

How to Decipher Your Coffee Contract



Contents

01	Introduction
05	Agreement Length
08	Installation
11	Equipment
14	Products
18	Consumables
22	Pricing Structure
26	Service
28	Maintenance
31	Termination & Renewal
34	Other Clauses Worth Checking
36	The Real-World Impact
41	The Fully Managed Difference
44	The Vendor Meeting Checklist
45	The Coffee Contract Checklist



You know what great coffee tastes like. But do you know what great coffee actually costs?



Complicated pricing structures and dense contracts tend to hide the true expense. Every cup brewed sets a dozen other costs in motion, from ingredients and consumables to service and maintenance.

This also makes vendors hard to compare. Two can offer nearly identical services — down to the freshly roasted beans, the technology-enabled devices, the premium beverage options, and the responsive service — while structuring their pricing in completely different ways.

→ **Where one bundles equipment, ingredients, and ongoing service into a single monthly price, another prices each component individually.**

→ **Where one includes routine maintenance costs, like filter replacements, another bills for them separately.**

→ **Where one requires you to purchase ingredients and consumables through their preferred distributor, another leaves that decision entirely up to you.**



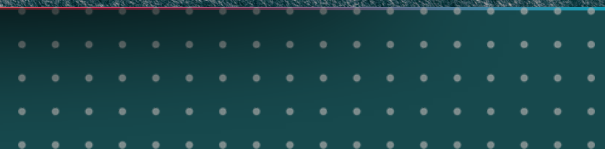
While this doesn't mean one model is inherently better than another, it does mean you should understand exactly how to separate real value from clever pricing. And that's exactly why we've created this guide.



Drawing from real commercial coffee agreements, we pull back the curtain on the clauses, pricing models, and industry practices that have the biggest impact on the long-term cost of a coffee amenity, including eye-opening examples that showcase just how quickly a reasonable quoted minimum spend can turn into a wildly fluctuating monthly cost.



The Myth & The Truth



Over the years, we've had thousands of conversations with on-site teams. When asked what they spend on coffee each month, most recite the **minimum spend** from their contract without hesitation. But when asked what they're actually spending, they have no idea. Not a rough estimate. Not a range. No idea.

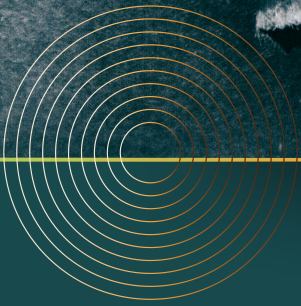
The problem? **A contract's monthly minimum and a property's actual investment are typically two very different numbers.**

The coffee service industry has made **minimum spend** the most memorable number in every proposal and every contract, and that's by design. It's the number that closes deals, but it's also the number that **leaves property teams completely exposed.**

The **disconnect between minimum spend and total investment** matters more in multifamily than almost any other setting. Coffee isn't a discretionary perk here. It's a **resident amenity** tied to **renewal decisions, satisfaction scores** and the **budget** a property manager has to defend. When the real number blows past the one that has been memorized or forecasted, it's **not a rounding error**. It's **significant variance** that someone has to explain, often after the invoice has already been paid.



The Myth & The Truth



Minimum spend is one of the least useful numbers for understanding what a coffee amenity actually costs.

- ➔ It doesn't always account for the cost of the equipment.
- ➔ It doesn't account for the hundreds of dollars in variance that show up from one month to the next as product orders accumulate, sometimes hundreds of dollars at a time.
- ➔ It doesn't account for what your community actually consumes, only what your contract requires you to purchase.

The gap between minimum and actual spend rarely comes from one big surprise. It comes from several small charges and fees quietly accumulating.

- ➔ A quarterly filter charge here.
- ➔ An installation fee there.
- ➔ A service call billed back as "cleaning negligence."

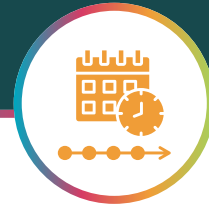
We promised to show you how different these two numbers really are, so let's put every line item under a microscope and uncover the true cost of offering a coffee amenity in a multifamily community.



Agreement Length

Most vendors require multi-year commitments, **with three years being the gold standard**. That matters, because three years is a long time to assume a community's needs won't change. Budgets, resident demand and priorities all evolve. And if the pricing, service, or solution no longer meets your community's needs, a long-term agreement can leave you with little flexibility to do something about it.

Lengthy terms also mean whatever pricing model, equipment, and required purchases you agree to today **have to survive resident turnovers, budget cycles, even changes in management**. Ask what flexibility, if any, exists to renegotiate mid-term if your community's situation changes significantly.



IN PLAIN TERMS

The total amount of time you're obligated to use the provider's services.



To protect yourself from surprise costs, ask:



How long is the initial agreement term?

Understand exactly how long the agreement lasts, as well as what happens at the end of that term, whether it expires, renews or gets renegotiated.



Does the agreement length match your property's needs?

Consider whether you're comfortable committing to the same provider and contract for the full term.



What obligations remain throughout the term?

Identify the pricing, purchasing, equipment and other financial obligations you're agreeing to maintain for the duration of the contract.



Examples from Real Contracts

6. **Term and Termination:** This Agreement shall commence as of January 7, 2026 and shall continue for a period of (3) years. Upon the initial term's expiration, this Agreement shall be renewed automatically for periods for (3) years unless notice of termination is given by either party at least 90 days prior to the end of the initial term or any subsequent term.
- a. **Events of Default and Termination:** In the event of a material default in performance on the part of either party under the terms of this Agreement, the other party shall provide written notice describing the default in detail and specifying a reasonable period of time, which shall not be less than 30 days, during which time the defaulting party shall make its best efforts to remedy the breach. At the end of this reasonable period of time, if the event of default has not been cured or otherwise addressed to the reasonable satisfaction of the other party, the other party shall have the right to terminate this Agreement on not less than 90 days prior written notice to the defaulting party.

VI. Term, Default and Termination

- A. The term is three years beginning on the Effective Date (the "Initial Term") and thereafter will automatically renew for consecutive three-year terms (each a "Renewal Term").
- B. If either Party breaches this Agreement, the Party claiming such breach will give written notice citing specifics. If, within 60 days of such notice, the breach is not corrected, the non-breaching Party may terminate this Agreement on 30 days written notice.
- C. Either Party may terminate this Agreement at the end of the Initial Term or any Renewal Term upon 90 days prior written notice to the other Party.

KEYWORDS TO SEARCH FOR

initial term term **default** **breach**

agreement term effective date

expiration **automatically renew** remaining term

renewal term **written notice**

early termination termination fee

cancellation months remaining



Installation

Installation isn't always included in a quoted investment. A separate installation fee **may be only the beginning**, with plumbing, electrical work, water line connections, and other site requirements creating additional costs before the first cup is ever poured.



IN PLAIN TERMS

Exactly what it takes and what it costs to get your coffee equipment up and running.



To protect yourself from surprise costs, make sure you ask:



Is installation included in the quoted investment?

Determine whether setup is covered or charged as a separate, one-time fee for each device.



What does the installation fee cover?

Clarify which services are included in getting the equipment installed and operational.



What is your property required to provide?

Understand whether water connections, electrical requirements or other site preparations need to be completed or paid for separately.

Examples from Real Contracts

- C. [REDACTED] will invoice client a one-time fee of \$159 per brewer installed and/or water line whichever is less. Equipment installation will include all filters, filter heads, replacement of all plastic tubing, inspection and replacement as needed of any copper tubing, and the installation of water leak detection devices (water block and flood buzz).

3. Operational Responsibilities:

- a. [REDACTED] shall be responsible for and shall bear the cost of the following:
- (I) Installing, servicing and maintaining in good repair all [REDACTED] Inc.-provided equipment at such location or locations as may be agreed upon. [REDACTED] shall be responsible for selection on all equipment, products, and pricing.
 - (II) Purchasing all inventory and supplies required for its vending & Coffee service operation.

KEYWORDS TO SEARCH FOR

installation
 installation fee **install** **setup**
site preparation water line
 plumbing **electrical** equipment installation
 delivery customer responsibility **connection**



COSTS

Equipment

Some vendors charge for equipment directly, as a separate line item, while others incorporate the overall cost into product pricing, minimum purchase requirements, or the broader solution. If you don't see an equipment charge listed, keep looking. **Trust us, it's accounted for somewhere.**



IN PLAIN TERMS

All required machinery and accessories, including who owns it and how the cost is accounted for.



To protect yourself from surprise costs,
make sure you ask:

**Who owns the equipment?**

Is it rented, financed or transferred at the end of the agreement?

**What happens if equipment fails?**

Understand who's responsible for replacement, repairs or upgrades.

**Where are equipment costs accounted for?**

Don't assume every provider presents them as a standalone line item.

Examples from Real Contracts

RENTAL PAYMENTS: Customer agrees to pay a monthly equipment rental fee if monthly purchases fall below minimum purchase requirements for a given piece of equipment for three (3) consecutive months. The rental fee will be the difference between the minimum purchase amount and average actual purchases.

MINIMUM PURCHASE REQUIREMENTS AND CREDITS: Customer may receive complimentary (FREE) use of the coffee brewers listed above during any month that customer meets the minimum purchase requirements listed below. Customer must meet separate minimum purchase requirements for each brewer.

- Automatic coffee brewer requires \$200 of purchases per month per machine.
- Single cup automatic brewers require \$200- \$400 per month per machine.
- Liquid coffee brewers require \$300 per month per machine.
- Bean to Cup automatic brewers require \$800 of purchases per month per machine.
- Nespresso brewers require \$200 - \$700 of purchases per month per machine.

SERVICE CONDITIONS: [REDACTED] will provide all office coffee and related equipment ("Equipment") necessary to provide services on Client's premises. [REDACTED] shall remain the owner of all [REDACTED] Equipment installed or equipped at the Client locations. [REDACTED] shall make all necessary repairs to such Equipment and shall provide all necessary maintenance and sanitation for such Equipment. Client shall use care and diligence in the handling of the Equipment. Client shall pay for damage or loss of the Equipment caused by misuse, neglect or intentional act of its employees. [REDACTED] shall have the right to update, change, or replace any Equipment from time to time. All coffee and related products must be purchased through [REDACTED] to support the placement of the equipment.

KEYWORDS TO SEARCH FOR

equipment
machine
equipment rental
lease
return of equipment
ownership
replacement
installation
brewer
espresso machine
rental fee
title
repair
removal

Products

Coffee beans are the most obvious ingredient you need to purchase for a coffee amenity, but they're only one part of the total product cost. Specialty beverages combine multiple ingredients (milk, flavor, sweetener), and because they tend to be more popular than black coffee and espresso shots, it's easy to underestimate how quickly the costs pile up.

On top of the ingredients themselves, contracts commonly add a delivery fee, a delivery minimum, a fuel surcharge, and/or a market price clause, which all directly impact the true cost of the ingredients and products required to run your amenity.



IN PLAIN TERMS

Everything that goes into brewing a beverage, from coffee beans to milk, syrups, and powders. This also extends past the ingredients themselves to how they get to you.

- ➔ **Delivery fee:** Covers the cost of getting the order to you.
- ➔ **Delivery minimum:** Sets a required order size or dollar amount, and falling short of it can trigger an extra charge or hold up the order.
- ➔ **Fuel surcharge:** Accounts for the real cost of fuel. Transparent versions of this fee are tied to a published fuel index, with a stated baseline price, so the charge moves up when fuel prices rise and back down when they fall. A vague or fixed "fuel fee" that never adjusts downward is worth questioning.
- ➔ **Market price clause:** Lets the supplier adjust what you pay mid-contract when the cost of coffee, or other inputs, changes. Coffee agreements tend to keep this verbiage vague, reserving the right to adjust prices, because coffee, as a commodity, is subject to swings from factors outside the provider's control. Look for clauses that tie the trigger to something concrete, like a defined percentage increase in a named index over a set period, so both sides know exactly what activates a price change, rather than leaving it to the supplier's judgment.





To protect yourself from surprise costs, make sure you ask:



Which ingredients are included?

Don't assume everything is included in the quoted monthly investment.



How are ingredient costs calculated?

Determine whether pricing remains predictable or changes as the market fluctuates.



How are ingredients replenished?

Understand who's responsible for monitoring inventory and ensuring products stay stocked.



Are there delivery charges, minimum order requirements, fuel surcharges, or market cost clauses?

Uncover ancillary fees that directly impact the true cost of the ingredients and products required to run the coffee amenity.

Examples from Real Contracts

1. Definitions

- a. **Equipment:** all equipment provided by [REDACTED]
- b. **Products:** all food, beverage, and sundry products supplied by [REDACTED]
- c. **Services:** all services provided by [REDACTED] as included on the attached Exhibit(s).

B. Renegotiation: [REDACTED] prices and other charges are based on current market conditions in existence on the effective date of this Agreement. In the event of a change in market or account conditions, [REDACTED] shall have the right to adjust prices or charges to reflect the change in conditions.

4. Prices

- a. [REDACTED] will determine the initial prices for the Services based upon distribution and market costs. [REDACTED] may increase prices and/or adjust commissions listed in the Exhibits in the event of any changes in market conditions.

KEYWORDS TO SEARCH FOR

ingredients
 commission **distribution** **product pricing**
market conditions account conditions
 adjust price **market costs** change in condition
 ingredients **delivery fee** delivery charge
 delivery minimum **fuel surcharge**



Consumables

A cup here and a lid there may not seem like much on their own, but multiply them by every beverage served, and the cost adds up quickly. Volume isn't the only thing that can drive the cost, though. Some agreements also include a required product purchase clause, meaning **the products or supplies must be bought directly through the provider** rather than sourced independently.



IN PLAIN TERMS

Everything that complements a beverage, from cups and lids to sleeves, stirrers, creamers, napkins.



To protect yourself from surprise costs, make sure you ask:



Which consumables are included?

Determine whether cups, lids, sleeves, stirrers, creamers and other items are covered by the agreement or not.



Do supplies have to be purchased through the provider?

Some agreements require you to source items directly from the vendor's preferred distributor, while others offer more flexibility.



How are supply costs managed as usage changes?

More beverages mean more supplies, so understand how increased demand affects ongoing costs.

Examples from Real Contracts

- 2 Whole Bean coffee choices, 1 ground coffee option
- Chocolate, Vanilla and Milk Powders
- \$800 monthly minimum in product supplies on a 12-month agreement **or** one of the following rental options with a lower monthly minimum in supplies

24 Month agreement

- \$250 monthly rental and a \$500 monthly minimum in supplies
- Anything on our product list counts (even snacks!) towards that minimum.

36 Month agreement

- \$150 monthly rental and a \$500 monthly minimum in supplies
- Anything on our product list counts (even snacks!) towards that minimum.

CASE USAGE FL _____ REG. <u>7</u> DECAF _____		CUSTOMER MINIMUM MONTHLY MISC. PRODUCT USAGE	
PRODUCT(S)	QTY.	PRICE	
13361 Veranda		21.95	
13363 Rite Place		21.95	
15385 Breakfast		21.95	
16294 Paper Roll		25.00	
42044 S.B. Cups		125.00 / 1000	
16274 S.B. Sleeves		120.04 / 1000	
45692 Travel Lids		56.54	
33102 Hot Chocolate		100.00 cs.	
35880 Chia Tea		135.99 / cs.	

- 4. Invoices will be paid in full within 10 days of the receipt of invoice. All unpaid invoices over 30 days are su
- 5. All product used with the equipment must be purchased from [REDACTED]
- 6. All equipment either existing or installed by [REDACTED] will be the liability of the cu

1. Definitions

- a. **Equipment:** all equipment provided by [REDACTED]
- b. **Products:** all food, beverage, and sundry products supplied by [REDACTED]
- c. **Services:** all services provided by [REDACTED] as included on the attached Exhibit(s).

KEYWORDS TO SEARCH FOR

cups
 stirrers
consumables
 exclusive purchase

lids
 napkins
 creamers
 required purchases

sleeves





IN PLAIN TERMS

How your monthly bill is calculated and the factors that can make it fluctuate.

Pricing Structure

A pricing model can look simple on paper and tell a very different story on the invoice.

The most common include:

Pricing Model	How it Works	Cost Predictability	What to Watch
Minimum Spend*	Required monthly purchase commitment; shortfall billed.	Moderate	Actual spend can exceed the minimum.
Unlimited	Recurring price for unrestricted dispensing; subject to agreement terms.	Higher Upfront Predictability	Confirm limitations, exclusions and future pricing.
Cup Allowance	Defined beverage allowance with clear treatment of additional usage.	High	Understand allowance sizing and overages.
Consumption-Based	Spend moves with beverage/product usage.	Variable	Visibility and forecasting become critical.

For **models that utilize consumption** in their calculation, keep in mind that **usage isn't always limited to residents**. Prospects grabbing coffee during tours can also increase consumption, especially at high-traffic communities. Those cups may never appear as a **neat “tour traffic” line item** and, instead, show up later as another supply order.

*Remember how we mentioned **minimum spend** at the beginning of this guide? We can't reiterate enough that it's **the contractual floor for monthly spending**, not an estimate of total cost. You will be billed for the difference if you fall below this number, and consistently exceeding it can make your **true monthly spend drastically different** than the number stated in the agreement.

Across all pricing models, you also have to **keep annual price increases in mind**. Most contracts include language that gives the vendor the authority to increase prices each year – and outlines how those increases are calculated.

To protect yourself from surprise costs, make sure you ask:



Which pricing model is being used?

Don't compare monthly investments until you understand how each provider calculates them.



What causes costs to change?

Determine whether resident usage, beverage volume or other factors will influence what you'll pay over time.



How predictable is the monthly investment?

Understand whether costs remain consistent or fluctuate as demand changes.



Can usage be monitored over time?

Visibility into consumption makes it much easier to budget, forecast and evaluate the true cost of the program.



Who is contributing to total consumption?

Make sure usage projections account for residents as well as prospects, tour traffic and team members.



Examples from Real Contracts

4. Prices

- a. [redacted] will determine the initial prices for the Services based upon distribution and market costs. [redacted] may increase prices and/or adjust commissions listed in the Exhibits in the event of any changes in market conditions.

B. BEAN TO CUP EQUIPMENT – Due to the investment amount and preventive maintenance required on these specialized units, [redacted] will require an average quarterly program spend of at least \$2500. Invoices totaling less than \$2500 per quarter will be charged for the quarterly shortfall in spend. All coffee must be purchased through [redacted] Food Service to support the placement of the brewer. Client responsible for daily cleaning of bean to cup units.

C. Ordering: When placing orders, to be delivered, orders must total a minimum of \$250.00 for each order placed.

KEYWORDS TO SEARCH FOR

minimum
cup allowance **unlimited** **usage**
overage pricing invoice program spend
monthly fee investment
preventative maintenance

Service

A service call isn't always part of the price you're already paying. Depending on the agreement, on-site visits, repairs, replacement parts, or even certain reasons for requesting service can trigger additional charges.

Cleaning requirements are one provision to watch closely. Some agreements consider improper or insufficient cleaning to be "cleaning negligence," which can shift the cost of a resulting service call back to you. In one agreement our team reviewed, that meant an extra \$100 charge per visit.



IN PLAIN TERMS

What happens, and who pays, when your coffee equipment needs professional attention.

To protect yourself from surprise costs, make sure you ask:



What's included in routine service?

Clarify which maintenance and repair services are covered by the agreement.



Who replaces limited-use parts?

Small maintenance tasks can become recurring expenses depending on how they're handled.



When do additional service charges apply?

Understand whether certain service calls, repairs or maintenance visits can generate additional costs.



What counts as cleaning negligence?

Get the definition in writing, since a vague standard here is what turns a routine service call into a \$100 surprise.

Examples from Real Contracts

1		3833/06011	Monin Flavored Syrup Sugar Free Caramel 25.4oz Bottle		13.44	13.44
1			Service Charge - RFS		7.95	7.95
4	4	100	DISCOUNT GREEN (EA/40)	EA	0.00	0.00
1	1	N	ZFEE	EA	9.70	\$9.70

3. Operational Responsibilities:

a. [REDACTED] shall be responsible for and shall bear the cost of the following:

- (I) Installing, servicing and maintaining in good repair all [REDACTED], Inc.-provided equipment at such location or locations as may be agreed upon. [REDACTED] shall be responsible for selection on all equipment, products, and pricing.
- (II) Purchasing all inventory and supplies required for its vending & Coffee service operation.

b. Responsibilities: The Client shall be responsible for and shall bear the cost of the following:

- (I) Providing all utilities and outlets necessary for [REDACTED] operations.
- (II) Client hereby authorizes [REDACTED] enter the premises at any time for the purpose of servicing, inspecting, changing, removing, or repossessing the Coffee equipment.
- (III) Client agrees that without prior written permission of an officer of [REDACTED] it will not permit former employees of [REDACTED] to be employed on the Clients premises in any food or vending capacity for a period of six (6) months after termination or expiration of this agreement.

and fill the machine at **least twice per month**. [REDACTED] agrees to purchase the machine at a cost of **\$3,000**. All cost of parts will be paid by the [REDACTED] but **monthly** cleanings will come at no charge if products to fill the machine are purchased from the Vendor. There will also be no rental/leasing fees.

Maintenance

Preventive maintenance can create recurring costs of its own, with water filtration being one of the most important to account for. Replacement filters can add hundreds of dollars to annual operating costs, especially when the filter, related parts, and labor are all billed separately. Factor in replacement schedules that vary with water quality and usage, and a seemingly minor maintenance item can become a **significant recurring expense**.



IN PLAIN TERMS

The ongoing upkeep required to keep your coffee equipment running.





To protect yourself from surprise costs, make sure you ask:



Are filter replacements included?

Determine whether water filters, parts and associated labor are covered or billed separately.



How often will filters need to be replaced?

Quality of water and frequency of use both influence annual costs.



Who's responsible for managing replacements?

Clarify whether the vendor monitors and handles filter changes or if that responsibility falls on you.

Examples from Real Contracts

4. Coffee Services Fees

A. If Bean-to-Cup Equipment is installed at the Premises, Client shall guarantee monthly Coffee Services sales of \$750.00 per brewer (excluding the rental fee(s)). The actual sales will be compared to the Client's guaranteed monthly sales amount and any shortfall will be invoiced to Client.

B. As of the Effective Date, [REDACTED] will charge Client for the Equipment rental fees listed below at the quantities/frequencies listed below:

Equipment/Service	Quantity/Frequency	Rental Fees
Cafetion Emblem	1	N/A
Airpot Brewer	1	N/A
Premium Condiment Merchandiser	1	N/A
Starbucks Sign	1	N/A

C. [REDACTED] will invoice client a one-time fee of \$159 per brewer installed and/or water line whichever is less. Equipment installation will include all filters, filter heads, replacement of all plastic tubing, inspection and replacement as needed of any copper tubing, and the installation of water leak detection devices (water block and flood buzz).

D. Filters will be replaced at a cost of \$89.99 two (2) times per Agreement year.

E. Initial Products and Prices are set forth in Schedule 1 attached.

4. Coffee Services Fees

A. If Bean-to-Cup Equipment is installed at the [REDACTED] Client shall guarantee monthly Coffee Services sales of \$750.00 per brewer (excluding rental fees). The actual sales will be compared to the Client's guaranteed monthly sales amount and any shortfall will be invoiced to Client.

B. As of the Effective Date, [REDACTED] will charge Client for the Equipment rental fees and Service fees at the quantities/frequencies listed below:

Equipment/Service	Quantity/Frequency	Rental Fees
Bean To Cup Brewer	1	\$0.00
Equipment Installation (as defined below)	One-Time	\$159.00
Filter Replacement	Quarterly or as needed	\$89.00

C. [REDACTED] will invoice Client a one-time fee of \$159 per brewer installed and/or water line whichever is less. Equipment installation will include all filters, filter heads, replacement of all plastic tubing, inspection and replacement as needed of any copper tubing, and the installation of water leak detection devices (water block and flood buzz).

D. Filters will be replaced at a cost of \$89.00, based on (i) Client usage (ii) Client request; or (iii) manufacturer specifications.

Quarterly Filter Change \$89.50

D. Filters will be replaced at a cost of \$89.99 two (2) times per Agreement year.

KEYWORDS TO SEARCH FOR

service preventative maintenance
 maintenance **repairs** **service call**
filter filter head inspection plastic tubing
 replacement copper tubing labor
 warranty **support** water line **coffee services**



Termination & Renewal

Reaching the end of your agreement doesn't always mean you're free to walk away. Evergreen clauses can automatically extend the contract unless you provide notice within a specified window, and **roughly 80% of standard commercial coffee contracts include them.**

An agreement may renew for another term equal to the original commitment or continue on a rolling basis. Notice windows can vary, too, and can require action well before the date you think your agreement ends. **Miss the deadline, and you'll be contractually obligated for another term.**

Leaving early also comes with its own strings attached. Depending on the agreement, early termination can trigger cancellation fees, an obligation to pay back discounted or free equipment, or a prorated payment outlined in the contract (for example, the percentage of your average monthly spend multiplied by the months remaining). The earlier you leave, the larger those numbers tend to be.



IN PLAIN TERMS

What happens when you choose to exit an agreement early or you reach the end of your initial term.



To protect yourself from surprise costs, make sure you ask:



How does the agreement renew?

Determine whether it automatically extends for another fixed term, moves to a rolling arrangement or requires a new agreement.



What's the cancellation notice window?

Know exactly how far in advance notice must be provided and how it needs to be submitted.



Are there penalties for early termination?

Understand any fees, prorated payments or other financial obligations tied to leaving before the term officially ends.



If there is an early exit fee, how is it calculated?

Ask for the exact formula, not just the existence of a fee, since "X% of average monthly billing multiplied by months remaining" can mean very different numbers depending on how "average" is defined.

Examples from Real Contracts

i. Term, Default and Termination

- a. The term is two years beginning on the Effective Date (the “Initial Term”) and thereafter will automatically renew for consecutive one-year terms (each a “Renewal Term”).

in Eighty50

1

- b. If either Party breaches this Agreement, the Party claiming such breach will give written notice citing specifics. If, within 60 days of such notice, the breach is not corrected, the non-breaching party may terminate this Agreement on 30 days written notice.
- c. Either Party may terminate this Agreement at the end of the Initial Term or any Renewal Term upon 90 days prior written notice to the other Party.

VI. Term, Default and Termination

- A. The term is three years beginning on the Effective Date (the “Initial Term”) and thereafter will automatically renew for consecutive three-year terms (each a “Renewal Term”).
- B. If either Party breaches this Agreement, the Party claiming such breach will give written notice citing specifics. If, within 60 days of such notice, the breach is not corrected, the non-breaching Party may terminate this Agreement on 30 days written notice.
- C. Either Party may terminate this Agreement at the end of the Initial Term or any Renewal Term upon 90 days prior written notice to the other Party.

12. TERMINATION: This agreement is non-cancellable during the initial term and Customer agrees that it has an unconditional obligation to pay all rental payments and other amounts when due, even if this agreement has been terminated by the provisions of default. Customer is not entitled to abate or reduce rental payments or any other amounts due, or to set off any This agreement shall continue in full force for the initial term and shall, automatically renew for successive equal or like terms, until terminated by either party, by a thirty (30) day written notice to the other party by certified mail return receipt.

KEYWORDS TO SEARCH FOR

initial term

renewal term

written notice

automatically renew

effective date

breaches

cancellation

terminate

price adjustment

annual increase

Other clauses worth checking.

The sections above cover what drives your monthly cost. A few other clauses regularly show up, and while they don't directly affect price, they can affect your risk, flexibility, and who's on the hook when something goes wrong.



Insurance & Liability: Ask whether the provider carries general liability insurance (typically \$1 million to \$2 million minimum) and whether your community will be named as an additional insured. Without that, a coffee-related injury, a burn or a slip near a spill could fall back on the property's own policy instead of the vendor's.



Price Increase Caps: Most agreements allow annual price increases. Far fewer cap them. Ask whether increases are capped at a fixed percentage per year or tied to a public index like the Consumer Price Index, rather than left entirely to the vendor's discretion.



Exclusivity: Some agreements restrict the property from offering any other coffee option for the duration of the term, including a resident-run kiosk, a second vendor in another amenity space, or a future amenity refresh. Confirm exactly what the exclusivity covers and whether it extends beyond the specific equipment installed.



Assignment & Change of Ownership: If the property is sold or acquired, does the agreement automatically transfer to the new owner, and under what terms? This matters most for portfolios that turn over management or ownership frequently, since a new team can inherit a multi-year commitment they never negotiated.



Tied Agreements: Equipment and service are sometimes governed by separate schedules within the same contract. That means canceling one doesn't automatically end the other. Confirm whether equipment and service are bundled or independent, and what it takes to exit each one if only part of the relationship stops working for you.



Late Payment Penalties: Ask whether a late or missed payment triggers interest charges, flat fees, or a default provision separate from standard billing. These are usually minor on their own, but combined with an evergreen clause, a missed payment during a busy season can compound quickly.

KEYWORDS TO SEARCH FOR

additional insured

general liability

price cap

certificate of insurance

CPI adjustment

exclusivity

sole provider

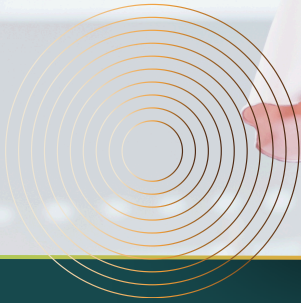
Assignment

change of control

successor and assigns

late fee

default interest



The real-world impact.

By now, you understand why most property management teams can't confidently articulate their coffee spend – and why most choose to assume a minimum monthly is a solid estimate. Who has time to make dozens of precise calculations and draft data-backed forecasts?

To fully grasp why that's such a dangerous assumption, let's look at two different contracts with a minimum spend pricing structure to get a sense of how far the quoted number can quickly drift from the real one.



Contract #1: Bean-to-Cup Agreement

What the contract says...	What the math says...
Monthly Minimum Spend*	\$1,000 *Shortfall Billed at Month End
Machine Rental	"FREE"
Filters	\$99.50 Per Quarter
Installation	\$159 Per Device
Cleaning Negligence Service Call	\$100
Agreement Term	3 Years
Renewal	Automatic 30-Day Notice Window
Termination / Early Exit	50% of Average Monthly Sales x Months Remaining

True Monthly Floor $\approx$ \$1,033 (No Ceiling)

Contract #2: National Coffee Vendor

What the contract says...	What the math says...
Guaranteed Monthly Sales Per Brewer*	\$750 *Shortfall Invoiced
Product Pricing	Can increase based on market conditions.
Equipment	Vendor may remove, at their discretion, if volume is low.
Filters	\$89.99, twice per year
Installation	\$159 per device
Agreement Term	2 years
Renewal	Automatic, 90-day notice

True recurring monthly floor $\approx$ \$765 per brewer, no ceiling.

Notice that neither floor includes ingredients or consumables, the two costs directly tied to how much your community actually drinks. That's the piece most likely to push your real spend well past these adjusted numbers, and it's the one most agreements leave open-ended.

The minimum is a floor, not a quote.

How to estimate your true monthly floor.



Start with:



Minimum spend

Add:



Fixed costs billed separately



Filter fees (monthly average)



Installation costs (amortized over the contract term)



Recurring service charges



TRUE MONTHLY FLOOR

+

+

+

+

=

Compare this total – not the minimum spend alone – across vendors.

Your minimum spend is NOT your monthly cost.



Pro tip: Pull your last three months of invoices. They'll show you what was actually purchased, how much your spend fluctuates month to month, and just how far your actual costs stray from the minimum in your contract.

Compare >>>

MONTH 1	MONTH 2	MONTH 3
\$ _____	\$ _____	\$ _____

↓

AVERAGE ACTUAL SPEND
 \$ _____

vs.

CONTRACTED MINIMUM
 \$ _____

DIFFERENCE
 \$ _____



The fully managed difference.

By now, you've probably noticed a pattern.

Commercial coffee agreements become difficult to evaluate when pricing, operational responsibilities and contractual obligations are layered together in ways that aren't immediately obvious.

Instead of accepting complexity as part of the process, vendors like **SipWithMe** prioritize transparent pricing, controlled costs and agreements that put operators and property teams first.

12-month agreements: Many commercial coffee agreements require multi-year commitments, but SipWithMe's standard agreement term is 12 months. Shorter agreements provide greater flexibility as budgets, priorities, and resident expectations evolve, rather than locking communities into pricing structures that no longer fit their needs.



Predictable cost structure: Standard pricing models can make monthly coffee costs difficult to anticipate, especially as resident demand fluctuates. SipWithMe's proprietary Cup Allowance technology was designed to provide greater visibility into expected monthly spend while giving clients a clearer understanding of how usage influences cost.



All-in pricing: Instead of separating key costs, SipWithMe packages include the equipment, support, service, and other core elements required to operate the program.



Fewer required purchases: Rather than locking communities into mandatory product purchases, SipWithMe provides greater flexibility with how ancillary essentials, like consumables and filters, are sourced.



Clear terms: Agreement length, renewal language, and exit terms should never feel like a surprise. SipWithMe uses clearly defined contract language designed to make commitments and next steps easier to understand upfront.



Built around visibility: SipWithMe gives operators clear visibility into beverage usage and machine performance so it's easier to understand consumption trends, forecast future costs, and make informed operational decisions.



Get in Touch With Us

Now that you know what to look for, you can evaluate agreements with clarity and avoid costly surprises. But if you'd rather skip the complexity altogether, **let's talk!**

The vendor

meeting checklist.

Before soliciting proposals, be sure you have answers to the following questions:

- ☒ Have I reviewed at least three months of coffee invoices?
- ☒ What has my actual monthly coffee spend averaged over the last three months?
- ☒ Can I identify my contracted monthly minimum spend?
- ☒ How significantly does my total spend fluctuate from month to month?
- ☒ Am I paying a separate fee for equipment rental?
- ☒ Does our actual consumption justify everything we're purchasing?
- ☒ Beyond residents, who is contributing to usage? Team members? Prospective residents?
- ☒ Are there additional coffee, ingredient or supply purchases happening outside the agreement?

The coffee

contract checklist.

Before any coffee agreement gets your signature, make sure you can confidently answer these questions.

- ✓ How will my monthly invoice be calculated, and what factors could cause it to change?
- ✓ What is the contracted minimum spend, and how is any shortfall handled?
- ✓ Which costs fall outside the stated minimum or monthly investment?
- ✓ What is the initial agreement term, and what happens when it expires?
- ✓ Does the agreement include an evergreen clause, and what notice is required to prevent automatic renewal?
- ✓ Which products or supplies am I contractually required to purchase through the provider?
- ✓ Which service, maintenance, and filter replacement costs are included, and which are my responsibility?
- ✓ Can product pricing increase during the agreement, and under what conditions?
- ✓ How will changes in usage affect what I pay?
- ✓ What are my obligations and costs if I terminate the agreement early?
- ✓ What exactly counts as cleaning negligence, and what does it cost if it applies?