



STAFF REPORT

To: Board of Management

From: Robin D. Hale
Chief Operating Officer

Subject: **COCA-COLA BOTTLING COMPANY
BEVERAGE SUPPLY AND SPONSORSHIP AGREEMENT**

Date: 2010-08-23

Summary:

The following report is to request approval to proceed in finalizing an agreement with the Coca-Cola Bottling Company (CCBC) for the supply and sponsorship of beverages at the Toronto Zoo.

Recommendations:

It is recommended that an agreement with the Coca-Cola Bottling Company for the exclusive supply, advertising, promotion and marketing of products as outlined in this report for the five year period 2010-10-01 to 2015-09-30 be approved.

Financial Implications:

There are no financial implications to the report, as the sponsorship revenue for 2010 is included within the approved 2010 Operating Budget.

Background:

In 2000, the Board approved a preferred supplier agreement with Coca-Cola Bottling Company (CCBC) for a five year period. The original agreement was renewed in 2005 for an additional five years, expiring in May 2010. In order to accommodate the issuance of a Request for Proposal, the existing supplier agreement was extended through the end of September 2010. Accordingly, a Request for Proposals (RFP #117 (2010-07)) was issued to obtain competitive bids from the market.

Comments/Discussion:

Two submissions were received in response to RFP #117. The proposal from CCBC provides considerably more benefits to the Board versus a proposal received from The Pepsi Bottling Group.

The key elements of the business arrangements resulting from the recommendation and approval of an agreement with CCBC for the exclusive supply, advertising, promotion and marketing of certain Coca-Cola products are outlined below. The Zoo will provide CCBC with the right to

continue to be the sole and exclusive supplier, advertiser, promoter and marketer of beverage products throughout the Zoo for a five year period ending 2015-09-30. Both the Zoo and CCBC are to mutually agree on specific merchandising, promotion and marketing rights including point-of-sale advertising, restaurant advertising, use of CCBC products at restaurant locations, and other joint promotional efforts to increase visitation to the Zoo.

CCBC agrees to supply the Zoo with beverage and cup product, priced in accordance with their current national agreement with Compass Foods (our food service management company), including rebates and commissions and the loan of dispensing equipment and coolers over the term of the agreement.

CCBC also agrees to provide sponsorship, business and marketing support estimated in the amount of \$240.0 thousand annually. The sponsorship and commission payments represent approximately \$145.0 thousand of the annual total, while other marketing and rebate incentives account for the remaining \$95.0 thousand. Additional elements provided by CCBC include new customized fascia for a 3 bank vending machine promoting Polar bear awareness, the supply, installation and maintenance of thirty vending machines at various locations on-site, participation in the full roll-out of sustainable packaging offerings intended by CCBC in 2011, and in-venue, in-marketing, in-store and advertising support.

The agreement ensures the competitive supply and support of a national beverage manufacturer benefiting the Zoo and Zoo visitors.

R. D. Hale
Chief Operating Officer