

**NEW BRUNSWICK LIQUOR CORPORATION**

**AGENCY STORE PROGRAM**

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# AGENCY STORE PROGRAM

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## **AGENCY STORE PROGRAM**

### **1. OVERVIEW**

The Agency Store Program was established to provide improved services to the public in remote communities which cannot support a traditional Alcool NB Liquor retail outlet. An Agency Store should only be established in a community without an existing retail beverage alcohol service outlet, and having estimated annual sales potential in the range from \$300,000.00 to \$2,600,000.00 based on 2006/07 sales and indexed annually by the CPI, Saint John, NB. Special geographic or tourism considerations may impact establishment or retention of an agency in a particular community. Community selection is based on a combination of factors, predominant of which are population base and distance from Corporation Stores. Agency outlets should be at least 15 kilometers from the nearest beverage alcohol service point. In some communities, the agency store will replace an Alcool NB Liquor outlet planned for closure.

Authorized agents will be permitted to sell beer, wine, spirits and other alcoholic beverages normally available at New Brunswick Liquor Corporation retail stores.

### **2. PROGRAM OBJECTIVES**

The program ensures that Agency operations meet the requirements of the Liquor Control Act and operate within the terms and conditions established by the New Brunswick Liquor Corporation. Selected businesses and communities should realize economic benefits from participation in the program.

### **3. COMMUNITY SUPPORT**

Where a community is not presently served, the Corporation will seek the support of the respective municipal government or local service district council, prior to initiating a Request For Proposals to select an Agent.

#### **4. REQUEST FOR PROPOSALS**

Agencies will be awarded on the basis of a Request For Proposals. The Corporation will only award an Agency following a full review of proposals received; however, Alcool NB Liquor reserves the right to reject any or all proposals. The Corporation will use criteria outlined in this document to complete its evaluation.

Following the selection of the successful applicant, the Corporation will notify all applicants of its decision. A process for further review of unsuccessful responses will be available.

#### **5. APPLICANT ELIGIBILITY**

Where Alcool NB Liquor believes that the public can be better served by the appointment of a person as an agent of Alcool NB Liquor to sell liquor on its behalf, it will issue a Request For Proposals which will inform the private sector of the area being considered for an agency appointment, outline the conditions of eligibility, and contain instructions regarding the preparation of applications for such an appointment.

An applicant can be a person, partnership or corporation, not prohibited by law from buying, having or consuming liquor, or acting as an agent of the Corporation.

Other considerations include, but are not limited to, the following:

the business or proposed business, in which the agency is to be located, must be open to the general public and should not be located in New Brunswick cities;

Employees of the New Brunswick Liquor Corporation are eligible to submit an application but, if successful, it is a condition of an agency appointment that an employee must resign from employment with the Corporation before the appointment is made.

## **6. SELECTION CRITERIA**

The Corporation has developed selection criteria to provide a fair and open method of determining Agency Store appointments. Applicants must meet minimum requirements to be considered for appointment and must also maintain the required standards throughout the term of the appointment. The Corporation's objective is to select the applicant offering the best combination of business experience, financial stability, location within the community and proposed service to the public.

### **Site Criteria**

Ideally an Agency Store will be centrally located in the community, accessible to all members of the public and will offer vehicle parking space as required by the Corporation. Sufficient interior space should be allocated to appropriately display beverage alcohol products. The existing or proposed business being run in conjunction with the agency must be open during all hours when the agency premise is open. Access to liquor products must be restricted during business hours in which the sale of alcoholic beverages is not permitted.

### **Financial Criteria**

The Corporation will award Agencies to financially stable business enterprises, or proposed businesses based on a business plan submission. In evaluating an applicant's proposal, Alcool NB Liquor will review appropriate financial records or Pro Forma statements, and business practices, to ensure, in part, that the entity which will be run in conjunction with the Agency is financially viable on its own.

A detailed analysis of the applicant's current and/or proposed relevant records and operating methods, particularly those concerned with inventory management, will be conducted by the Corporation as part of the evaluation process.

## **6. SELECTION CRITERIA (CONT'D)**

### **Other Selection Criteria**

Several other elements of an applicant's proposal will be considered in the evaluation process. The discount, hours of operation, in-store location and visibility of the proposed display, as well as total floor and shelf space allocated for beverage alcohol products will be important considerations in the evaluation process. Request for Proposal applications which propose discounts lower than 7% will not be considered.

Preference may be given to an agency store applicant whose application contains a commitment to purchase the existing liquor store property from the Corporation at a price not less than the market value of the property as indicated in an appraisal report of the property obtained by the Corporation, or in the case where such an offer is received from two (2) or more applicants from the applicant making the highest offer.

## **7. CONDITIONS OF AGENCY STORE AGREEMENT**

The Agency Store agreement will be for a term of ten (10) years subject to earlier termination as provided in the agreement.

Prior to the termination of the appointment, either a new Request For Proposals will be initiated by Alcool NB Liquor or Alcool NB Liquor will provide alternate services for the community, or make some other decision regarding provision of services.

Alcool NB Liquor reserves the right to locate a regular retail outlet in the area, if circumstances dictate. If Alcool NB Liquor should exercise this option the community will be given reasonable advance notice and the Agency would be closed once the term of the appointment has expired or alternative close-out arrangements have been effected.

## **7. CONDITIONS OF AGENCY STORE AGREEMENT (Cont'd)**

Alcool NB Liquor recognizes the right of the Agent to terminate the Agreement, for whatever reason, upon 90 days prior written notification to the President, the New Brunswick Liquor Corporation.

Agency Store appointments are not transferable directly or indirectly, in whole or in part, without prior authorization in writing by the President of the New Brunswick Liquor Corporation.

Alcool NB Liquor will not entertain a transfer of the agency to new ownership during the first (1) year of the current agreement. Alcool NB Liquor reserves the right to terminate the agreement and readvertise for service in the community or to offer the contract to another respondent to the RFP, if they are advised of such a transfer taking place within the first (1) year.

The Agent will, at all times, carry a minimum of \$2,000,000 in general liability insurance and the New Brunswick Liquor Corporation will be an additional named insured under the liability insurance so carried, but only in respect to the insured's business as related to the Agreement.

If the Agent relocates the premises, Alcool NB Liquor may, at its option, terminate the appointment immediately and initiate a new Agency competition.

The individual (or individuals if a partnership) or Company will be designated as "Agent" and will be responsible for the operation of the Agency Store.

In the case of death, the Agency may be carried on by the beneficiaries or assigns with the approval, in writing, of the President of the New Brunswick Liquor Corporation.

## **7. CONDITIONS OF AGENCY STORE AGREEMENT (Cont'd)**

The Agent must display the Certificate of Appointment in a prominent location in the store at all times.

Any violations of the Agreement and Conditions of the Agreement may result in immediate cancellation of the Agency appointment by the New Brunswick Liquor Corporation and all existing stock will be returned to the Corporation at the original purchase price, less any applicable re-stocking charge.

## **8. OPERATION OF AGENCY STORES**

### **Hours and Days of Operation**

The maximum allowable hours of operation of the agency are 7:00 a.m. to 12 midnight, seven (7) days a week. The minimum standard for hours of operation is eight consecutive hours daily between 9:00 a.m. and 10:00 p.m., unless otherwise approved in advance by the President of the New Brunswick Liquor Corporation. Sale of beverage alcohol products is prohibited on any day stipulated in advance by the New Brunswick Liquor Corporation and/or as stipulated by law.

### **Retail Price**

The price charged to the consumer will be established by the New Brunswick Liquor Corporation. Alcool NB Liquor will periodically supply the Agent with Product Price Lists, bin labels, and Circular Letters (price changes, product additions, deletions, etc.)

## **8. OPERATION OF AGENCY STORES (CONT'D)**

### **Customer Base**

The Agent will be permitted to sell alcoholic beverages to members of the public in accordance with regulations established by the Liquor Control Act. In addition, sales will be permitted to business establishments and other permit holders licensed under the Liquor Control Act of the Province of New Brunswick, within an area assigned by the New Brunswick Liquor Corporation. Licensee sales will be controlled to the extent that widespread stock-outs in the Agency are not caused by individual orders.

### **Purchase of Alcoholic Beverages**

All alcoholic beverages offered for sale by the Agent must be purchased directly from the New Brunswick Liquor Corporation. The Agent will purchase all products at a location to be assigned by Alcool NB Liquor, usually the closest liquor store or the Head Office. Agents will be charged by the Corporation on the basis of regular base prices, reduced by a discount as determined by the Agent's proposed rate (not to exceed 7.50% on all purchases in a fiscal year if said purchases exceed \$1,000,000, net of HST and bottle deposits; 8.00% on all purchases in a fiscal year if said purchases exceed \$500,000 but are less than \$1,000,000, net of HST and bottle deposits; or 9.00% on all purchases in a fiscal year if said purchases are \$500,000 or less, net of HST and bottle deposits).

Payment for purchases by the Agent may be made at the point and time of purchase in cash, cheque, travelers cheque, debit card, electronic funds transfer or any other negotiable instrument approved by the Corporation, or in accordance with established Corporation payment terms.

## **9. OPERATION OF AGENCY STORES (CONT'D)**

### **Direct Delivery**

At Alcool NB Liquor's discretion, Agents will receive their liquor orders and domestic beer orders by direct delivery from Alcool NB Liquor's warehouse, or from local breweries, on payment terms established by the Corporation. Product amounts must be in full cases only, with a minimum order of one (1) pallet of product from each point of supply.

### **Beverage Containers Act**

Under the terms of the Province's Beverage Containers Act, Agents will collect deposits on all beverage alcohol products sold. The amounts to be collected are part of the retail price set by the Corporation, and do not have to be remitted. In other words, they are retained by the Agent as part of the overall price set by Alcool NB Liquor.

### **Technology Criteria**

Agents will be required to show installation of and proficiency in use of Microsoft Office compatible software. Agents will be required to have electronic mail for receiving communications and product information, including pricing, from Alcool NB Liquor.

### **Sales to the Public/Licensees**

Agents are required to accept debit and credit purchases from customers and are not permitted to add or pass services fees along as an additional charge when retailing agency products.

Agents are required to use UPC scanning systems when processing retail agency sales.

## **8. OPERATION OF AGENCY STORES (CONT'D)**

### **Product Selection**

The Agent must carry a representative sample of beverage alcohol products in accordance with projected sales volumes. Brands carried by the Agent must be approved by the New Brunswick Liquor Corporation. Procedures will be established by the New Brunswick Liquor Corporation to ensure locally popular brands are proportionally represented in purchases by the Agent.

Depending on estimated annual sales volume, the table below specifies the minimum number of brands that an Agent must carry. For each brand, the Agent should strive to maintain a minimum supply of four sales units at all times.

<b><u>ESTIMATED ANNUAL SALES VOLUME</u></b>	<b><u>NON-BEER PRODUCTS</u></b>	<b><u>BEER PRODUCTS</u></b>
<b>300,000 - \$400,000</b>	<b>110</b>	<b>18</b>
<b>400,001 - \$500,000</b>	<b>140</b>	<b>20</b>
<b>500,001 &amp; Above</b>	<b>160</b>	<b>20</b>

### **Warehousing & Display of Products**

The Agent must designate a retail space and reserve a single area in the warehouse for storage of beverage alcohol products. Areas designated must be approved by the New Brunswick Liquor Corporation and those areas must protect beverage alcohol products from environment contaminants, such as:

- Direct sunlight,
- Extreme variations in ambient temperature,
- Strong odors.

**8. OPERATION OF AGENCY STORES (CONT'D)**

**Warehousing & Display of Products (cont'd)**

Sufficient retail and warehouse area floor space must be allocated to **maintain a minimum of one (1) week's supply of all beer products, and one (1) week's supply of wine and spirit products.** Shelving for the display of beverage alcohol products must be supplied by the Agent and approved by the New Brunswick Liquor Corporation.

Depending on projected annual sales volume, the Agent must provide the minimum linear feet of shelving per table below:

<b><u>ESTIMATED ANNUAL SALES</u></b>	<b><u>MIN. LINEAR FEET OF SHELVING</u></b>
<b>300,000 - \$400,000</b>	<b>32</b>
<b>400,001 - \$500,000</b>	<b>40</b>
<b>500,001 &amp; Above</b>	<b>48</b>

**Signage**

Alcool NB Liquor will provide interior and exterior signs at its expense. The Agent will be responsible for normal operating and maintenance costs and must ensure the exterior sign is illuminated from dusk until close of business, in accordance with approved hours of operation.

## **9. OPERATION OF AGENCY STORES (CONT'D)**

### **Promotion and Publicity**

The Agent will be prohibited from entering into any business arrangement, written or verbal, with any liquor supplier or representative or other individuals acting in the interest of liquor suppliers.

The Agent will further be prohibited from utilizing any promotional material, such as price lists, posters, bulletins, etc., except material supplied or authorized by the New Brunswick Liquor Corporation.

Alcool NB Liquor reserves the right to require Agents to seek approval prior to advertising their Agency business.

Agents may be required to participate in various product promotions as directed by the Corporation. If this takes place, all related promotional material will be supplied by Alcool NB Liquor at its expense.

## **9. SUMMARY**

Alcool NB Liquor has embarked on a program to expand service into smaller, more remote communities of the province and to replace some lesser volume Alcool NB Liquor operations, by awarding agencies to local business interests. The purpose of this program is to provide improved customer service while maintaining the appropriate control responsibility for the sale of alcoholic beverages.

Upon completion of a request for proposals and an evaluation process, the Corporation assists successful applicants in establishing their beverage alcohol sections and ensures that operations are consistent with our modern retail outlets.