

## EXHIBITION PLACE

June 21, 2001

To: Board of Governors of Exhibition Place

From: Dianne Young  
General Manager & CEO

Subject: Permission to use NTC Facilities for Off-Site Catering

### Recommendations:

It is recommended that the Board enter into a side agreement with Servomation Inc. ("Servomation") to permit the use of the NTC Food Service Premises for the purposes of off-site catering, supplementary to the exclusive agreement between the Board and Servomation and on the terms and conditions set out in this report and such other terms and conditions satisfactory to the General Manager & CEO and the City Solicitor.

### Background:

At its meeting of April 25, 1997, the Board adopted a report to enter into an agreement with Servomation for the provision of food services at Exhibition Place.

### Discussion:

Recently, Servomation has identified an opportunity to provide off-site catering to an investment group who requires catering for client meetings in their offices on a regular basis. Servomation has approached the Board with respect to use of the NTC Food Service Premises in order to provide this off-site catering service. Servomation will pay full commission to the Board on all revenues earned on this catering contract.

It is very typical for convention/trade & consumer facilities to provide off-site catering as an additional revenue stream. At the Moscone Centre and Long Beach Convention Center where SMG manages the food service this is part of their business. At the Denver Convention Center and Miami Beach Convention Center, both managed by SMG with Volume Services America (Servomation's owner) as the food service provider off-site catering is also a business niche. At all of these centres, the food service provider pays commissions for off-site catering on the basis of their food service agreements with the facility.

The intent of offering off-site catering is twofold: It performs a marketing function that may lead to future business for the convention/trade & consumer facility from those businesses purchasing

the catering and raises the profile of the facility within the general business community. In addition, it maximizes the potential use of the facility in a manner typical of the industry which results in additional revenues while not competing with on-site events.

While the catering business in Toronto is very competitive, Servomation believes there are business opportunities that it would like to pursue in this area that will have financial benefits to the Servomation and the Board. However, Servomation has requested the flexibility when negotiating with off-site catering clients to pay full commissions on beverages but have flexibility with respect to the commission on the catered food. Commission on catered food is 15%, and Servomation may need to discount this commission up to 50% to secure the business. Such contracts would be an exception to the general full commission and would be approved in advance with the General Manager, NTC and the General Manager & CEO.

Conclusion:

This report recommends entering into a supplemental side agreement with Servomation with respect to using the NTC Food Services Premises to provide off-site catering services.

Contact:

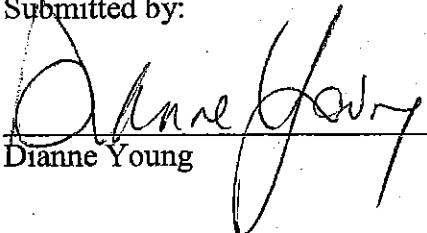
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Submitted by:

  
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