

27

September 19, 2006

## EXHIBITION PLACE

To: The Board of Governors of Exhibition Place

From: Dianne Young  
General Manager & CEO

Subject: **The Munchie Company Vending Agreement**

### Purpose:

This report recommends terms and conditions for a three-year agreement for Snack Vending Machines for Exhibition Place.

### 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.

### Recommendation:

**It is recommended that the Board:**

- (1) Terminate the present agreement with NAFT Vending effective September 21, 2006; and**
- (2) 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 General Manager & CEO.**

### Background:

At its meeting of May 25, 2005, the Board approved a report which recommended entering into a three-year agreement with Naft Vending, commencing on July 1, 2005 which agreement provided Exhibition Place employees access to snacks at a low cost.

### Discussion:

In 2006, as a result of personnel issues, the owner of NAFT Vending was unable to fulfill its obligations and requested that TMC (a prior business affiliation of NAFT) provide the service to NAFT's customers. Exhibition Place has now learned through its communications with other NAFT customers, that the NAFT owner and principal has left the country and abandoned its service agreements. Staff have also learned that TMC has undertaken all the existing NAFT agreements with other venues.

In light of the above and because of the very minor dollar value of this agreement which provides internal snack machines for the use by Exhibition Place employees, staff are recommending the Board enter into an agreement with TMC immediately without going through the tender process since TMC has been delivering the service and paying the commissions to Exhibition Place since the beginning of 2006. This would ensure that there is no disruption to the delivery of service to employees.

Staff have negotiated the same terms and conditions with "TMC" as was negotiated with NAFT Vending as outlined below:

- (a) Term - three-year term effective September 21, 2006 and expiring on June 30, 2009;
- (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.

Conclusion:

This report recommends the approval of a three-year agreement with TMC on the terms and conditions outlined above.

Contact:

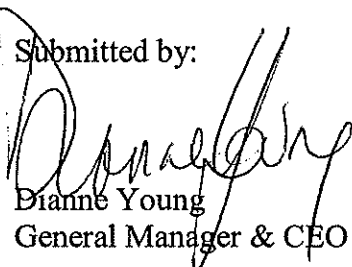
Fatima Scagnol, Corporate Secretary

Tel: 416-263-3620

Fax: 416-263-3690

Email: [Fscagnol@explace.on.ca](mailto:Fscagnol@explace.on.ca)

Submitted by:



Dianne Young  
General Manager & CEO