



January 19, 2000

TO: The Board of Governors of Exhibition Place

FROM: Kathryn Reed-Garrett  
Director of Business Development

SUBJECT: Ernie's Arcade, operating as The Coke Stand Snack Bar and Restaurant, ("Coke Stand")

**Recommendations:**

It is recommended that the current agreement with the Ernie's Arcade for the operation of the Coke Stand, located on the southwest corner adjacent to the Food Building, be extended for one year, to December 31, 2000, on the terms and conditions recommended in this report which terms are similar to those in the 1998-99 Agreement and such other terms as required by the City Solicitor.

**Background:**

At its meeting of October 31, 1997, the Board approved entering into a lease with Ernie's Arcade which lease expired December 31, 1999. The lease provides that that tenant may continue to operate on a month-to-month basis until a new lease goes into effect. At its meeting of November 26, 1999, the Board adopted a report recommending entering into a one-year agreement with Ernie's Arcade with respect to the Bandshell Restaurant.

**Discussion:**

The November 1999 agreement between the Board and Ernie's Arcade for the use of the Bandshell Restaurant includes a provision for the full recovery of realty taxes – or the equivalent of an increase of approximately \$12,000.00 per annum, which represents an overall increase in operating costs (rent and realty taxes) of approximately 40%, despite a decrease in 1999 gross sales of almost 38% (when compared to 1998 gross sales). In that report, staff recognized the impact such an increase may have on the financial operation of the Bandshell Café and further recommended that staff review the sales performance of Ernie's Arcade (Bandshell) again in 2000 and report back to the Board with recommendations for extending the lease agreement beyond December 31, 2000.

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In light of the above, staff are recommending no increase in rent for the Coke Stand in 2000, which is the second operation on the grounds controlled by the same corporate entity, Ernie's Arcade. Accordingly, the substantial terms of the agreement between Ernie's Arcade and the Board for the Coke Stand are as follows:

- (a) Term: One year commencing January 1, 2000;
- (b) Rent: \$12,000 per annum or 8% of gross sales, whichever is greater; plus payment of all realty taxes, all utility costs, all interior maintenance costs and any other associated occupancy costs;
- (c) Permitted Uses: the operation of a snack bar and restaurant, but not for any permanent themed dinner theatre, trade and consumer show, corporate product launch for past or present clients of the Board, vendor shows or meetings that are related to any trade and consumer show, major sporting event or any casino use;
- (d) Insurance: Property and liability insurance with limits of \$5 million in form satisfactory to City; and,
- (e) Operation during the Canadian National Exhibition: Ernie's Arcade agrees to operate the Snack Bar under a standard CNE Concession License Agreement for the period of the annual CNE and that the fees for such a License Agreement are in addition to the rent(s) specified in section (b) above; that it will operate the Snack Bar during the hours of operation as prescribed by the CNEA and the Board; and will observe hours of operation during the balance of the operating year as prescribed by the Interim General Manager.

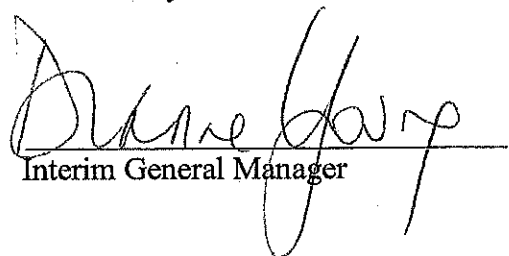
**Conclusion:**

This report recommends extending the current agreement with Ernie's Arcade for the operation of the Coke Stand for a period of one year, to expire on December 31, 2000, on the terms and conditions set out and such other terms required by the City Solicitor.

Submitted by:

  
Director of Business Development

Reviewed by:

  
Interim General Manager