for the duration of the agreement at no expense to the Board, save for Hydro. Starvend is responsible for the purchase of all products in said vending machines located in the Queen Elizabeth Building Executive Offices (lunchroom & parking services) (2 machines); General Services Building (1 machine); Cleaning Services – Direct Energy Centre (1 machine); Coliseum Complex (1 machine); and Sunnybrook (Riding Academy) Stables (1 machine).
- (e) Service & Maintenance - all service and maintenance costs will be the responsibility of Starvend;
- (f) Commission Payments - commission payments will be paid on amounts net of taxes, 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 a monthly basis with statements reflecting such sales.

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Submitted by:

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