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May 9, 2005

To: The Board of Governors of Exhibition Place

From: Dianne Young
General Manager

Subject: Naft 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 enter into a three-year agreement with Naft Vending ("NAFT") effective July 1, 2005 and expiring on June 30, 2008, on the terms and conditions outlined in this report, and such other terms and conditions as may be required by the General Manager & CEO and the City Solicitor.

Background:

At its meeting of August 8, 2002, the Board approved a report which recommended entering into a three-year agreement with Naft Vending on the same terms and conditions as contained in this report.

Discussion:

Exhibition Place employees have minimal access to snacks at a low cost and therefore, staff have negotiated an agreement with NAFT Vending on the terms and conditions outlined below:

- (a) Term - three-year term effective July 1, 2005 and expiring on June 30, 2008;
- (b) Cost of Products - all snacks are priced at \$1.00 and chocolate/candy bar products are priced at \$1.25;

- (c) Services Provided - NAFT shall provide and service five (5) snack food vending machines at their expense, and at no expense to the Board. NAFT shall stock, service, and otherwise maintain said equipment for the duration of the agreement at no expense to the Board, save for Hydro. NAFT 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 NAFT;
- (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. NAFT 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 NAFT Vending on the terms and conditions outlined above.

Contact:

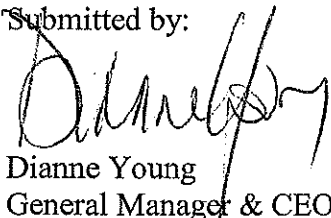
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Submitted by:



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