



Date: September 7, 2004

**TO: Board Members - Parks and Recreation**  
**FROM: General Manager - Parks and Recreation**  
**SUBJECT: Vending Machine and Products Supply Agreement with Dairyland Fluid Division Ltd.**

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## RECOMMENDATION

- A. THAT the Board approve a master agreement with Dairyland Fluid Division Ltd for five years to install and supply milk vending machines in community centres and other Park Board buildings, thereby enabling these facilities to enter into one year agreements with Dairyland, with four one year options, subject to the consent of both parties.*
- B. THAT the remuneration paid by Dairyland be \$1,300.00 per annum for each vending machine.*
- C. THAT no legal rights shall arise and no consents, permissions, or licences are granted hereby and none shall arise or be granted hereafter unless and until all contemplated legal documentation has been executed and delivered by all parties to the satisfaction of the Director of Legal Services for the City of Vancouver.*
- D. THAT once the form of all legal documentation has been approved by the General Manager and the Director of Legal Services for the City of Vancouver, that the General Manager be authorized to execute and deliver such documentation on behalf of the Board.*

## BACKGROUND

The 1996 agreement with Coca Cola Bottling Co. to provide carbonated beverages, juice, water and other soft drinks for 10 years at Board facilities excluded certain beverage categories that do not conflict with their own soft drink categories. Milk and other derivatives which are primarily milk-based are one of these excluded categories.

## DISCUSSION

The Board's food services have strived in recent years to offer as many alternative products as possible to our customers in order to give them a wide choice when making their selection. Many

new items, both food and beverages, have taken into account the trend for healthier alternatives. As part of the agreement with Coca Cola there are presently 89 vending machines in community centres and other Park Board facilities offering a selection of assorted beverages.

Continuing the trend to offer nutritional alternatives to our customers Dairyland and staff have negotiated a master agreement to install and supply milk and flavored milk beverages from vending machines in Community Centres and other Park Board facilities, subject to the agreement of Dairyland and the "Customer". In each case the Customer would be either a Community Centre or another Park Board facility. (i.e. Aquatic Centre).

The following are the main conditions of the agreement:

- The term at each facility will be one year and can be renewed, subject to the consent of both parties, on an annual basis for a maximum of 4 additional years.
- The remuneration paid by Dairyland will be \$1,300 per annum for each vending machine.
- The retail price for products sold from the vending machines will be \$1.50.
- All costs for installation, service, maintenance and repairs, unless there is negligence by the Customer, will be the responsibility of Dairyland.
- Dairyland will carry product liability insurance of not less than \$5 million per occurrence.

A memo was sent out to all Community Recreation Coordinators on August 18, 2004 advising them in advance of this report and asking them to discuss the pending agreement with their Community Centre Presidents. In community centres where the revenue will go to the association the amount of \$300 will be transferred to the Park Board for increased utility costs associated with this venture.

## **SUMMARY**

The proposed master contract with Dairyland will enable both community centre associations and our own facilities to enter into an agreement to provide milk and milk-based products from vending machines and offer our customers a wider range of beverages.

Prepared by:

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