



REQUEST FOR PROPOSALS

Title: Surrey Recreation Centres Coffee Shop Operator(s)

Reference No.: 1220-030-2023-004

(General Services)

Issue Date: March 20, 2023

TABLE OF CONTENTS

1. INTRODUCTION.....	3
1.1 Purpose.....	3
1.2 Definitions	3
2. INSTRUCTIONS TO PROPONENTS	4
2.1 Closing Time and Address for Proposal Delivery.....	4
2.2 Site Visit	4
2.3 Late Proposals	5
2.4 Amendments to Proposals.....	5
2.5 Inquiries.....	5
2.6 Addenda.....	6
2.7 Examination of Contract Documents and Premises	6
2.8 Opening of Proposals	6
2.9 Status Inquiries.....	6
3. PROPOSAL SUBMISSION FORM AND CONTENTS.....	6
3.1 Form of Proposal.....	6
3.2 Signature.....	6
4. EVALUATION AND SELECTION	7
4.1 Evaluation Team	7
4.2 Evaluation Criteria	7
4.3 Discrepancies in Proponent’s Financial Proposal	7
4.4 Litigation.....	8
4.5 Additional Information.....	8
4.6 Interviews	8
4.7 Multiple Preferred Proponents	8
4.8 Negotiation of Contract and Award	9
5. GENERAL CONDITIONS.....	9
5.1 No City Obligation	9
5.2 Proponent’s Expenses.....	9
5.3 No Contract	10
5.4 Conflict of Interest	10
5.5 Solicitation of Council Members, City Staff and City Contractors	10
5.6 Confidentiality.....	10
5.7 Reservation of Rights	10
5.8 Acceptance of Proposals.....	11

SCHEDULE A – SCOPE OF SERVICES

SCHEDULE B – DRAFT LICENSE AGREEMENT

SCHEDULE C – FORM OF PROPOSAL

REQUEST FOR PROPOSALS

1. INTRODUCTION

1.1 Purpose

The City of Surrey (the “**City**”) invites interested proponents to provide a proposal in response to this Request for Proposals (the “**RFP**”) on the form attached as Schedule C (the “**Proposal**”) to manage and operate the proposed coffee and food service shop(s) (the “**Café**”) at the following Parks, Recreation & Culture locations:

- Clayton Community Centre, located at 7155 – 187A Street, Surrey; and/or
- South Surrey Recreation & Arts Center, located at 14601 20th Ave, Surrey (the “**Premises**”)

as more particularly described in Schedule A (the “**Goods and Services**”).

The description of the Goods and Services sets out the minimum requirements of the City. A person that submits a Proposal (the “**Proponent**”) should prepare a Proposal that meets the minimum requirements, and may as it may choose, in addition, also include goods, services or terms that exceed the minimum requirements.

1.2 Definitions

In this RFP the following definitions shall apply:

“**BC Bid Website**” means www.bcbid.gov.bc.ca;

“**City**” means the City of Surrey;

“**City Representative**” has the meaning set out in section 2.5;

“**City Website**” means www.surrey.ca;

“**Closing Time**” has the meaning set out in section 2.1;

“**Contract**” means a formal written contract between the City and a Preferred Proponent to undertake the Services, the preferred form of which is attached as Schedule B;

“**Evaluation Team**” means the team appointed by the City;

“**Goods**” has the meaning set out in Schedule A;

“**Site Visit**” has the meaning set out in section 2.2;

“**Preferred Proponent(s)**” means the Proponent(s) selected by the Evaluation Team to enter into negotiations for a Contract;

“**Proponent**” means an entity that submits a Proposal;

“**Proposal**” means a proposal submitted in response to this RFP;

“**RFP**” means this Request for Proposals;

“**Services**” has the meaning set out in Schedule A; and

“**Statement of Departures**” means Schedule C-1 to the form of Proposal attached as Schedule C.

2. INSTRUCTIONS TO PROPONENTS

2.1 Closing Time and Address for Proposal Delivery

The Proponent should submit the Proposal **electronically** in a single pdf file which must be delivered by email at: purchasing@surrey.ca

on or before the following date and time

Time: 3:00 p.m., local time

Date: April 17, 2023

(the “Closing Time”).

Confirmation of receipt of email will be issued. Proposals that cannot be opened or viewed may be rejected. A Proponent bears all risk that the City’s receiving equipment functions properly so that the Proposal is received by the Closing Time.

Note: The maximum file size the *Owner* can receive is 10Mb. If sending large email attachments, Proponents should phone [604-590-7274] to confirm receipt.

2.2 Site Visit

A site visit will be hosted by the City Representative for Proponents to examine the Premises under this RFP (the “**Site Visit**”) prior to submitting a Proposal. There will be no information meeting to be held. The Proponents should fully acquaint themselves with all existing conditions reasonably inferable from examination of the Premises and its surroundings and the RFP and to make allowance for such conditions in the Proposal. By submitting a Proposal, a Proposal represents that it has examined the Premises fully as to all conditions, contingencies, risks and circumstances, local or otherwise, which might influence or affect the performance of the Services.

While attendance is at the discretion of Proponents, Proponents who do not attend will be deemed to have attended the Site Visit and to have received all of the information given at the Site Visit.

At the time of issuance of this RFP, Site Visits have been scheduled as follows:

Date: March 29, 2023

Time: from 10:00 a.m.

Location:

- (1) Clayton Community Centre, located at 7155 – 187A Street, Surrey
(10:00-11:00am)
- (2) South Surrey Recreation & Arts Center, located at 14601 20th Ave, Surrey
(11:00am-12:00pm)

Proponents interested to participate in this RFP may attend the Site Visit at the date and time specified above.

2.3 Late Proposals

Proposals submitted after the Closing Time will not be accepted or considered.

2.4 Amendments to Proposals

Proposals may be revised by written amendment, delivered to the location set out in Section 2.1, at any time before the Closing Time but not after. An amendment should be signed by an authorized signatory of the Proponent in the same manner as provided by section 3.2. E-mailed amendments are permitted, but such amendment should show only the change to the proposal price(s) and should not disclose the actual proposal price(s). A Proponent bears all risk that the City's computer equipment functions properly so as to facilitate timely delivery of any amendment.

2.5 Inquiries

All inquiries related to this RFP should be directed in writing to the person named below (the "**City Representative**"). Information obtained from any person or source other than the City Representative may not be relied upon.

Name: Sunny Kaila, Manager, Procurement Services

E-mail: purchasing@surrey.ca

Reference: 1220-030-2023-004

Inquiries should be made no later than seven (7) business days before Closing Time. The City reserves the right not to respond to inquiries made within 7 business days of the Closing Time. Inquiries and responses will be recorded and may be distributed to all Proponents at the discretion of the City.

Proponents finding discrepancies or omissions in the Contract or RFP or having doubts as to the meaning or intent of any provision, should immediately notify the City Representative. If the City determines that an amendment is required to this RFP, the City Representative will issue an

addendum in accordance with section 2.6. No oral conversation will affect or modify the terms of this RFP or may be relied upon by any Proponent.

2.6 Addenda

If the City determines that an amendment is required to this RFP, the City Representative will issue a written addendum by posting it on the BC Bid Website at www.bcbid.gov.bc.ca (the “**BC Bid Website**”) and the City Website at www.surrey.ca (the “**City Website**”) that will form part of this RFP. No amendment of any kind to the RFP is effective unless it is posted in a formal written addendum on the City Website. Upon submitting a Proposal, Proponents will be deemed to have received notice of all addenda that are posted on the City Website.

2.7 Examination of Contract Documents and Premises

Proponents will be deemed to have carefully examined the RFP, including all attached Schedules, the Contract and the Premises (as applicable) prior to preparing and submitting a Proposal with respect to any and all facts which may influence a Proposal.

2.8 Opening of Proposals

The City intends to open Proposals in private but reserves the right to open Proposals in public at its sole discretion.

2.9 Status Inquiries

All inquiries related to the status of this RFP, including whether or not a Contract has been awarded, should be directed to the City Website and not to the City Representative.

3. PROPOSAL SUBMISSION FORM AND CONTENTS

3.1 Form of Proposal

Proponents should complete the form of Proposal attached as Schedule C, including Schedules C-1 to C-5. Proponents are encouraged to respond to the items listed in Schedules C-1 to C-5 in the order listed. Proponents are encouraged to use the forms provided and attach additional pages as necessary.

3.2 Signature

The legal name of the person or firm submitting the Proposal should be inserted in Schedule C. The Proposal should be signed by a person authorized to sign on behalf of the Proponent and include the following:

- (a) If the Proponent is a corporation, then the full name of the corporation should be included, together with the names of authorized signatories. The Proposal should be executed by all of the authorized signatories or by one or more of them provided that a copy of the corporate resolution authorizing those persons to execute the Proposal on behalf of the corporation is submitted;
- (b) If the Proponent is a partnership or joint venture then the name of the partnership or joint venture and the name of each partner or joint venturer should be included, and each

partner or joint venturer should sign personally (or, if one or more person(s) have signing authority for the partnership or joint venture, the partnership or joint venture should provide evidence to the satisfaction of the City that the person(s) signing have signing authority for the partnership or joint venture). If a partner or joint venturer is a corporation then such corporation should sign as indicated in subsection (a) above; or

- (c) If the Proponent is an individual, including a sole proprietorship, the name of the individual should be included.

4. EVALUATION AND SELECTION

4.1 Evaluation Team

The evaluation of Proposals will be undertaken on behalf of the City by the Evaluation Team. The Evaluation Team may consult with others including City staff members, third party contractors and references, as the Evaluation Team may in its discretion decide is required. The Evaluation Team will give a written recommendation for the selection of a Preferred Proponent or Preferred Proponents to the City.

4.2 Evaluation Criteria

The Evaluation Team will compare and evaluate all Proposals to determine the Proponent's strength and ability to provide the Services in order to determine the Proposal, which is most advantageous to the City, using the following criteria:

Experience, Reputation and Resources

The Evaluation Team will consider the Proponent's responses to items in Schedule C-2.

Technical

The Evaluation Team will consider the Proponent's responses to items in Schedule C-3 and Schedule C-4.

Financial

The Evaluation Team will consider the Proponent's response to Schedule C-5.

Statement of Departures

The Evaluation Team will consider the Proponent's response to Schedule C-1.

The Evaluation Team will not be limited to the criteria referred to above, and the Evaluation Team may consider other criteria that the team identifies as relevant during the evaluation process. The Evaluation Team may apply the evaluation criteria on a comparative basis, evaluating the Proposals by comparing one Proponent's Proposal to another Proponent's Proposal. All criteria considered will be applied evenly and fairly to all Proposals.

The City's intent is to acquire the solution that provides the best value to the City and meets or exceeds the requirements identified in the RFP.

4.3 Discrepancies in Proponent's Financial Proposal

If there are any obvious discrepancies, errors or omissions in Schedule C-5 of a Proposal (Proponent's Financial Proposal), then the City shall be entitled to make obvious corrections, but

only if, and to the extent, the corrections are apparent from the Proposal as submitted, and in particular:

- (a) if there is a discrepancy between a unit price and the extended total, then the unit prices shall be deemed to be correct, and corresponding corrections will be made to the extended totals;
- (b) if a unit price has been given but the corresponding extended total has been omitted, then the extended total will be calculated from the unit price and the estimated quantity; and
- (c) if an extended total has been given but the corresponding unit price has been omitted, then the unit price will be calculated from the extended total and the estimated quantity.

4.4 Litigation

In addition to any other provision of this RFP, the City may, in its absolute discretion, reject a Proposal if the Proponent, or any officer or director of the Proponent submitting the Proposal, is or has been engaged directly or indirectly in a legal action against the City, its elected or appointed officers, representatives or employees in relation to any matter, or if the City has initiated legal action against any officers or directors of the Proponent.

In determining whether or not to reject a Proposal under this section, the City will consider whether the litigation is likely to affect the Proponent's ability to work with the City, its contractors and representatives and whether the City's experience with the Proponent indicates that there is a risk the City will incur increased staff and legal costs in the administration of the Contract if it is awarded to the Proponent.

4.5 Additional Information

The Evaluation Team may, at its discretion, request clarifications or additional information from a Proponent with respect to any Proposal, and the Evaluation Team may make such requests to only selected Proponents. The Evaluation Team may consider such clarifications or additional information in evaluating a Proposal.

4.6 Interviews

The Evaluation Team may, at its discretion, invite some or all of the Proponents to appear before the Evaluation Team to provide clarifications of their Proposals. In such an event, the Evaluation Team will be entitled to consider the answers received in evaluating Proposals. Proponent management and technical personnel will be expected to participate in presentations, demonstrations and/or interviews, which will be made at no cost to the City.

All information and documents provided by the Proponents or gathered by the Evaluation Team during a presentation, demonstration or an interview may be considered by the Evaluation Team, which may revisit and re-evaluate the Proponent's Proposal or ranking on the basis of such information and documents.

4.7 Multiple Preferred Proponents

The City reserves the right and discretion to divide up the Goods and Services, either by scope, geographic area, or other basis as the City may decide, and to select one or more Preferred Proponents to enter into discussions with the City for one or more Contracts to perform a portion

or portions of the Goods and Services. If the City exercises its discretion to divide up the Services, the City will do so reasonably having regard for the RFP and the basis of Proposals.

In addition to any other provision of this RFP, Proposals may be evaluated on the basis of advantages and disadvantages to the City that might result or be achieved from the City dividing up the Goods and Services and entering into one or more Contracts with one or more Proponents.

4.8 Negotiation of Contract and Award

If the City selects a Preferred Proponent or Preferred Proponents, then it may:

- (a) enter into a Contract with the Preferred Proponent(s); or
- (b) enter into discussions with the Preferred Proponent(s) to attempt to finalize the terms of the Contract(s) including financial terms, and such discussions may include:
 - (1) clarification of any outstanding issues arising from the Preferred Proponent's Proposal;
 - (2) negotiation of amendments to the departures to the draft Contract, if any, proposed by the Preferred Proponent as set in Schedule C-1 to the Preferred Proponent's Proposal; and
 - (3) negotiation of amendments to the Preferred Proponent's price(s) as set out in Schedule C-5 to the Preferred Proponent's Proposal and/or scope of Services if:
 - (A) the Preferred Proponent's financial Proposal exceeds the City's approved budget, or
 - (B) the City reasonably concludes the Preferred Proponent's financial proposal includes a price(s) that is unbalanced, or
 - (C) a knowledgeable third party would judge that the Preferred Proponent's price(s) materially exceed a fair market price(s) for services similar to the Goods and Services offered by the Preferred Proponent as described in the Preferred Proponent's Proposal; or
- (c) if at any time the City reasonably forms the opinion that a mutually acceptable agreement is not likely to be reached within a reasonable time, give the Preferred Proponent(s) written notice to terminate discussions, in which event the City may then either open discussions with another Proponent or terminate this RFP and retain or obtain the Goods and Services in some other manner.

5. GENERAL CONDITIONS

5.1 No City Obligation

This RFP is not a tender and does not commit the City in any way to select a Preferred Proponent, or to proceed to negotiations for a Contract, or to award any Contract and the City reserves the complete right to at any time reject all Proposals, and to terminate this RFP process.

5.2 Proponent's Expenses

Proponents are solely responsible for their own expenses in preparing, and submitting Proposals, and for any meetings, negotiations or discussions with the City or its representatives and contractors, relating to or arising from this RFP. The City and its representatives, agents,

contractors and advisors will not be liable to any Proponent for any claims, whether for costs, expenses, losses or damages, or loss of anticipated profits, or for any other matter whatsoever, incurred by the Proponent in preparing and submitting a Proposal, or participating in negotiations for a Contract, or other activity related to or arising out of this RFP.

5.3 No Contract

By submitting a Proposal and participating in the process as outlined in this RFP, Proponents expressly agree that no contract of any kind is formed under, or arises from this RFP, prior to the signing of a formal written Contract.

5.4 Conflict of Interest

A Proponent shall disclose in its Proposal any actual or potential conflicts of interest and existing business relationships it may have with the City, its elected or appointed officials or employees. The City may rely on such disclosure.

5.5 Solicitation of Council Members, City Staff and City Contractors

Proponents and their agents will not contact any member of the City Council, City staff or City contractors with respect to this RFP, other than the City Representative named in section 2.5, at any time prior to the award of a contract or the cancellation of this RFP and which could be viewed as one Proponent attempting to seek an unfair advantage over other Proponents.

5.6 Confidentiality

All submissions become the property of the City and will not be returned to the Proponent. All submissions will be held in confidence by the City unless otherwise required by law. Proponents should be aware the City is a “public body” defined by and subject to the *Freedom of Information and Protection of Privacy Act* of British Columbia.

5.7 Reservation of Rights

The City reserves the right, in its sole and absolute discretion, to:

- (a) amend the scope of Services, modify, cancel or suspend the competitive selection process at any time for any reason;
- (b) accept or reject any Proposal, based on the Evaluation Criteria;
- (c) waive a defect or irregularity in a Proposals, and accept that Proposal;
- (d) reject or disqualify or not accept any or all Proposals, without any obligation compensation or reimbursement to any Proponent or any of its team members;
- (e) re-advertise for new Proposals, or enter into negotiations for the Services or for Services of a similar nature;
- (f) make any changes to the terms of the business opportunity described in this RFP;
- (g) negotiate any and all aspects of Proposals; and
- (h) extend, from time to time, and date, time period or deadline provided in this RFP, upon written notice to all Proponents.

5.8 Acceptance of Proposals

Notwithstanding anything to the contrary contained in the RFP or any other document, material or communication:

- (a) The City will not necessarily accept the Proposal with the lowest Proposal Price, or any Proposal, and the City reserves the right to reject any and all Proposals at any time, or cancel the RFP process, without further explanation and to accept any Proposal the City considers to be in any way advantageous to it. The City's acceptance of any Proposal is contingent on having sufficient funding for the solution and a Contract with a Proponent. Proposals containing qualifications will be considered to be non-conforming Proposals in that they will fail to conform to the requirements of the RFP documents and on that basis, they may be disqualified or rejected. Nevertheless, the City may waive any non-compliance with the requirements of the RFP documents, specifications or any conditions, including, without limitation, the timing of delivery of anything required by these RFP documents, and the City, at its discretion, may consider non-conforming Proposals and accept a non-conforming Proposal.
- (b) Where the City is of the view, in its sole discretion, that there is an ambiguity or other discrepancy which cannot be discerned or resolved from examining the contents of the Proposal, then whether or not such an ambiguity or discrepancy actually exists on the face of the Proposal, the City may, prior to Contract award, solicit clarification from the Proponent or accept clarification from the Proponent on any aspect of its Proposal. Such clarification may include the acceptance of any further documents or information which will then form part of the Proposal. The soliciting or accepting of such clarification (whether or not solicited) by the City will be without any duty or obligation on the City to advise any other Proponents or to allow them to vary their Proposal Prices as a result of the acceptance of clarification from any one or more Proponents and the City will have no liability to any other Proponent(s) as a result of such acceptance of clarification.
- (c) If the City considers that all Proposals are priced too high, it may reject them all.
- (d) The City, prior to awarding of any Contract, may negotiate with the Proponent presenting the lowest priced Proposal, or any Proponent, for changes in the solution, the materials, the specifications or any conditions, without having any duty or obligation to advise any other Proponents or to allow them to modify their Proposal, and the City will have no liability to any Proponent as a result of such negotiations or modifications.
- (e) The City and its representatives, agents, consultants and advisors will not be liable to any Proponent for any claims, whether for costs, expenses, losses, damages, or loss of anticipated profits, or for any other matter whatsoever, incurred by a Proponent in preparing and submitting a Proposal, or participating in negotiations for a final Contract, or other activity related to or arising out of this RFP, including in the event

the City accepts a non-compliant Proposal or otherwise breaches the terms of this RFP.

- (f) A pre-award meeting may be conducted with the preferred Proponent prior to award to confirm project details and expectations of the City.
- (g) Proponents are solely responsible for their own expenses in preparing and submitting a Proposal, and for any meetings, negotiations or discussions with the City, or its representatives and consultants, relating to or arising from the RFP. The City will not be liable to any Proponent for any claims, whether for costs, expenses, losses or damages, or loss of anticipated profits, incurred by the Proponent in preparing and submitting a Proposal, or participating in negotiations for a contract, or other activity related to or arising out of this RFP.

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SCHEDULE A – SCOPE OF SERVICES

PROJECT TITLE: SURREY RECREATION CENTRES COFFEE SHOP OPERATOR(S)

1. SCOPE OF SERVICES

The City of Surrey (the “City”) is seeking experienced and innovative coffee shop service providers to act as tenant(s) and vendor(s) (collectively the “Licensee”) to manage and operate the proposed coffee and food service shop(s) (the “Café”) at the following Parks, Recreation & Culture locations:

- Clayton Community Centre, located at 7155 – 187A Street, Surrey; and/or
- South Surrey Recreation & Arts Center, located at 14601 20th Ave, Surrey.

The Licensee(s) will be responsible for managing the daily services of the Cafe at one or both of the two (2) locations.

2. GENERAL SERVICE REQUIREMENTS

The Licensee shall provide Services that include but not limited to the following:

- offer excellent food service and customer satisfaction;
- offer specialty coffee along with baked goods and light meal options;
- offer quality, affordable and nutritious food with attention to healthy eating as set in the Canadian Food Guide;
- offer a variety of in-season fresh fruits and vegetables;
- provide meal content (ingredients and preparation methods) information to address needs such as diabetes, allergies, or food intolerances upon request and if information is available;
- customer service must be excellent and meet all standards set by the City. Employees should be competent, courteous and professional in appearance;
- provide certified organic food products;
- use locally BC grown organic food products;
- provide dietary menu requests (i.e. vegetarian, gluten free, etc.);
- provide POS equipment to allow payment options of cash, debit and credit card transactions;
- provide all janitorial services as required within the Café;
- must be fully licensed to operate a coffee shop;
- are required to meet all laws, regulations, and requirements related to food service operations;
- food packaging/utensils/straws must be eco friendly/biodegradable products; and
- provide sustainable practices that contribute to the City’s Sustainability Charter to help in protecting the environment and our planet and reducing green house emissions.

Note: Unless approved by the Licensor, the Licensee will not offer products such as pop, sports and energy drinks, candy, chocolate, ice cream, potato chips, salty snacks, and french fries.

There may be an opportunity for the Licensee to provide catering services on an “as and when required” basis and offer liquor to public after business hours during these events.

The agreement would also include non-exclusive access to the lobby seating areas where customers can sit and consume their beverages or food purchase. Chairs and tables will be provided by the City if available.

The City may allow the Licensee to install internal or external signage. The City and the Licensee will discuss signage locations within the Premises and surrounding grounds. All signage, including menu boards, must have prior written approval by the City.

The Licensee is to supply all Licensee Improvements plans, if required, signed and sealed by professional engineers or architects to be approved by the City. Any required structural changes must be reviewed and approved by the City prior to the execution of such changes.

From time-to-time the City may host meetings, conferences, performances or special events, such as sports tournaments, etc. There may be activities or events which do not come under the direct control of the City or may be under joint control between the City and another party. Where possible, the City may encourage the use of the Licensee's products; however, there may be times where this is not possible. Any such activities, and/or, events will be excluded from this RFP.

The City reserves the right, depending on its requirements, availability and/or special needs, to utilize alternative contractors to meet its operational needs at any time during the Term.

3. SCOPE OF SERVICES

The Licensee should furnish everything needed to perform all of the requirements of this contract including without limitation any and all material, labour, equipment, and services required to faithfully perform and provide the Services at the Clayton Community Centre and South Surrey Recreation & Arts Centre as required for and to the satisfaction of the City.

The Licensee should provide Services of the highest standard prevailing in the industry as to quality of service, with the intent that the Services should meet or exceed all reasonable requirements of users and City facilities on an efficient, courteous, and competitive basis.

Responsibilities of the Licensee may include but not limited to:

- (a) speed and efficiency of service. Note: Throughout the day and during the noon hour, it is expected to be exceptionally busy with staff and visitors. Therefore, it is essential that the Licensee offer quick service to meet customer demand and efficiently. Options for processing orders and payment (with a credit/debit card) via phone, fax, or on-line submission or other express service mechanism(s) are highly desirable;
- (b) maintain and repair Licensee owned furnishings, fixtures, machines and their own equipment;
- (c) sanitation - Maintain cleanliness and orderliness in the Premises in accordance with provincial health regulations or requirements. Note: The City reserves the right, at its sole discretion to conduct quarterly inspections of the Café premises (in addition to provincial health authority inspections. The Licensee will be responsible for the costs to correct any deficiencies);
- (d) new products and menu development;

- (e) work with the City to provide a sustainable food and beverage service;
- (f) deliver, pick-up and general cleanup for special events;
- (g) provide all related equipment and accessories to provide these services;
- (h) meet all financial terms and pay all license fees, business taxes or other fees necessary to carry on the business of a Café operator as per executed License Agreement; and
- (i) liaise with the City's staff regarding catering service, if required.

4. LICENSEE IMPROVEMENTS

The Licensee is responsible for fit-out of the space with Licensee Improvements to meet their operational needs. All costs incurred for the provision of Licensee Improvements will be the sole responsibility of the Licensee. Licensee Improvements may include but not limited to the following:

- (a) Outfitting, painting, installing retail counters, partitioning, and replacing flooring;
- (b) Expected to supply all equipment needed to sufficiently run the Café including, but not limited to, coffee machines, refrigerator, shelving, signage, microwave, display coolers, etc. tables and chairs, in compliance with City standards;
- (c) Ensure that any plans for Licensee Improvements are coordinated with the City's representative(s);
- (d) Obtain and maintain throughout the Term of the agreement food permits necessary to carry on the business of café operations; and,
- (e) In addition to its monthly rent, the Licensee(s) is responsible for paying for utilities (electric, gas, and water), as additional rent on a monthly basis.

It is the Licensee's responsibility to ensure that final design, layout and specifications for Licensee Improvements are coordinated with the City. To attract customers and provide quick service, it is important that the Licensee provide a visually appealing and well-designed premises. Final designs and signage will need to be approved by the City. As part of this RFP process the Proponents will be required to provide a specific budget for the cost of their proposed build-outs.

5. LICENSEE'S RESPONSIBILITIES

The Licensee shall:

- (a) Conform to the *Food Safety Act* of the Province of British Columbia and the food preparations premises and equipment should comply with Food Premises Regulations of the *BC Public Health Act*;
- (b) Compliance with Food Safe Program, Service it Right program, and all WorkSafeBC and applicable health and safety regulations, permits, licensing, and legal requirements; and,
- (c) Compliance with the City's established security and identification rules and regulations.

6. PRODUCT OFFERINGS

6.1 MENU

The Licensee is to provide:

- (a) a proposed menu for the Café, along with retail prices of proposed menu items;
- (b) innovative variety of high quality, appetizing and nutritious foods;
- (c) a menu mix responsive to City's needs and evolving trends;
- (d) a variety of healthy options every day for breakfast, lunch and catering services; and,
- (e) nutritional information that should be clearly written and easily accessible to consumers. Information shall include, but not limited to, calories, total fat, saturated fat, sodium potassium, fibre and carbs.

All menu items are subject to approval by the City. At a minimum, the menu must include:

- Coffee
- Tea
- Lattes
- Non-Dairy alternatives
- Smoothies
- Cold pressed juices
- Bottled water
- Carbonated flavour water
- Healthy grab and go items (e.g., sandwiches, wraps, soups, salads, fruits, oatmeal)
- Light healthy quick meals

6.2 RETAIL ITEMS

A list of non-food, retail products to be held for sale at the Café should be included in your submission. All such items are subject to approval by the City.

7. UTILITIES AND GENERAL MAINTENANCE

7.1 UTILITIES AND SERVICES

- (a) The Licensee will pay directly to the City when due all charges for all utilities separately metered and invoiced (electric, gas, and water) on a monthly basis.
- (b) The Licensee will pay when due all costs for all other utilities and services provided, including window cleaning and janitorial service (if any).

7.2 GENERAL MAINTENANCE

The Licensee shall:

- (a) perform its own cleaning and janitorial maintenance services for the premises, including walls, ceiling, eating area, spot cleaning of tables and chairs, glass compartments, as well as clean-up of spills that occur in these areas;
- (b) maintain all kitchen equipment and fixtures located in the café premises;
- (c) be responsible to maintain high standard of sanitation, routine cleaning and housekeeping in food prep and service areas. These areas will include but not limited to the following:
 - (1) Storage area;
 - (2) Food preparation area and serving counters;
 - (3) All food service and coffee equipment;
 - (4) Display coolers, refrigerators and freezer;
 - (5) Exhaust hoods and filters; and,
 - (6) Disposal of garbage and composting containers.
- (d) provide all cleaning equipment and supplies – preferably eco-friendly and/or eco-certified - and must comply with the Workplace Hazardous Materials Information System (WHMIS) legislation by labeling of containers of WHMIS “controlled products”, the provision of material safety data sheets (MSDS) and employees’ education and training programs. Occupational Health and Safety (OH&S) plan.
- (e) Remove all garbage and food waste from the premises by the end of the day to the City’s waste collection area. The Licensee shall participate in food waste composting and recycling programs as directed by the City. This also involves the collection of grease, food waste and all food packaging (glass, metal and plastic) containers for pick up by City’s contracted waste disposal firms.
- (f) For waste disposal, the Licensee will provide their own waste receptacles and related disposable items used for waste collection and pay its share of all costs for waste collection services as allocated by the City and determined by the City’s sole discretion.
- (g) For water and grease interceptors, the Licensee will engage with a professional company to clean their water and grease interceptors on a bi-annual basis. Copies of the service reports should be submitted to the City.

8. SECURITY

The Licensee shall:

- (a) be responsible for the security of the café, its inventory, cash and d terminals;
- (b) maintain adequate security for the premises during periods when Licensee’s staff are scheduled to work for its equipment, supplies and products and will follow any site-security guidelines provided by the City;
- (c) as directed by the City, at the end of each work period, the Licensee shall secure doors, openings and storage areas with the café; and,
- (d) be exclusively responsible for the theft or loss of any equipment, monies, supplies or products, whether owned by the Licensee or the City, which occur as a result of the Licensee’s failure to maintain adequate

9. LICENSEE'S PERSONNEL

The Licensee shall:

- (a) ensure that all food services personnel are trained in proper sanitation procedures and meet all requirements of the Provincial Health, FoodSafe Handling;
- (b) be responsible for managing its employees in terms of training, work duties, scheduling and performance issues; and
- (c) ensure that there are sufficient trained employees with appropriate certifications (i.e. FOODSAFE Level 1, Serving it Right) as required to meet the objectives of the contract.

[END OF PAGE]

SCHEDULE A-1 SUPPLEMENTARY SPECIFICATIONS CLAYTON COMMUNITY CENTRE

Surrey's newest community 76,000 sqft. centre is surrounded by parkland and combines arts, library, and recreation amenities into one facility. Clayton Community Centre will also be the first community centre in North America to be Passive House Certified. Passive House buildings use up to 90% less energy than comparable buildings, which reduces Surrey's carbon footprint. This facility is designed to be welcoming and inclusive to a wide variety of visitors and staff.

Designed around people, the facility combines four aspects of the City of Surrey's community services – recreation, library, arts, and parks – in a seamlessly integrated facility. The social fabric of the culturally diverse and rapidly growing Clayton Heights neighbourhood led to a design that focuses on providing gathering spaces to support community connections. The unique mix of spaces, imagined and developed in close engagement with the community, combine arts and culture programming including performing and visual arts spaces with recreational activities including a gymnasium and fitness centre, and a branch library. These services are supported by shared social spaces, as well spaces for community led programming, including a community kitchen and garden, a workshop, a café, and a child-minding, preschool, and childcare spaces.

Clayton Community Centre situates itself as an extension of the forest on the site and draws on these qualities for its design. The roof and building envelope mimic the tree canopy to unify the four traditionally siloed civic services underneath, with a leaf-like heavy timber structure that spans across the interior. The interlocking members of its pinwheel components metaphorically and structurally gains strength by all components being interconnected.

Beneath the canopy is a space for the unexpected discovery and learning, that physically responds and evolves with changing activities. The Centre is also a leader in social inclusivity, offering fully universal washrooms, universal change rooms, and best practices in wayfinding and signage. A leader in accessible and inclusive design, the facility is pursuing the Rick Hansen Foundation Accessibility Gold Certification.

- 34 universal washroom stalls throughout the facility, including an adult change table.
- Adaptable and wheelchair accessible fitness equipment
- Hearing loop in the performing arts studio
- Visual fire alarms
- Ample parking and inclusive fitness equipment
- Accessible computer station and large-print books in the library

The area of the Premises is approximately 242 sq. ft including approximately 24 sq. ft. storage room located in the main lobby (social shared space). The new Clayton Community Centre is designed as a Passive House certified building to recognize the goals of City of Surrey Sustainability Charter. As well as the goals of East and West Clayton community plan to create a more sustainable neighbourhood. The new facility is fully accessible offering registered and drop-in programs for everyone in the community with free parking and

electrical charging stations. Clayton Community Centre will be open to the community seven days a week.

Hours of Operation

Hours of operation will be agreed upon by the selected Licensee and the City. It is preferred that the coffee shop be operated during the majority of the community centre operating hours. Business hours to be approved by facility of operation.

Community Centre:

Mon - Fri. 6:00 a.m. to 9:00 p.m.
 Sat 7:00 a.m. to 7:00 p.m.
 Sun 7:00 a.m. to 5:00 p.m.
 Holidays 7:00 a.m. to 7:00 p.m. (Closed Christmas Day and Boxing Day)
 Christmas Eve/New Years Eve 8:00 a.m. to 3:00 p.m.

Hours subject to change

Library Hours:

Mon - Thurs. 9:30 a.m. to 8:00 p.m.
 Friday 9:30 a.m. to 5:00 p.m.
 Sat 10:00 a.m. to 5:00 p.m.
 Sun 1:00 p.m. to 5:00 p.m.
 Holidays Closed

Division of Maintenance Responsibilities

Items	Detailed Breakdown	Licensor	Licensee
General			
	Property Taxes	X	
	Water	X	
	Hydro	X	
	Gas	X	
	Garbage	X	
Insurance			
	Building /Premises /Café Space	X	
	General Liability / Legal Liability / Contents (for Café Space) query contents responsibility?		X
External Maintenance			
	Grounds / Lighting / Parking Lot / Snow Removal	X	
	Painting / Washing / Graffiti Removal	X	
	Repairs	X	
	Public Art / Signage	X	
	Pest Control	X	

	Glass Repair & Replacement	X	
<u>Inside Maintenance</u>			
	HVAC	X	
	Plumbing Infrastructure (including Hot Water Tank)	X	
	Lift Maintenance	X	
	Preventative Maintenance Inspection	X	
	Movable Wall	X	
	Interior Signage (normal wear & tear)		X
	Janitorial Services / Painting	X	
	Plumbing (Daily Use / Clogs)		X
<u>Electrical</u>			
	Original lighting & wiring – fixture replacement	X	
	Fire systems inspection and maintenance	X	
	Replace lights (bulbs / tubes) / Normal wear & tear		X
<u>Security</u>			
	Alarms system installation & maintenance	X	
	Handicapped door opening	X	
	Monthly monitoring	X	
<u>Equipment</u>			
	Office equipment / Kitchen equipment		X
	Phone / Internet system		X
<u>Supplies</u>			
	Office		X
	Janitorial (for Café Space only)		X

The responsibilities shown in the Licensee's column apply only in relation to the Café space itself.

[END OF PAGE]

SCHEDULE A-1 SUPPLEMENTARY SPECIFICATIONS SOUTH SURREY RECREATION & ARTS CENTRE

The largest town centre in Surrey is South Surrey. The South Surrey Recreation & Arts Centre is situated in the South Surrey Athletic Park, which is the large athletic park with soccer, football, rugby, baseball, tennis and pickleball courts.

The recreation centre is over 30,000 sq ft located in a two-storey facility which includes visual and performing arts components, 3 gymnasiums, indoor cycling, fitness & weight rooms, preschool facilities, a child minding space, youth gathering space, a community room, staff spaces and supporting infrastructure and spaces. The facility is a community hub that integrates various activities and services in one single facility that people can easily access and enjoy.

The area of Premises is approximately 200 sq. ft of space within the South Surrey Recreation & Arts Centre located at the main entrance. The facility which includes recreation and arts services is fully accessible offering registered and drop-in programs for all ages in the community with free parking and electrical vehicle charging stations. The South Surrey Recreation & Arts Centre is open to the community seven days a week. The facility is looking for operations to start approximately in Spring 2023.

Café Space Guiding Principles

The following principles were developed by the representatives of Sources Community Resource Society staff, South Surrey Recreation Centre Staff.

We will work together to create a unique café space inside the recreation & arts centre that:

- welcomes all members of the community promoting culture, heritage and history
- offers a seamless service experience for all customers, that is consistent and positive;
- enhance social inclusion of seniors and youth through integrated involvement/mentorship in café operations
- provide the multi -generational public healthy food and refreshment options, following the City of Surrey standards
- enhances the visibility of local youth and older adult organizations and helps to build their leadership and organizational capacity
- promotes a strengthened sense of community and social responsibility

Hours of Operation

Hours of operation will be agreed upon by the selected Licensee and the City. It is preferred that the coffee shop be operated during the majority of the community centre operating hours. The Cafe may stay open earlier or later as negotiated.

Community Centre:

Mon - Fri.	6:00 a.m. to 9:00 p.m.
Sat – Sun	8:00am-6:00pm (Currently with possible extension)
Holidays	8:00 a.m. to 8:00 p.m.

Division of Maintenance Responsibilities

Items	Detailed Breakdown	Licensors	Licensee
<u>General</u>			
	Property Taxes	X	
	Water	X	
	Hydro	X	
	Gas	X	
	Garbage	X	
<u>Insurance</u>			
	Building /Premises /Café Space	X	
	General Liability / Legal Liability / Contents (for Café Space) query contents responsibility?		X
<u>External Maintenance</u>			
	Grounds / Lighting / Parking Lot / Snow Removal	X	
	Painting / Washing / Graffiti Removal	X	
	Repairs	X	
	Public Art / Signage	X	
	Pest Control	X	
	Glass Repair & Replacement	X	
<u>Inside Maintenance</u>			
	HVAC	X	
	Plumbing Infrastructure (including Hot Water Tank)	X	
	Lift Maintenance	X	
	Preventative Maintenance Inspection	X	
	Movable Wall	X	
	Interior Signage (normal wear & tear)		X
	Janitorial Services / Painting	X	
	Plumbing (Daily Use / Clogs)		X
<u>Electrical</u>			
	Original lighting & wiring – fixture replacement	X	
	Fire systems inspection and maintenance	X	
	Replace lights (bulbs / tubes) / Normal wear & tear		X
<u>Security</u>			
	Alarms system installation & maintenance	X	
	Handicapped door opening	X	
	Monthly monitoring	X	
<u>Equipment</u>			
	Office equipment / Kitchen equipment		X

	Phone / Internet system		X
Supplies			
	Office		X
	Janitorial (for Café Space only)		X

The responsibilities shown in the Licensee's column apply only in relation to the Café Space itself.

[END OF PAGE]

**SCHEDULE A-2 PRIME CONTRACTOR DESIGNATION
PRIME CONTRACTOR DESIGNATION – LETTER OF UNDERSTANDING**

As per the requirements of the *Workers' Compensation Act*, R.S.B.C. 2019, Chapter 1, Part 2, Division 4, Section 24 and 25 which states:

Coordination of multiple-employer workplaces

24 *In this section:*

“**multiple-employer workplace**” means a workplace where workers of 2 or more employers are working at the same time:

“**prime contractor**” means, in relation to a multiple-employer workplace,

- (1) The prime contractor of a multiple-employer workplace must
 - (a) ensure that the activities of employers, workers and other persons at the workplace relating to occupational health and safety are coordinated, and
 - (b) do everything that is reasonably practicable to establish and maintain a system or process that will ensure compliance with this Part and the regulation in respect to the workplace.
- (2) Each employer of workers at a multiple-employer workplace must give to the prime contractor the name of the person the employer has designated to supervise the employer’s workers at that workplace.

By signing this Agreement, the Contractor accepts all responsibilities of a prime contractor as outlined in the *Workers' Compensation Act*, and WorkSafeBC OH&S Regulation.

As a Contractor signing this Prime Contractor Designation form with the City of Surrey (the “owner”), you are agreeing that your company, management staff, supervisory staff and workers will comply with the *Workers' Compensation Board (WCB) Occupational Health and Safety Regulation* and the *Workers' Compensation (WC) Act*.

Any WorkSafeBC OH&S violation by the prime contractor may be considered a breach of contract resulting in possible termination or suspension of the agreement and/or any other actions deemed appropriate at the discretion of the City.

Any penalties, sanctions or additional costs levied against the City, as a result of the actions of the prime contractor are the responsibility of the prime contractor.

The Contractor acknowledges having read and understood the information above.

By signing this Prime Contractor Designation form, the Contractor agrees as a representative of the firm noted below, to accept all responsibilities of the prime contractor for this project.

The Contractor understands and accepts the responsibilities of the prime contractor designation in accordance with the *Workers' Compensation Act* while contracted by the City of Surrey for project and will abide by all *Workers' Compensation Board Regulation* requirements.

Project File No.: 1220-030-2023-004
Project Title and Site Location: Surrey Recreation Centres Café Operator(s)
Prime Contractor Name: _____
Prime Contractor Address: _____
Business Telephone/Business Fax Numbers: Phone: _____ Fax: _____
Name of Person in Charge of Project: _____
Name of Person Responsible for Coordinating Health & Safety Activities: _____
Phone: _____
Prime Contractor Signature: _____ Date: _____

Please return a signed copy of this memo to the City of Surrey, Finance Department, Procurement Services Section, 13450 – 104 Avenue, Surrey, British Columbia, V3T 1V8

If you have any questions, please contact the City of Surrey, Manager Occupational Health & Safety at 604-591-4658

SCHEDULE A-3

CONTRACTOR HEALTH & SAFETY EXPECTATIONS – RESPONSIBILITY OF CONTRACTORS

The City of Surrey strives to maintain a safe work environment for employees and contractors and insists upon the enforcement of safe practices and procedures in all premises and in all work activities. It is essential that all contractors and their employees and sub-contractor(s) perform in the same manner. It is every employers and contractors responsibility to ensure that staff and public are protected from workplace hazards.

As a contractor to the City of Surrey, you are expected to conform to the requirements of the Workers' Compensation Act, the WCB Occupational Health and Safety Regulation and to all federal, provincial and local laws and regulations. The City of Surrey Building Owner, Project Manager, and the Manager, Occupational Health & Safety or designate have the authority to order an unsafe act to cease or to have an unsafe piece of equipment removed from the premises or, in extreme situations, to shut down a job entirely. Any City of Surrey Employee that observes a safety infraction by a contractor performing work for the City of Surrey should bring it to the attention of a manager immediately or Occupational Health & Safety (604-591-4131).

The following information is provided as typical City of Surrey requirements, but does not relieve the contractor from complying with all applicable local, provincial and federal laws, regulations and bylaws.

PERSONNEL

1. You are expected to inform your employees of any potential hazard in the workplace and advise of appropriate action to be taken should a hazard be found or a fire or accident occur.
2. Contractors will restrict persons invited on the premises to employees only. No families or friends are permitted.
3. The contractor will advise the City of any on-site accidents involving the contractor's employees, or injuries to others caused by the contractor's business.

SAFETY MANAGEMENT SYSTEM

1. Contractors will ensure their employees utilize proper safety equipment and clothing as required for job site activities.
2. Contractors must follow and have on site proper written safe work procedures for hazardous work, e.g., Fall protection, confined space entry, hotwork, lockout, excavations and shoring, traffic management, etc.
3. Contractor must Identify workplace risk and implement suitable controls.
4. Contractor must provide safety training and education to staff and have training records available for review.
5. Contractor must have a health & safety program for its workers and sub-contractors
6. Contractor will provide appropriate First-Aid coverage for their workers and subcontractors.
7. Contractor must forward a weekly work task list prior to work commencement.
8. The qualified safety coordinator must participate in the City of Surrey OHS Orientation or attend the Prime Contractor's Orientation.

WORK AREAS –City Facilities

No work by contractors shall occur in any area without prior consent of the City of Surrey Manager, Civic Facilities or his designated representative. Work during normal business hours of the City shall not create undue noise, smells or otherwise unduly disturb the work of City of Surrey staff or the

public. If an activity requires that a disturbance is likely, the contractor shall whenever possible only do that work outside normal business hours.

All activities that create a hazard (i.e. work from a ladder, removal of a floor tile, emission of VOC's, etc.) to persons outside the contractor's supervision shall have warning devices, delineation or barriers, sealed spaces, etc. as would normally be required to protect any person from that hazard.

SAFETY ATTITUDE

Your safety record and attitude are important criteria used to judge your qualification for future bidding on solicitations with the City of Surrey.

You can help ensure employee safety and your eligibility for future business with the City if you exhibit and practice a "Safe Work - Safe City" attitude.

The City of Surrey is concerned about the health, safety and wellbeing of all employees and contractors. It is essential we maintain a healthy, safe and productive work environment.

All Employees & Contractors:

It is everyone responsibility to:

- ❖ know and comply with WCB regulations and
- ❖ follow established safe work procedures
- ❖ immediately report any work related injury to his/her supervisor; and to the city representative
- ❖ not remain on the work site while his/her ability to work is in any way impaired
- ❖ report unsafe acts and conditions to their supervisor
- ❖ correct unsafe conditions immediately whenever it is possible to do so
- ❖ take reasonable care to protect your health & safety and the health and safety of other persons who may be affected by your act's or omissions at work

An employee must refuse to work if continuing to do so would endanger the health and safety of the employee, fellow employees or others. The worker must immediately report the circumstances of the unsafe condition to his or her supervisor or manager. If the unsafe condition is not remedied or the issue is not resolved the Manager, Occupational Health & Safety must be contacted.

GENERAL RULES

1. For all secured worksites, contracted workers are required to sign in and sign out each day
2. (Access cards may be issued – a worker may need to provide an Identification document (i.e. Driver's License) in exchange).
3. Personal protective equipment, as determined by the City, through consultation with the Contractors Health and Safety Representatives must be worn when and where required. (Hard Hats, Safety Footwear, Safety Vests and Safety Glasses must be worn on active construction sites. Hearing Protection must be worn when noise levels are above 85dBA.)
4. Horseplay, gambling and the use of alcohol or narcotics will not be tolerated.
5. No Smoking within 7.5M of a City owned buildings door exits, windows and vents.
6. Report **ALL** injuries to your supervisor immediately and notify the City's site representative.
7. Report any unsafe conditions, including someone under the influence or hazards, which may allow an injury to occur to you, a fellow worker, or others on the worksite.
8. Report any property damage, regardless of how minor.
9. Restricted and controlled products will be labeled, used and stored in accordance with the associated regulations, e.g., WHMIS. Follow all procedural instructions when using or

- handling hazardous materials/controlled products and ensure that all containers of hazardous/controlled product materials are properly labelled and stored in designated areas.
10. Obey all posted signs and notices. Do not venture into areas that you are not authorized to enter.
 11. Always use the correct posture when lifting and get assistance if the weight is excessive.
 12. Do not work within the limits of approach to high voltage equipment.
 13. If working at heights greater than 10 feet a Fall Protection system must be in place. The appropriate Fall Protection equipment must be worn at all times.
 14. **Housekeeping** (Orderliness and good housekeeping are basic requirements and must be maintained at all times):
 - a) Aisles are to be kept clear at all times.
 - b) Individual work areas are to be kept clean and tidy.
 - c) All materials, tools, products and equipment are to be kept in their designated areas.
 - d) Liquid spills are to be cleaned up immediately to prevent slips and falls.
 - e) Accumulation of oily rags, combustible refuse or similar fire hazards will not be tolerated.
 15. **Fire Prevention:**
 - a) Become familiar with Surroundings and emergency exit.
 - b) Ensure aisles and exits are not blocked at any time.
 - c) Anytime a fire extinguisher is used, report it immediately to your supervisor, so that it can be recharged.
 16. **Equipment Operation** (Any equipment, which could create a hazard, must be maintained in good condition):
 - a) Equipment must not be repaired, adjusted or operated unless by a "competent person" who understand the safe operating procedures.
 - b) Always be aware of the use and location of the "EMERGENCY STOP" button, if equipment is so equipped, before using the equipment.
 - c) Loose clothing, jewelry and long hair must be secured to prevent becoming entangled with equipment.
 - d) The Operator must check all safety devices on equipment before operation.
 - e) All equipment must be turned off and the appropriate "lock-out" procedure followed, prior to repairs, cleaning, adjustment or lubrication.
 - f) Radio/Walkman/I-pod. Head phones are not allowed to be worn during regular work operations.
 - g) All ladders must be of an approved type and length. Unacceptable ladders must be removed immediately from the premises.
 - d) All vehicles and equipment on City property must be kept in safe mechanical condition at all times and be operated only by persons with a valid driver's license and/or proper training and qualifications.
 - e) Contractors will not operate any equipment, valves, switches, etc., which are part of the City's operation, unless specific permission is received from the Department Representative.
 17. **Ground Disturbance** –Every time you dig in the ground, with a shovel or mechanized equipment, you run the risk of loss of life or damage to property if you hit any of the many buried cables, conduits, gas or oil pipelines and/or other underground facilities that serve our city, **BC One Call Must be called and a ticket obtained prior to commencing any ground disturbance activities.**

Issued By:	Occupational Health & Safety Section - Contractor Coordination Program
Date:	Revised: January 14, 2015 Original: August 15, 2014
Distributed:	Via Email & Posted on Intranet: January 16, 2015: August <u>15, 2014</u>

This document does not replace the Workers' Compensation Act or WorkSafeBC OH&S regulation. Each individual Contractor must have specific health and safety safe work rules and procedures that apply to their work tasks. Each Contractor must comply with the Workers' Compensation Act and WorkSafeBC Occupational Health & Safety Regulation and to all federal, provincial and local laws and regulations. If a contractor is unable to comply they must bring this to the attention of their qualified safety representative and to the Prime Contractor safety representative immediately.

Authorized Signature: _____

Name: _____
(Please Print)

Date: _____

SCHEDULE B – DRAFT LICENSE AGREEMENT
SURREY RECREATION CENTRE CAFÉ OPERATION

AGREEMENT No.: 1220-030-2023-004

THIS LICENSE dated _____ day of <<MM>>, 202_, is

BETWEEN:

CITY OF SURREY, having a business address at 13450 – 104 Avenue, Surrey, B.C. V3T 1V8

(the “**Licensor**”)

AND:

THE LICENSEE., A company incorporated pursuant to the British Columbia *Business Corporation Act* (Reg. No. _____), having a business address at _____

(the “**Licensee**”)

BACKGROUND

- A. The Licensor is the registered owner of the lands situate in the City of Surrey on which the Licensor has constructed a Building.
- B. The Licensor has agreed to license a portion of the Building to the Licensee on the terms and conditions set out below.

AGREEMENTS

For good and valuable consideration, the receipt and sufficiency of which each party acknowledges, the parties covenant and agree as follows:

1. DEFINITIONS/SCHEDULES

1.1 Defined Terms

In this License:

- (a) “**Additional Rent**” means all sums of money to be paid by the Licensee, whether to the Licensor or otherwise, under this License except Minimum Rent and Percentage Rent.
- (b) “**Architect**” means the architect from time to time named by the Licensor.

- (c) **“Building”** means either or both the new Clayton Community Centre and South Surrey Recreation & Arts Centre erected on the Land.
- (d) **“Commencement Date”** means the earlier of:
 - (i) the day immediately following the day on which the Fixturing Period expires; and
 - (ii) the day on which the Licensee carries on business in or from the Premises.
- (e) **“Common Areas and Facilities”** means any areas, facilities, utilities, improvements, equipment and installations designated for common or shared use in the Building or on the Land.
- (f) **“Fixturing Period”** means the period commencing on the day that is 60 days following the date the Licensor or the Architect notifies the Licensee in writing that the Premises are or will be ready for occupancy by the Licensee for the purpose of the Licensee completing the Licensee’s Work and ending on the earlier of 60 days following such notice from the Licensor and the date upon which the Premises are opened for business, so long as the Licensee using best commercial efforts has received the required permits to construct the Premises from the City of Surrey. If the Licensee using best commercial efforts has not yet received the required permits on that date of notification by the Licensor or the Architect, the Fixturing Period shall not commence until the Licensee notifies the Licensor in writing that said permits have been secured. The Fixturing Period shall then commence five (5) business days following the date of the Licensee notification.
- (g) **“Goods and Service Tax”** or “GST” means the tax presently levied under Part IX of the *Excise Tax Act* (Canada) or as may be amended or substituted from time to time.
- (h) **“Gross Sales”** means the aggregate (without duplication) of all revenues, whether in cash, accounts receivable, or other consideration from all business conducted on or from the Premises by the Licensee or any other party without reserve or deduction for uncollected or uncollectible accounts with the full selling price or charge being considered to be received when a sale or license is made or services are rendered, and, without limitation, includes:
 - (i) the selling price of all goods sold;
 - (ii) the charges for all services rendered;
 - (iii) charges to customers in the nature of carrying charges, finance charges, or interest; and
 - (iv) the revenue from all orders placed by means of electronic, telephone, video, computer, or other technology-based systems, including the Internet, whether existing now or developed in the future.
- (i) **“Hazardous Substance”** means any substance that, when relicensed into the Building or any part thereof, or into the natural environment, is likely to cause, at any time, material harm or degradation to the Building or any part thereof, or to the natural

environment or material risk to human health, and includes, without limitation, any flammables, explosives, radioactive materials, asbestos, polychlorinated biphenyls, chlorofluorocarbons, hydro chlorofluorocarbons, urea formaldehyde foam insulation, radon gas, chemicals known to cause cancer or other toxicity, pollutants, contaminants, hazardous wastes, toxic substances or related materials, petroleum and petroleum products, or any substance declared to be hazardous or toxic under any laws now or hereafter enacted, which affect or apply to the Building, the Licensor, the Licensee, or any of them.

- (j) **“Lands”** means the land legally described in Schedule 2.
- (k) **“Licensor”** means the City of Surrey.
- (l) **“Licensor’s Work”** means the work to be performed by the Licensor at its cost and expense more particularly defined in Schedule 4 and 5.
- (m) **“Licensor Area”**, applied to premises set aside by the Licensor for leasing to a Licensee of the Building, means the area expressed in square feet, as determined and certified by a B.C. Land Surveyor or other qualified professional selected by the Licensor, of the premises, measured from the center line of all walls separating the premises from adjacent leasable premises and from the exterior surfaces of exterior walls, without deduction for any space occupied or used for columns, stairs, or other interior construction or equipment, but if part of a wall or the front of the premises is recessed from the line of the building or the line of a wall of the building, as the case may be, in which the premises are situate, the last-mentioned lines are considered to be the outer surface of the outside walls of the premises.
- (n) **“License”** means this License and all its Schedules, as amended from time to time.
- (o) **“License Year”** means, in the case of the first License Year, the period beginning on the Commencement Date and terminating 12 months from the last day of the calendar month in which the Commencement Date occurs (except that if the Commencement Date occurs on the first day of a calendar month, the first License Year shall terminate on the day prior to the first anniversary of the Commencement Date) and, in the case of each subsequent License Year, means each 12-month period after the first License Year;
- (p) **“Licensee Improvements”** means all fixtures, trade fixtures, improvements, installations, alterations, and additions from time to time made, erected, or installed by, or on behalf of, the Licensee in the Premises, with the exception of furniture, signage and equipment not of the nature of fixtures, but includes all partitions however fixed (including floor-to-ceiling moveable partitions) and includes all wall-to-wall carpeting with the exception of carpeting laid over vinyl tile or other finished floor and affixed so as to be readily removable without damage.
- (q) **“Minimum Rent”** means the minimum rent specified in paragraph 4.2(a)(i) & 4.2(b)(i).
- (r) **“Percentage Rent”** means the percentage rent specified in paragraph 4.2(a)(ii) & 4.2(b)(ii).

- (s) **“Permitted Business”** means the permitted business described in clause 6.1.
- (t) **“Premises”** means those portions of the building located on the Lands shown highlighted in yellow on Schedule 1.
- (u) **“Prime Rate”** means the annual rate of interest announced at the relevant time by the Canadian Imperial Bank of Commerce as a reference rate in effect for determining interest rates on Canadian dollar commercial loans made by it in Canada.
- (v) **“Regular Business Hours”** means those hours specified in clause 6.7.
- (w) **“Rent”** means Minimum Rent, Percentage Rent, and Additional Rent.
- (x) **“Taxes”** means all taxes, rates, duties, levies, and assessments whatsoever, whether municipal, regional district, federal, provincial, or otherwise, levied, imposed or assessed by any competent authority against the Building or any part of it or upon the Licensor in respect of the Premises or in respect of the use and occupation of it.
- (y) **“Licensee’s Work”** means the work to be performed by the Licensee on the Premises in accordance with the provisions of Schedule 4 and 5.
- (z) **“Term”** means the period of time specified in clause 3.2.

1.2 Schedules

The following Schedules form part of this License:

Schedule 1—Plan of Premises

Schedule 2—Legal Description of the Lands

Schedule 3—Rules and Regulations

Schedule 4—Description of Licensor’s Work and Licensee’s Work

Schedule 5—Procedure for Licensee’s Work and Licensor’s Work

Schedule 6—General Service and Operation Requirements

2. INTENT

2.1 Net License

The Licensee will pay to the Licensor duly and punctually all Rent without any deduction, abatement, or set-off whatsoever, so that this License is to be a completely carefree net license to the Licensor. All expenses, costs, payments, and outgoings incurred in respect of, or relating to, the Premises whether or not referred to in this License, and whether or not within the present contemplation of the Licensor or the Licensee, will be borne by the Licensee so that Rent will be absolutely net to the Licensor except as otherwise specifically provided in this License.

3. PREMISES AND TERM

3.1 Premises

The Licensor licenses the Premises to the Licensee for the Term, and the Licensee licenses the Premises from the Licensor, on and subject to the covenants and agreements contained in this License.

3.2 Term

The Term of this License is for five (5) years and will commence on the Commencement Date.

3.3 Extension of Term

If the Term commences on a day other than the first day of a month, the Term will be extended by the period from the Commencement Date of this License to and including the last day of the month in which the Commencement Date occurs.

3.4 Conditions Precedent

The obligation of the City to complete the license of the Premises is subject to the senior management or the Council of the Licensor approving the licensee of the Premises on or before _____

4. RENT AND ADDITIONAL RENT

4.1 Covenant to Pay Rent

The Licensee covenants to pay when due Rent and all other costs and charges payable by it under this License.

4.2 Minimum Rent and Percentage Rent

During the Term, the Licensee will pay to the Licensor, at the office of the Licensor or at as the Licensor designates from time to time in writing, in lawful money of Canada and without deduction, set-off, or abatement, the aggregate of:

(a) Years 1 - 2

- (i) a Minimum Rent in the amount of _____ Dollars plus GST per year payable in equal consecutive monthly installments of (\$_____) Dollars plus GST each in advance on the first day of each calendar month;
- (ii) a Percentage Rent equal to the amount by which Ten (10%) Percent of the Gross Sales for the relevant License Year exceeds the Minimum Rent paid during that License Year. The Percentage Rent plus applicable GST will be payable (on a cumulative basis) in consecutive monthly installments in arrears within 15 days after the end of each month of the Term, equal to:

- (1) the amount by which Ten (10%) Percent of the Gross Sales for the period from the beginning of the License Year to the end of the immediately preceding month exceeds the Minimum Rent paid for the same period; less
 - (2) an amount equal to the installments of Percentage Rent already paid or payable for the same period;
- (b) Years 3 - 4
 - (i) a Minimum Rent in the amount of _____ (\$_____) Dollars plus GST per year payable in equal consecutive monthly installments of (\$_____) Dollars plus GST each in advance on the first day of each calendar month;
 - (ii) a Percentage Rent equal to the amount by which Ten (10%) Percent of the Gross Sales for the relevant License Year exceeds the Minimum Rent paid during that License Year. The Percentage Rent plus applicable GST will be payable (on a cumulative basis) in consecutive monthly installments in arrears within 15 days after the end of each month of the Term, equal to:
 - (1) the amount by which Ten (10%) Percent of the Gross Sales for the period from the beginning of the License Year to the end of the immediately preceding month exceeds the Minimum Rent paid for the same period; less
 - (2) an amount equal to the installments of Percentage Rent already paid or payable for the same period;
- (c) Year 5
 - (i) a Minimum Rent in the amount of _____ (\$_____) Dollars plus GST per year payable in equal consecutive monthly installments of (\$_____) Dollars plus GST each in advance on the first day of each calendar month;
 - (ii) a Percentage Rent equal to the amount by which Ten (10%) Percent of the Gross Sales for the relevant License Year exceeds the Minimum Rent paid during that License Year. The Percentage Rent plus applicable GST will be payable (on a cumulative basis) in consecutive monthly installments in arrears within 15 days after the end of each month of the Term, equal to:
 - (1) the amount by which Ten (10%) Percent of the Gross Sales for the period from the beginning of the License Year to the end of the immediately preceding month exceeds the Minimum Rent paid for the same period; less
 - (2) an amount equal to the installments of Percentage Rent already paid or payable for the same period;
- (d) Additional Rent as specified in clause 4.4; and

- (e) all GST assessed upon or as a direct result of the payment of Rent under this License and such GST will not be considered to be Rent, but the Licensor will have the same rights and remedies for non-payment of GST as it has for non-payment of Rent.

4.3 Reports of Gross Sales

- (a) The Licensee will deliver to the Licensor statements in the form and containing the detail required from time to time by the Licensor, as follows:
 - (i) not later than the 5th day of each calendar month of the Term, a statement signed by the Licensee, or by the auditor of the Licensee, certifying the Gross Sales for the last preceding calendar month; and
 - (ii) not later than 60 days after the end of each License Year and after the expiration or termination of this License a written statement of Gross Sales for the last preceding License Year signed by the Licensee together with a written certification opinion of an independent Chartered Accountant or other Licensed accountant acceptable to the Licensor. The Licensor agrees that the Licensee's certified and Licensed accountant shall be sufficient for the provisions of this section of the License.
- (b) If the Licensee fails to deliver a statement referred to in subclause 4.3(a) within the stated time, the Licensor, in addition to any other rights and on not less than 10 days' prior written notice to the Licensee, may employ an independent Chartered Accountant qualified to practice and practicing in the Province of British Columbia, to examine the books and records of the Licensee and others necessary to enable him or her to report on and certify the amount of Gross Sales for the applicable period, and the Licensee promptly will pay to the Licensor the cost of that examination and report as Additional Rent.
- (c) Within 60 days after:
 - (i) delivery of each statement of Gross Sales referred to in paragraph 4.3(a)(ii); or
 - (ii) the date upon which the Licensor receives a report from a Chartered Accountant appointed under subclause 4.3(b),

the Licensor will establish the amount of Percentage Rent or instalment of it, as the case may be, required to be paid by the Licensee for the applicable period under clause 4.2, and if that amount is more than the amount of Percentage Rent already paid by the Licensee, the Licensee will immediately pay the deficiency to the Licensor without interest, but if that amount is less than the amount of Percentage Rent already paid by the Licensee, the excess will, at the option of the Licensor, be credited to the next instalment of Percentage Rent or refunded by the Licensor without interest.

4.4 Additional Rent

- (a) In each License Year, the Licensee will pay to the Licensor as Additional Rent, in addition to the Minimum Rent and Percentage Rent and other sums due hereunder:

- (i) the amount of all real property, municipal and other property taxes and rates, whether general or special, of any nature whatsoever, including school or local improvement taxes and rates, levied or assessed by any lawful authority against the Premises, or against the Licensor on account of its ownership thereof. The tax year of any lawful authority commencing during any License Year shall be deemed to correspond to such License Year. The Additional Rent provided for in this subclause shall be paid within 20 days after demand therefore by the Licensor. The copy of the tax bill submitted by the Licensor to the Licensee shall be sufficient evidence of the amount of taxes assessed or levied against the Premises to which such bill relates.
 - (ii) all taxes, rates, duties and assessments and other charges that may be levied, rated, charged or assessed against or in respect of all improvements, equipment and facilities of the Licensee on the Land, and every tax and license fee in respect of every activity carried on thereat or in respect of the use or occupancy thereof by the Licensee (and any and every sub-Licensee or licensee), [other than such taxes as corporate, income, profits or excess profits taxes assessed upon the income of the Licensor,] and any and all taxes, rates, duties, assessments, license fees and other charges which may in future be levied in lieu of the same.
 - (iii) to pay for or cause to be paid when due to the providers thereof all charges for gas, electricity, water, and other utilities and services used in or supplied to the Lands and the Buildings throughout the Term, and will indemnify and keep indemnified the Licensor from and against payment of all losses, costs, charges, and expenses occasioned by or arising from any and all such charges, and any such loss, costs, charges, and expenses that relate to such charges suffered by the Licensor may be collected by the Licensor as Additional Rent.
 - (iv) all other sums of money required under this License to be paid to the Licensor by the Licensee whether or not designated as Additional Rent, other than Minimum Rent and Percentage Rent.
- (b) If any of the amounts referred to in subclause 4.4(a) is not paid at the time required under this License, it will be collectible as Additional Rent with the next instalment of Rent falling due, but nothing in this License suspends or delays the payment of any amount of money when it becomes payable, or limits any other remedy of the Licensor.
- (c) The Licensee will pay to the Licensor applicable GST either at the same time and in the same manner as monthly payments of Rent are payable, or at the time the taxing authority in respect of GST requires them to be paid by the Licensor or the Licensee, whichever is earlier.

4.5 Pre-authorized Payment Plan

The Licensee, at the request of the Licensor, will authorize the financial institution at which the Licensee maintains an account to pay the Licensor and debit the account of the Licensee amounts equal to the monthly payments for Minimum Rent and Additional Rent, as estimated by the Licensor, such payments to be made on the dates that they accrue due under this

License. So long as the Licensee remains in good standing with respect to this License, the Licensee or the Sub-Licensee shall be able to opt out of this provision of the License by providing the Licensor with monthly post-dated cheques.

4.6 Security Deposit

Intentionally deleted.

5. RECORDS, BOOKS OF ACCOUNT, AND AUDITS

5.1 Licensee's Records

- (a) For the purpose of ascertaining the amount payable as Percentage Rent and permitting verification by the Licensor, the Licensee will keep on the Premises, or at its principal office in Canada, for a period of not less than three complete calendar years following the end of each License Year, original or duplicate books and records showing all information required to properly ascertain and verify Gross Sales for the License Year, including but not limited to, inventory records and receipts of merchandise at the Premises and all sales and other transactions on or from the Premises by the Licensee and any other person conducting business on or from the Premises.
- (b) The Licensor and the Licensor's authorized representatives may examine the records of the Licensee and all other persons conducting business on or from the Premises during business hours at the Premises or at the Licensee's principal office in Canada to check, ascertain, tabulate, and verify Gross Sales, but the foregoing will not unreasonably interfere with the conduct of the Licensee's business or cause embarrassment to the Licensee's customers and with 24 hours prior written notice to the Licensee.

6. USE OF PREMISES

6.1 Permitted Business

- (a) The Licensee will use the Premises solely for the purpose of conducting the business of retail sale of those items sold by the majority of Coffee stores and providing a seating area for the use of the Licensee's customers and the Licensee will not use the Premises or permit them to be used for any other purpose without the Licensor's prior written consent.
- (b) The Licensee agrees to provide the services and requirements outlined in Schedule 6 – General Service Requirements.

6.2 Conduct of Business

- (a) the Licensee will conduct its business in, and use the whole of the Premises, continuously throughout the Term in an up-to-date, first-class, and reputable manner befitting the Building and on the days and during the hours that the Licensor acting reasonably and with regard to the Licensee's ability to operate the business as a profit center from the Premises, from time to time designates;

- (b) at the request of the Licensor, the Licensee will immediately discontinue any business practice by the Licensee whether through advertising, selling procedures, or otherwise that, in the opinion of the Licensor, may harm the business or reputation of the Licensor or reflect unfavorably on the Building, the Licensor or other Licensees of premises in the Building, or that may confuse, mislead, or deceive the public;
- (c) All articles, and the arrangement, style, colour, and general appearances of them, in the interior of the Premises including, without limitation, window displays, advertising matter, signs, merchandise, and store fixtures will be in keeping with the character and standards of the improvements within the Building, as determined by the Licensor. The Licensor reserves the right to require the Licensee to correct any non-conformity. The Licensee will keep the display windows and signs (if any) on or in the Premises well-lit during the hours that the Licensor from time to time designates.

6.3 Storage and Office Space

The Licensee will warehouse, store, or stock on the Premises only merchandise that the Licensee intends to offer for sale on or from the Premises. This does not preclude occasional emergency transfers of merchandise to or from other stores of the Licensee. The Licensee will not use any part of the Premises for storage or office purposes other than is reasonably required to carry on the Permitted Business in the Premises.

6.4 Name of Business

The Licensee will conduct the Permitted Business on or from the Premises only under the name of _____ and will not change the advertised name of the Permitted Business without the prior written consent of the Licensor. The Licensee covenants that it has the exclusive right to use the name set out above.

6.5 Outside Display of Goods

The Licensee will not display merchandise outside the Premises without the prior written consent of the Licensor, which may be arbitrarily withheld.

6.6 Operations by Licensee

- (a) Without limiting the generality of its other obligations under this License, the Licensee will operate the Premises in a good, efficient, and business-like manner and will keep the Premises neat, clean, and sanitary.
- (b) The Licensee will comply with all laws, ordinances, rules, and regulations of government authorities concerning or related to the Building or the Premises, or both, including without limitation, those dealing with any Hazardous Substance, and the construction, repair, maintenance, operation, use, and occupancy of the Premises, and the Licensee will comply with all rules and regulations and policies established by the Licensor from time to time that will apply generally to all retail Licensees in the Building.
- (c) The Licensee will refrain and cause all those under its control to refrain from any business or activity that, in the Licensor's opinion, is in breach of the provisions of any

of the licenses or agreements of any other Licensees or occupants of the Building or any part of it.

6.7 Hours of Operation

The Licensee agrees to be open for business Sunday to Friday at a minimum from 8:00am to 9:00pm (“Regular Business Hours”) or such other hours as agreed to by the Licensor and Licensee acting reasonably.

6.8 Exclusivity

The Licensor shall not, during the Term or any extension or renewal thereof, license any premises in the Building (other than the Premises) to a Licensee whose primary business is to sell beverages including but not limited to coffee, espresso based drinks, tea, juice, pastries and sandwiches, nor will the Licensor permit another business in the Building to operate as a coffee shop or coffee chain store. The Licensor shall have the right to use the Licensee’s or any other parties’ services for catering purposes. The Licensor retains the right to operate non-coffee related vending machines in the Building. The Licensor shall have the right to permit up to six (6) special event permits in the Building, each up to four (4) days in duration for the purpose of community organizations or sports clubs hosting special events to provide concession to even participants.

7. USE OF COMMON AREAS AND FACILITIES

7.1 Non-exclusive Use

The Licensee and its officers, employees, customers, and other invitees, in common with others designated by the Licensor, or otherwise entitled, will have the non-exclusive license to use the Common Areas and Facilities for the purposes from time to time permitted or designated by the Licensor, acting reasonably, but subject to the exclusive management and control of the Common Areas and Facilities by the Licensor.

7.2 Management and Control by Licensor

The Licensor has the exclusive right to manage and control the Building, and from time to time to establish, modify, and enforce reasonable rules and regulations regarding the use, maintenance, and operation of the Building generally, and the Common Areas and Facilities specifically, and the Licensee, its officers, employees, customers, and other invitees will observe the rules and regulations in all respects.

8. REPAIR

8.1 Licensor’s Repair

The Licensor will, subject to the Licensee’s compliance with this License, receipt by the Licensor of insurance proceeds under its various policies of insurance in respect of the Building, and the provisions of clause 8.4, at all times during the Term, keep the Common Areas and Facilities in a reasonable state of repair, as a prudent owner of a reasonably similar commercial development would do, having regard to the size, age, and location of the Building, including but not limited to foundations, roofs, exterior walls (excluding fronts of premises and glass in premises set aside by the Licensor for licenses to Licensees of the

Building), structural sub-floors, bearing walls, columns, beams, and other structural elements of the Building, and the systems provided for bringing utilities to the Premises (to the extent not located within the Premises or other Licensee premises).

8.2 Licensee's Repair

The Licensee will at its cost, subject to clause 8.4:

- (a) keep the Premises in good and substantial state of repair to the standards of first-class premises, including all Licensee Improvements, furniture, equipment, and other facilities (including, without limitation, wiring, piping, lighting and plumbing fixtures and operating equipment) located on, in, under, above, or which directly serve the Premises, the front of the Premises, all glass and utilities in the Premises, but with the exception of structural elements of the Premises and any non-structural elements that are part of the base Building and which were provided by the Licensor;
- (b) permit the Licensor to enter and view the state of repair, and repair as required above, according to notice in writing, and leave the Premises in a good and substantial state of repair as required above; and
- (c) if any part of the Building, including, without limitation, structural elements of it and any part of the Common Areas and Facilities, becomes damaged or destroyed through the willful act, negligence, or omission of the Licensee or any of its officers, employees, customers, or other invitees, reimburse the Licensor for the cost of repairs or replacement promptly upon demand.

8.3 Abatement of Rent

If there is damage to the Premises, or the Building, that prevents use of or access to the Premises or the supply of services essential to the Premises and if the damage is such that the Premises, or a part of the Premises, is rendered not reasonably capable of use by the Licensee for the conduct of its business for a period exceeding five consecutive days, unless the damage was caused by the negligence of the Licensee or an assignee, sublicensee, concessionaire, licensee, or an officer, employee, customer, or other invitee of any of them, the Minimum Rent for the period beginning on the occurrence of the damage until at least a substantial part of the Premises is again reasonably capable of use and occupancy for the stated purpose will abate in the proportion that the area of the part of the Premises rendered not reasonably capable of use by the Licensee for the conduct of its business bears to the Leasable Area of the Premises but not exceeding the amount of rental income insurance proceeds received by the Licensor for the period.

8.4 Termination in Event of Damage

- (a) The Licensor, by written notice to the Licensee given within 60 days of the occurrence of damage to the Building, may terminate this License:
 - (i) if the Building is damaged by any cause and in the reasonable opinion of the Licensor either cannot be repaired or rebuilt with reasonable diligence within 6 months after the occurrence of the damage or the cost of repairing or rebuilding it would exceed by more than \$75,000 the proceeds of the Licensor's insurance available for that purpose; or

- (ii) if the Premises are damaged by any cause and the damage is such that the Premises or a substantial part of the Premises are rendered not reasonably capable of use by the Licensee for the conduct of its business and in the reasonable opinion of the Licensor cannot be repaired or rebuilt with reasonable diligence by four months before the end of the Term.
- (b) If this License is terminated under subclause 8.4(a) above, neither the Licensor nor the Licensee will be bound to repair as provided in clauses 8.1 and 8.2, and the Licensee will deliver up possession of the Premises to the Licensor with reasonable speed with any and all pre-paid Rent to be returned to the Licensee within a reasonable amount of time.

8.5 Certificate of Architect

If the Premises or the Building are damaged and there is a dispute as to the length of time required to repair or rebuild the Building or the Premises, or as to the cost of repairing or rebuilding the Building, or as to whether the Premises or a substantial part of the Premises are rendered not reasonably capable of use by the Licensee for the conduct of its business or have once again become capable of such use, the dispute will be settled, at the cost of the Licensee, by the Architect and his or her certificate will be conclusive.

8.6 Licensor's Approval

Before commencing any repairs, replacements, maintenance, alteration, or improvements set out above, or elsewhere referred to in this License, that are reasonably estimated by the Licensee to cost in excess of \$5,000, the Licensee will obtain the Licensor's written approval and will, if reasonably required by the Licensor to do so, submit plans and specifications for the Licensor's review. The Licensee will pay to the Licensor a charge for reviewing its plans and specifications.

8.7 Licensor's Right to Do Licensee's Repair

If the Licensee refuses or neglects to repair properly as required under this License and to the reasonable satisfaction of the Licensor, the Licensor may make such repairs without liability to the Licensee (including the Licensor's negligence and the negligence of other parties for whom the Licensor is responsible in law) for any loss or damage that may accrue to the Licensee's merchandise, fixtures, or other property or to the Licensee's business by reason of the repairs, and upon completion of the repairs, the Licensee will pay the Licensor's actual reasonable costs in the circumstances plus 15% of such costs, for making such repairs, immediately upon presentation of an invoice for such costs.

9. UTILITIES—PREMISES

9.1 Limitation of Liability

The Licensor will not be liable to the Licensee in damages or otherwise for an interruption or failure in the supply of utilities or services to the Premises, but the Licensor will use diligent efforts to secure the re-supply of that utility or service.

9.2 Licensee Not to Overload Utility and Service Facilities

The Licensee will not install equipment that will exceed or overload the capacity of utility or service facilities, and if, in the opinion of the Licensor, equipment installed by the Licensee requires additional facilities, they will be installed at the Licensee's expense in accordance with plans and specifications approved by the Licensor prior to installation. The Licensor reserves the right to install such additional equipment at the Licensee's expense, which will not exceed 15% of the cost of the additional equipment.

10. STATUS STATEMENT BY LICENSEE

10.1 Status Statement

When requested by the Licensor, the Licensee will promptly provide a certificate in writing as to the status of the License, including whether it is in full force and effect, is modified or unmodified, confirming the rental payable and the state of accounts between the Licensor and the Licensee, the existence or non-existence of default, and any other matters pertaining to this License as may be reasonably required.

11. INSURANCE AND INDEMNITY

11.1 Licensor's Insurance

The Licensor will take out and keep in force all risks, property insurance on the Building, and such other forms of insurance as the Licensor reasonably considers necessary. The Licensee is relieved of any liability arising from its acts, fault, negligence, or omissions, to the extent losses are covered by such insurance. The Licensee does not have the right to receive any proceeds under the policies.

11.2 Licensee's Insurance

The Licensee at its expense will provide and maintain in force during the Term the following insurance:

- (a) commercial general liability insurance concerning the Premises and the Licensee's business of not less than \$5,000,000 or in such other amount as may be reasonably required by the Licensor; the insurance will include, without limitation, liability for personal injury or death, contractual liability, property damage, and contingent employer's liability and will name the Licensor as additional insured;
- (b) insurance for all glass and plate glass on the Premises, whether installed by the Licensor or the Licensee;
- (c) all risks Licensee's legal liability insurance in an amount not less than \$3,000,000;
- (d) business interruption insurance providing coverage for 12 months' loss of insurable gross earning or profit; and
- (e) any other form of insurance and with whatever higher limits that the Licensor or its Mortgagee may reasonably require.

11.3 Insurance Terms

Any policy of insurance under clause 11.2 shall be endorsed to add the Licensor as an additional insured and shall include a cross liability provision such that the Licensor and Licensee are each insured as if each had purchased the policy of insurance. Property policies will contain a waiver of subrogation against the Licensor and its elected and appointed officials, servants, agents, successors, and assigns. Liability policies will contain a cross-liability clause and severability of interest endorsement in favor of the Licensor where it is named. All insurance policies will be in a form and with insurers satisfactory to the Licensor, and contain a clause requiring the insurer not to cancel or change the insurance without first giving the Licensor 15 days' prior written notice. The Licensee hereby waives its right of subrogation against the Licensor and the Licensor's elected and appointed officials, servants, agents, successors, and assigns, and further provides the Licensor with copies of the insurance policies required by this License.

11.4 Licensee's Insurance

The Licensee will require any contractor performing work on the Premises to carry and maintain, at no expense to the Licensor, commercial general liability insurance and other insurance in amounts and on terms reasonably determined by the Licensor, and to provide the Licensor with satisfactory proof of that insurance from time to time.

11.5 Licensor's Right to Insure

If the Licensee does not provide or maintain in force the insurance required under this License or provide proof of the insurance when requested by the Licensor, the Licensor may take out the necessary insurance and pay the premiums, and the Licensee will pay to the Licensor as Additional Rent the amount of such premium on the next succeeding rental payment date.

11.6 Acts Conflicting with Insurance

The Licensee will not do or permit to be done any act or thing that may render void or conflict with any policy of insurance, including any applicable regulations of fire insurance underwriters, by which the Premises or the Building are insured. If any such policies are cancelled or reduced, or threatened to be cancelled or reduced, by reason of any act or omission of the Licensee, the Licensor will have the right at its option to place such insurance at the expense of the Licensee and to remedy the circumstances that may prevent the issuance of the insurance. If the premium paid in respect of any policy is increased by any act or omission of the Licensee, the Licensee will pay to the Licensor at the Licensor's option on the next succeeding rental payment date the amount by which the premium has been increased as Additional Rent. All of the remedies of the Licensor in this Article 12 may be taken without limiting or affecting any other right or remedy in this License.

11.7 Indemnity

The Licensee will indemnify and save harmless the Licensor and all of its elected and appointed officials, officers, employees, servants, representatives and agents (collectively the "Indemnitees"), from and against all claims, demands, causes of action, suit, losses, damages and costs, liabilities, expenses and judgements (including all actual legal costs) for damage to or destruction or loss of property, including loss of use, and injury to or loss of life,

arising from any occurrence on the Premises, or occupancy or use of the Premises, or occasioned wholly or in part by an act or omission of the Licensee, its officers, employees, agents, customers, contractors, or other invitees to the extent that said occurrence was not caused by the gross negligence of the Licensor. The provisions of this clause will survive the expiry or sooner termination of this License.

12. ASSIGNMENT AND SUBLETTING

12.1 Licensor's Consent

- (a) In this Article "Transfer" means (i) an assignment, sale, conveyance, sublicense, disposition, or licensing of this License or the Premises, or any part of them, or any interest in this License (whether or not by operation of law) or in a partnership that is a Licensee under this License or an amalgamation of the Licensee with another corporation, (ii) a mortgage, charge, lien or debenture (floating or otherwise) or other encumbrance of this License or the Premises or any part of them or of any interest in this License or of a partnership or partnership interest where the partnership is a Licensee under this License, (iii) a parting with or sharing of possession of all or part of the Premises, and (iv) a transfer or issue by sale, assignment, bequest, inheritance, operation of law or other disposition, or by subscription of all or part of the corporate shares of the Licensee or an "Affiliate" of the Licensee which results in a change in the effective voting control of the Licensee. "Transferor" and "Transferee" have meanings corresponding to the definition of "Transfer" set out above (it being understood that for a Transfer described in Section 13.01(a)(iv), the Transferor is the Person that has effective voting control before the Transfer and the Transferee is the Person that has effective voting control after the Transfer).
- (b) The Licensee will not affect or permit a Transfer without the consent of the Licensor which consent will not be unreasonably withheld, except that:
- (i) The Licensor may unreasonably withhold its consent to a Transfer within twenty-four (24) months of the Commencement Date, and
 - (ii) Without limiting the grounds upon which a Transfer may be refused, in deciding whether to give its consent to a Transfer after that twenty-four (24) month period the Licensor may refuse to give its consent if:
 - (1) the likely effect of the Transfer on the Building may be adverse;
 - (2) the Transferee (A) does not have a history of successful business operation in the business to be conducted in the Premises, (B) does not have a good credit rating and a substantial net worth, or (C) is not able to finance the Transferee's acquisition of its interest in the Premises and its operations in the Premises without a material risk of defaulting under this Licence and in a manner that will enable the Transferee to carry on business successfully in the Premises throughout the Term;
 - (3) there is a history of defaults under commercial licences by the Transferee, or by companies or partnerships which the Transferee, or any of its directors, senior officers or principal shareholders was a director, senior officer, principal shareholder or partner at the time of the defaults;

- (4) the length of time since the previous Transfer is less than twenty-four (24) months;
 - (5) the length of time remaining in the Term of this Licence is less than eighteen (18) complete months;
 - (6) the Transferee pays or gives money or other value that is reasonably attributable to the desirability of the location of the Premises or to Licensee improvements that are owned by the Licensor or for which the Licensor has paid in whole or in part;
 - (7) the Transfer is a mortgage, charge, debenture (floating or otherwise) of, or in respect of, this Licence or the Premises or any part of them;
 - (8) there is reasonable ground to believe that the proposed Transfer may result in a reduction of Gross Sales;
 - (9) the Licensor does not receive sufficient information from the Licensee or the Transferee to enable it to make a determination concerning the matters set out above; and
- (iii) the Licensor shall not be liable for any claims or actions by or any damages, liabilities, losses or expenses of the Licensee or any proposed Transferee arising out of the Licensor unreasonably withholding its consent to any Transfer and the Licensee's only recourse shall be to bring an application for a declaration that the Licensor shall grant its consent to such Transfer.
- (c) The Licensor will have a period of thirty (30) days following receipt of sufficient information to make a determination concerning the matters set forth in Section 12.1(b) to notify the Licensee in writing that the Licensor either gives or refuses to give its consent to the proposed Transfer, but the Licensor's failure to respond within that thirty (30) day period will not be construed as a consent by the Licensor nor will it entitle the Licensee to damages.
- (d) Notwithstanding anything to the contrary contained in Section 12.1(b), so long as the Licensee and occupant of the whole of the Premises is _____, and is not in default under this License, the Licensee shall have the right to sublicense the whole of the Premises to a fully trained franchisee or concessionaire of the Licensee upon first obtaining the consent of the Licensor, which consent may not be unreasonably withheld, based upon the criteria set out in subparagraphs (3), (8), and (9) of Section 12.1(b)(ii), and further subject to the following conditions, namely that:
- (i) such concession or franchise agreement shall be subject to the terms and conditions contained in this License;
 - (ii) such concessionaire or franchisee shall not at any one time occupy less than the whole of the Premises;

- (iii) each such concessionaire or franchisee shall carry on business under the trade name and style of the Licensee as set out in Section 6.2 and in the same manner as that carried on in a typical store of the Licensee;
 - (iv) the Licensee shall provide the Licensor with an executed copy of each such concession or franchise agreement and if any terms, covenants or conditions contained in such concession or franchise agreement are in conflict or inconsistent with the terms, covenants and conditions contained in this License, the terms, covenants and conditions of this License will prevail; and
 - (v) the Licensor's consent will apply only if and for so long as the Licensee and any such concessionaire or franchisee are parties to the concession or franchise agreement and the concession or franchise agreement is in full force and effect with no default on the part of the concessionaire or franchisee.
- (e) The provisions contained in Section 12.1(b)(ii)(4) and (5) shall not apply in the event the Transferee is an entity acquiring the majority of the Licensee's stores in British Columbia.
- (f) Notwithstanding anything to the contrary contained in Section 12.1 should the Licensee become a publicly traded company on a recognized stock exchange this shall be considered a permitted Transfer under this License.

12.2 Terms and Conditions Relating to Transfers

The following terms and conditions apply in respect of a Transfer:

- (a) the consent by the Licensor is not a waiver of the requirement for consent to subsequent Transfers;
- (b) no acceptance by the Licensor of Rent or other payments by a Transferee is (i) a waiver of the requirement for the Licensor to consent to the Transfer, (ii) the acceptance of the Transferee as Licensee, or (iii) a relicense of the Licensee from its obligations under this License;
- (c) the Licensor may apply amounts collected from the Transferee to any unpaid Rent;
- (d) the Transferor, unless the Transferee is a sub-Licensee of the Licensee, will retain no rights under this License in respect of obligations to be performed by the Licensor or in respect of the use or occupation of the Premises after the Transfer and will execute an indemnity agreement on the Licensor's standard form in respect of obligations to be performed after the Transfer by the Transferee;
- (e) the Transferee will execute an agreement directly with the Licensor agreeing to be bound by this License as if the Transferee had originally executed this License as Licensee but the Transferor will remain jointly and severally responsible with the Transferee for the fulfilment of all obligations of the Licensee under this License (as the License may be modified by the application of Section 12.2(f) during the remainder of the Term and any renewal or extension thereof, the whole without novation or derogation of any kind, and without benefit of division and discussion and,

- if required by the Licensor, the Transferor will execute an indemnity agreement on the Licensor's standard form, to give full force and effect to the foregoing;
- (f) If it is stated in Section 4.2 or an addendum to that Section that the annual Minimum Rent is to increase at specified times, the Excess Amount will be added to the increased Minimum Rent;
 - (g) for the purpose of calculating Percentage Rent, at the Licensor's option the License Year current on the day before the Transfer will end on that day, and a new License Year will start on the day of the Transfer, and end on the day on which that current License Year would have ended if it had not been shortened;
 - (h) any documents relating to a Transfer of the Licensor's consent will be prepared by the Licensor or its solicitors and all of the legal costs of the Licensor together with a reasonable administration charge of at least One Hundred and Fifty Dollars (\$150.00) will be paid to the Licensor by the Licensee on demand, however the provisions of this paragraph shall not apply to the initial sublicense to a fully trained franchisee;
 - (i) if this License is repudiated, disaffirmed, disclaimed, surrendered (except with the consent of the Licensor) or terminated by a Transferee, by any trustee in bankruptcy of a Transferee, or by a court representative, the original Licensee named in this License or any Transferee (except the bankrupt or insolvent Transferee) will be considered upon notice (which the Licensor may elect to give to the Licensee or any Transferee) will be considered, upon notice (which the Licensor may elect to give to the Licensee or any Transferee within thirty (30) days of the repudiation, disaffirmation, disclaimer, surrender or termination), to have entered into a license (the "Remainder Period License") with the Licensor, containing the same terms and conditions as this License modified, however, by increasing the Minimum Rent based on the formula in Section 12.2(f) (it being agreed that the commencement date of the Remainder Period License will be considered to be the date of the repudiation, disaffirmation, disclaimer, surrender or termination, and the expiration date of the Remainder Period License shall be the date on which this License would have expired had the repudiation, disaffirmation, disclaimer, surrender or termination not occurred);
 - (j) in the event of any Transfer which is a subletting of the Premises by the Licensee by virtue of which the Licensee receives a rent in the form of cash, goods or services from the Transferee which is greater than the Rent payable hereunder to the Licensor, the Licensee will pay any such excess to the Licensor in addition to all Rent payable under this License, and such excess rent shall be deemed to be further Additional Rent; and
 - (k) if the Transferee pays or gives money or other value that is reasonably attributable to the desirability of the location of the Premises or to Licensee improvements that are owned by the Licensor or for which the Licensor has paid in whole or in part, then at the Licensor's option, the Transferor will pay to the Licensor such money or other value in addition to all Rent payable under this License and such amounts shall be deemed to be further Additional Rent.

12.3 No Advertising of the Premises

The Licensee will not offer or advertise the whole or any part of the Premises or this Licence for the purpose of a Transfer and will not permit a broker or other Persons to do so.

12.4 Assignment by Licensor

If the Licensor sells or otherwise transfers an interest in the Building, the Land or this License, in whole or in part, to the extent that the transferee is responsible for compliance with the obligations of the Licensor under this License, the Licensor without further written agreement will be relicensed from all of its obligations in this License.

13. WASTE, GOVERNMENT, AND ENVIRONMENTAL REGULATIONS

13.1 Waste or Nuisance

The Licensee will not commit or permit to be committed waste upon the Premises, or nuisance, or other thing that may disturb or interfere with the use or enjoyment by any other Licensee in the Building and the Common Areas and Facilities or that may disturb any person within 500 feet of a boundary of the Building, whether or not the nuisance arises out of the use of the Premises by the Licensee for a purpose permitted by this License.

13.2 Government, Insurance Underwriters', and Environmental Regulations

- (a) The Licensee, at the Licensee's cost, will comply with and cause all those under its control to comply with the applicable requirements of all municipal, regional district, provincial, federal, and other government authorities now in force or that may hereafter be in force including, without limitation, all laws and regulations pertaining to the use, possession, control, discharge, removal, disposal, and abatement of Hazardous Substances and all other laws and regulations pertaining to the Licensee's occupancy or use of the Premises and will observe in any occupancy and use of the Premises all municipal bylaws and provincial and federal statutes and regulations now in force or that may hereafter be in force, and will comply with all regulations or orders made by fire insurance underwriters or by authorities having jurisdiction. The provisions of this subclause 13.2(a) will survive the expiration or earlier termination of this License. The Licensee shall not be responsible for any Hazardous Substances in the Premises prior to the Licensee taking possession of the Premises.
- (c) The Licensor may enter the Premises at any time or times, with as little interference to the conduct of the Licensee's business as is reasonably possible, to enable the Licensor to inspect the Premises and to comply with or cause the Licensee to comply with any municipal bylaw or provincial statute now or in the future applicable to the Premises whether or not the application of the bylaw or statute to the Premises results from an act or omission of the Licensor or any other person.

13.3 Workers' Compensation Board Coverage

The Licensee or Sub-Licensee will, at its own expense, procure and carry full Workers' Compensation Board coverage for itself and all workers, employees, servants and others engaged in the Licensee's or Sun-Licensee's occupancy or use of the Premises.

- (a) The Licensee will provide the Licensor with the Licensee's Workers' Compensation Board registration number and a letter from the Worker's Compensation Board confirming that the Licensee is registered in good standing with the Workers' Compensation Board.

- (b) The Licensee agrees that it is the prime contractor for the purposes of the Workers Compensation Act. The Licensee will have a safety program in place that meets the requirements of the Workers' Compensation Board Occupational Health and Safety Regulation and the Workers Compensation Act. As prime contractor, the Licensee will be responsible for appointing a qualified coordinator for insuring the health and safety activities for the location of the Services. The qualified coordinator is:

Name: _____
Contact No. _____

The Licensee will advise the Licensor immediately in writing if the name or contact number of the qualified coordinator changes.

- (c) Without limiting the generality of any other indemnities granted by the Licensee in this License, the Licensee will indemnify and save harmless the Licensor from and against all claims, demands, causes of action, suits, losses, damages, costs, liabilities, expenses, judgments, penalties and proceedings (including all actual legal costs) which the Licensor incurs, suffers or is put to arising out of or in any way related to unpaid Workers' Compensation Board assessments owing from any person or corporation engaged in the performance of this License or arising out of or in any way related to the failure to observe safety rules, regulations and practices of the Workers' Compensation Board, including penalties levied by the Workers' Compensation Board.
- (d) The Licensee will ensure compliance with and conform to all health and safety laws, by laws or regulations of the Province of British Columbia, including without limitation the Workers Compensation Act and Regulations pursuant thereto.
- (e) The Licensor may, on twenty-four (24) hours written notice to the Licensee, install devices or rectify any conditions creating an immediate hazard existing that would be likely to result in injury to any person. However, in no case will the Licensor be responsible for ascertaining or discovering, through inspections or review of the operations of the Licensee or otherwise, any deficiency or immediate hazard.
- (f) The Licensee understands and undertakes to comply with all the Workers' Compensation Board Occupational Health and Safety Regulations for hazardous materials and substances, and in particular with the "Workplace Hazardous Materials Information System (WHMIS)" Regulations.

13.4 Business License

The Licensee or Sub-Licensee will obtain and maintain throughout the Term of this agreement a valid City of Surrey business license.

14. ACCEPTANCE OF PREMISES

14.1 Acceptance of Premises

The Licensee will notify the Licensor of any defects in the Premises, including environmental hazards, that prevent or diminish their use, within 10 days after the date when the Licensee is

given occupancy by the Licensor, and failing the giving of notice, the Licensee will be considered for all purposes to have accepted the Premises in their then existing condition.

15. LICENSEE IMPROVEMENTS AND TRADE FIXTURES

15.1 Installation and Changes by Licensee

- (a) The Licensee will, during the Fixturing Period, complete all of the Licensee's Work in compliance with the provisions of Schedule 5.
- (b) All Licensee Improvements, including without limitation, trade fixtures installed by, or on behalf of, the Licensee will be of first-class quality. The Licensee will not make or cause to be made any Licensee Improvement, without first obtaining the Licensor's written approval.

15.2 Removal of Installations and Restoration by Licensee

- (a) All Licensee Improvements when installed become the property of the Licensor, without compensation to the Licensee, but the Licensor will have no responsibility for the repair, replacement, operation, maintenance, or insurance of the Licensee Improvements, which will remain the responsibility of the Licensee.
- (b) At the end of the Term, the Licensee will, at its expense, remove the Licensee Improvements to the extent requested by the Licensor and all furniture, furnishings, equipment, and trade fixtures and make good any damage caused to the Premises or the Building by such installation or removal, and restore the Premises to a condition of good and substantial repair, as required in clause 8.2. If the Licensee does not remove any Licensee Improvements, or its furnishings, furniture, or equipment as required by the Licensor, the Licensor may, without liability on its part, without notice to the Licensee, enter the Premises and remove such items at the Licensee's expense, plus an administration charge of [e.g., 15%] of such amount, which will be paid by the Licensee to the Licensor as Additional Rent, on demand.

15.3 Licensee to Discharge All Liens

The Licensee will promptly pay all its contractors, subcontractors, and material suppliers and do all things necessary to ensure that no lien is claimed against the Premises or the Land or any other part of the Building, and should a claim of lien be filed, the Licensee will cause it to be discharged or vacated at the Licensee's expense within seven days after it is brought to the attention of the Licensee or provide adequate security for it to the extent approved by the Licensor.

15.4 Licensee's Signs, Awnings, and Canopies

The Licensee will not place or permit to be placed or maintained on the roof or on any exterior or interior door, wall or window of the Premises, or elsewhere in the Building any sign, awning, canopy, decoration, lettering, advertising matter, or other thing of any kind and will not place or maintain any decoration, lettering, or advertising matter on the glass of any window or door of the Premises without first obtaining the Licensor's written consent, which will not be unreasonably withheld.

16. DEFAULT OF LICENSEE

16.1 Licensee's Default

If:

- (a) the Licensee fails to pay any Rent or any other amount owing under this License when due, whether or not demanded by the Licensor;
- (b) the Licensee fails to observe or perform any of its other obligations under this License and the Licensee has not, within seven days after notice from the Licensor specifying the default, cured the default, or, if the cure reasonably requires a longer period, the Licensee has not commenced to cure the default within the seven-day period and thereafter does not diligently pursue the cure of such default;
- (c) re-entry is permitted under other terms of this License; or
- (d) without the consent of the Licensor the Premises are vacant for 10 days or more;

the Licensor, in addition to any other right or remedy, may do any or all of the following:

- (e) re-enter and remove all persons and property from the Premises, and the property may be removed and stored elsewhere at the cost of and for the account of the Licensee, all without service of notice and without the Licensor being guilty of trespass or being liable for loss;
- (f) terminate this License and all of the Licensee's rights under it; and
- (g) apply all or part of the Security Deposit to rectify in whole or in part the default.

16.2 Bankruptcy

If:

- (a) any of the goods and chattels of the Licensee on the Premises during the Term are seized by a creditor or the Licensee receives a notice from a creditor that the creditor intends to realize on security located on the Premises;
- (b) a receiver is appointed to control the conduct of the business of the Licensee on or from the Premises;
- (c) the Licensee becomes bankrupt or insolvent or takes the benefit of any legislation in force for bankrupt or insolvent debtors;
- (d) proceedings are instituted for the winding-up or termination of the corporate existence of the Licensee;
- (e) without the consent of the Licensor the Licensee abandons or attempts to abandon the Premises or disposes of the bulk of its goods and chattels on the Premises; or

- (f) the License or the Licensee's assets are taken under a writ of execution or security instrument;

then the Licensor may re-enter and take possession of the Premises as though the Licensee or other occupant was holding over after the expiration of the Term and this License may, at the Licensor's option, be immediately terminated by notice left at the Premises.

16.3 Acceleration of Rent

If any of the events in clause 16.2 occurs, the then-current month's Rent and the Rent for the next three months, including Additional Rent, will immediately become due and payable as Rent in arrears, and the Licensor may recover it in the same manner as Rent in arrears including taking distress action.

16.4 Right to Relet

- (a) If the Licensor re-enters, it may at its option, without terminating the Licensee's rights, make alterations and repairs to facilitate reletting, and relet the Premises, or any part, as the Licensee's agent for such period of time and at such Rent and on such other terms as the Licensor wishes.
- (b) Upon reletting, all Rent and monies received by the Licensor will be applied, first to the payment of indebtedness other than Rent due from the Licensee to the Licensor, second to the payment of costs and expenses of the reletting including brokerage, legal, and repair expenses, and third to the payment of Rent due and unpaid under this License. The residue, if any, will be applied to the payment of future Rent as it becomes due and payable.
- (c) If at any time the Rent received from the reletting is less than the Rent to be paid under this License, the Licensee will pay the deficiency to the Licensor to be calculated and paid monthly.

16.5 Re-entry

No re-entry or entry will be construed as an election by the Licensor to terminate this License unless a written notice of intention to terminate is given to the Licensee. Despite a reletting without termination, the Licensor may elect at any time to terminate this License for a previous breach.

16.6 Licensor Performs Licensee's Covenants

If the Licensee fails to perform an obligation under this License, the Licensor may perform the obligation and may enter the Premises without notice and do everything the Licensor considers necessary. The Licensee will pay as Additional Rent all costs and expenses incurred by the Licensor plus 15% overhead upon presentation of a bill. The Licensor will not be liable for any loss or damages resulting from negligence or otherwise resulting from such action.

16.7 Damages

If the Licensor terminates this License, then in addition to other remedies, it may recover from the Licensee all costs incurred and damages suffered, including the cost of recovering the Premises, professional fees and disbursements paid, the unamortized portion of any allowance or inducement, and the worth at the time of termination of the excess, if any, of the amount of Rent and charges equivalent to Rent for the remainder of the term over the then reasonable rental value of the Premises for the remainder of the Term calculated on a present value basis, all of which amounts will be immediately due and payable.

16.8 Distress

None of the property of the Licensee is exempt from levy by distress. This clause may be pleaded as an estoppel against the Licensee in an action brought to claim exemption.

17. REMEDIES OF LICENSOR AND WAIVER

17.1 Remedies Cumulative

No exercise of a specific right or remedy by the Licensor or by the Licensee precludes it from, or prejudices it in, exercising another right or pursuing another remedy or maintaining an action to which it may otherwise be entitled either at law or in equity.

17.2 No Waiver

The waiver by the Licensor or the Licensee of a breach of an obligation in this License will not be considered to be a waiver of a subsequent breach of that obligation or another obligation.

18. ACCESS BY LICENSOR

18.1 Right of Entry

- (a) The Licensor and its agents may enter the Premises at all reasonable times to examine them and to show them to a prospective purchaser, lessee, or mortgagee.
- (b) The Licensor may make alterations, additions, and adjustments to and changes of location of the pipes, conduits, wiring, ducts, and other installations of any kind in the Premises where necessary to serve another party of the Building, but the Licensor will take commercially reasonable steps to minimize any disruption of the Licensee's business.
- (c) If after reasonable notice to the Licensee (except in the case of an emergency when no prior notice is required), the Licensee is not present to open and permit entry into the Premises when the Licensor requires entry, the Licensor or its agents may enter by a master key or may forcibly enter without rendering the Licensor or its agents liable for any damage or trespass and without affecting this License.

19. RULES AND REGULATIONS

19.1 Licensor May Make

The Licensor from time to time may establish, modify, and enforce reasonable rules and regulations regarding the use and occupancy of the Common Areas and Facilities of the Building and of the premises set aside by the Licensor for leasing to Licensees of the Building to the extent any establishment or modification of rules and regulations do not materially impair the Licensee's ability to conduct business from the Premises. A set of the most recent rules and regulations are annexed to this License as Schedule 3.

20. Arbitration

If the Licensor and the Licensee do not agree on any matter that is by any provision of this License to be determined by arbitration, such disagreement will be referred to three arbitrators, one of whom will be chosen by the Licensor, one by the Licensee and the third by the two so chosen, and the third arbitrator so chosen will be the chair. The awards may be made by the majority of the arbitrators appointed. If, within 15 days or such extended time as the parties may agree upon, a party who has been notified of a dispute fails to appoint an arbitrator or the two arbitrators appointed by the parties do not agree upon a third arbitrator, then the party or parties not in default may apply to the Supreme Court of British Columbia for the appointment of an arbitrator to represent the party or parties in default or a third arbitrator or both of such arbitrators. Each party will pay its own costs of attending the reference. The cost of the arbitrators and the award will be in the discretion of the arbitrators, who may direct to and by whom and in what manner those costs or any part of those costs be paid, and may tax or settle the amount of costs to be paid or any part of those costs, and may award costs to be paid as between solicitor and client. Except as to matters otherwise provided in this Article 18, the rules of the British Columbia International Commercial Arbitration Centre as amended from time to time will apply. The case will be administered by the British Columbia International Commercial Arbitration Centre in accordance with its "domestic Commercial Arbitration: Rules of Procedure".

21. LICENSOR'S COVENANTS AND OBLIGATIONS

21.1 Quiet Enjoyment

Subject to the observance and performance by the Licensee of all of its obligations under this License, the Licensee may use and possess the Premises, in accordance with the provisions of this License, for the Term without interference by the Licensor, or any other party claiming by, through or under the Licensor, except as otherwise provided in this License.

22. OVERHOLDING

22.1 No Tacit Renewal

If the Licensee remains in possession of the Premises after the end of the Term or any extension thereof and without the execution and delivery of a new license or written renewal or extension of this License, there is no tacit or other renewal of this License, and the Licensee will be considered to be occupying the Premises as a Licensee from month to month at a monthly rental payable in advance on the first day of each month equal to the sum of:

- (a) twice the monthly instalment of Minimum Rent payable for the last month of the Term; and
- (b) 1/6 of the Percentage Rent, if any, for the License Year immediately preceding the last License Year of this License; and
- (c) 1/6 of the amount of Additional Rent payable by the Licensee for the License Year immediately preceding the last License Year of this License,

and otherwise upon the terms and conditions set out in this License, so far as applicable.

23. OPTION TO EXTEND

23.1 Option to Extend

Provided that:

- (a) the Licensee pays the Rent and all other monies payable by it under this License and performs and has consistently performed all of its obligations under this License punctually and in accordance with this License and is otherwise not in default of any of its obligations to the Licensor, and
- (b) the original Licensee has not assigned this License or sublet or permitted a change in occupancy or other transfer of the Premises, and
- (c) there has been no change in Control of the Licensee,

then the Licensee will have the option of extending this License by notice in writing given to the Licensor not later than six months nor earlier than eight months prior to the expiry of the Term for an additional term of five (5) years on the same terms and conditions set out in this License, except that there shall be no further right to extend the Term and the rent payable shall be:

(a) Year 6

- (i) a Minimum Rent in the amount of _____ (\$_____) Dollars plus GST per year payable in equal consecutive monthly installments of _____ (\$_____) Dollars plus GST each in advance on the first day of each calendar month;
- (ii) a Percentage Rent equal to the amount by which Ten (10%) Percent of the Gross Sales for the relevant License Year exceeds the Minimum Rent paid during that License Year. The Percentage Rent plus applicable GST will be payable (on a cumulative basis) in consecutive monthly installments in arrears within 15 days after the end of each month of the Term, equal to:
 - (1) the amount by which Ten (10%) Percent of the Gross Sales for the period from the beginning of the License Year to the end of the immediately preceding month exceeds the Minimum Rent paid for the same period; less

- (2) an amount equal to the installments of Percentage Rent already paid or payable for the same period;
- (b) Years 7 - 8
 - (i) a Minimum Rent in the amount of _____ (\$_____) Dollars plus GST per year payable in equal consecutive monthly installments of (\$_____) Dollars plus GST each in advance on the first day of each calendar month;
 - (ii) a Percentage Rent equal to the amount by which Ten (10%) Percent of the Gross Sales for the relevant License Year exceeds the Minimum Rent paid during that License Year. The Percentage Rent plus applicable GST will be payable (on a cumulative basis) in consecutive monthly installments in arrears within 15 days after the end of each month of the Term, equal to:
 - (1) the amount by which Ten (10%) Percent of the Gross Sales for the period from the beginning of the License Year to the end of the immediately preceding month exceeds the Minimum Rent paid for the same period; less
 - (2) an amount equal to the installments of Percentage Rent already paid or payable for the same period;
- (c) Years 9 - 10
 - (i) a Minimum Rent in the amount of _____ (\$_____) Dollars plus GST per year payable in equal consecutive monthly installments of (\$_____) Dollars plus GST each in advance on the first day of each calendar month;
 - (ii) a Percentage Rent equal to the amount by which Ten (10%) Percent of the Gross Sales for the relevant License Year exceeds the Minimum Rent paid during that License Year. The Percentage Rent plus applicable GST will be payable (on a cumulative basis) in consecutive monthly installments in arrears within 15 days after the end of each month of the Term, equal to:
 - (1) the amount by which Ten (10%) Percent of the Gross Sales for the period from the beginning of the License Year to the end of the immediately preceding month exceeds the Minimum Rent paid for the same period; less
 - (2) an amount equal to the installments of Percentage Rent already paid or payable for the same period;
- (d) the Licensor will have no obligation to pay or provide to the Licensee any allowance, concession, or inducement of any nature, or provide any free rent or discounted rent of any nature, or provide any fixturing period, or do or perform any work in the Premises.

23.2 Renewal Documentation

- (a) The Licensor may, at its option, and at the Licensee's expense, require that the Licensee enter into an agreement prepared by the Licensor to give effect to the extension term.
- (b) During the period, if any, between the expiration of the Term, or most recent extension term, and the date upon which the new extension rent is determined by an arbitrator, or otherwise, the Licensee will pay Rent at the rates and in the manner provided for in this License for the period immediately preceding the expiry of the Term or most recent extension term and, following determination of the extension rent, the Licensee will pay to the Licensor interest, at the Prime Rate.

24. MISCELLANEOUS

24.1 No Partnership

The Licensor does not in any way or for any purpose become a partner of, or joint venturer or a member of a joint enterprise with, the Licensee. No provision of this License is intended to create a relationship between the parties other than that of Licensor and Licensee.

24.2 Interpretation

Where the context requires, the singular includes the plural and vice versa, and the masculine, feminine, and neuter include each other. If two or more individuals or entities comprise the Licensee, the liability of each of them under this License is joint and several.

24.3 Registration

This License will not be registered in the land title office and the Licensor will not be required to deliver it in registrable form.

24.4 Interest

All overdue monies payable to the Licensor by the Licensee on any account will bear interest at the rate equal to the annual rate of interest announced by the Royal Bank of Canada as a reference rate for its Canadian commercial loans, plus 6%, from the due date until paid in full.

24.5 Notices

Any notice to be given under this License will be considered to be given to the Licensee if delivered by hand to the Licensee or a responsible representative of the Licensee a, or if two attempts to deliver at reasonable times have been unsuccessful, if tacked in a prominent place at the Premises. Any notice to be given under this License will be considered to be given to the Licensor if delivered by hand to the Licensor or a responsible representative of the Licensor at City of Surrey, Realty Services Division 13450 – 104 Avenue, Surrey BC V3T 1V8 or if mailed by prepaid registered post to City of Surrey, Realty Services Division 13450 – 104 Avenue, Surrey BC V3T 1V8. Notices will be considered to have been received if delivered by hand upon delivery, if tacked at the Premises upon tacking, or if mailed upon the fifth business day following posting.

24.6 Time of Essence

Time is of the essence in this License.

24.7 Severance

If any provision of this License or the application to any person of any provision is held to be invalid or unenforceable, the remainder of this License or its application will not be affected.

24.8 No Modification

No representation, understanding, or agreement has been made or relied upon except as expressly set out in this License. This License may only be modified in writing signed by each party against whom the modification is enforceable.

24.9 Successors

This License binds and benefits the parties and their respective heirs, administrators, successors, and permitted assigns. No rights benefit an assignee of the Licensee unless the Licensor has consented to the assignment under Article 7 of this License. If the Licensor sells or transfers the Land, the Building or both, the Licensee will at the option of the transferee either attorn to the purchaser or enter into a new license of the Premises on the same terms and conditions.

24.10 Peaceful Surrender

The e will at the expiration or sooner determination of the Term, immediately surrender the Premises in a peaceable way and in the state of repair specified in Article 6.

24.11 Entire Agreement

This License contains all the representations, warranties, covenants, agreements, conditions, and understandings between the Licensor and the Licensee concerning the Premises or the subject matter of this License.

24.12 Governing Law

This License will be interpreted under and is governed by the laws of the Province of British Columbia.

TO EVIDENCE THEIR AGREEMENT each of the parties has executed this Offer on the date appearing below.

The Licensee has executed this License on the _____ day of _____, 20____.

_____.

BY: _____
Authorized Signatory

BY: _____
Authorized Signatory

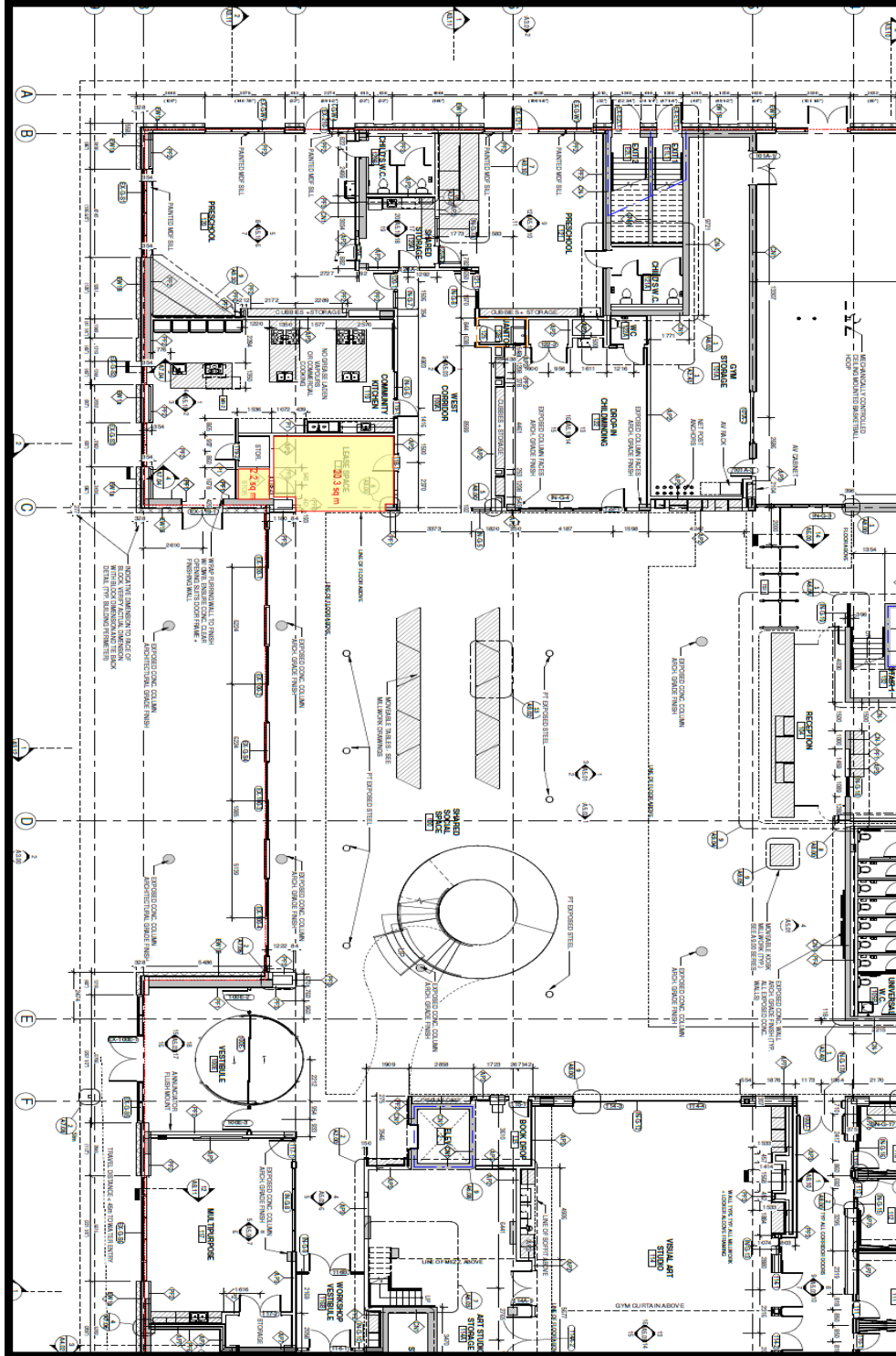
The Licensor has executed this License on the _____ day of _____, 20____.

CITY OF SURREY

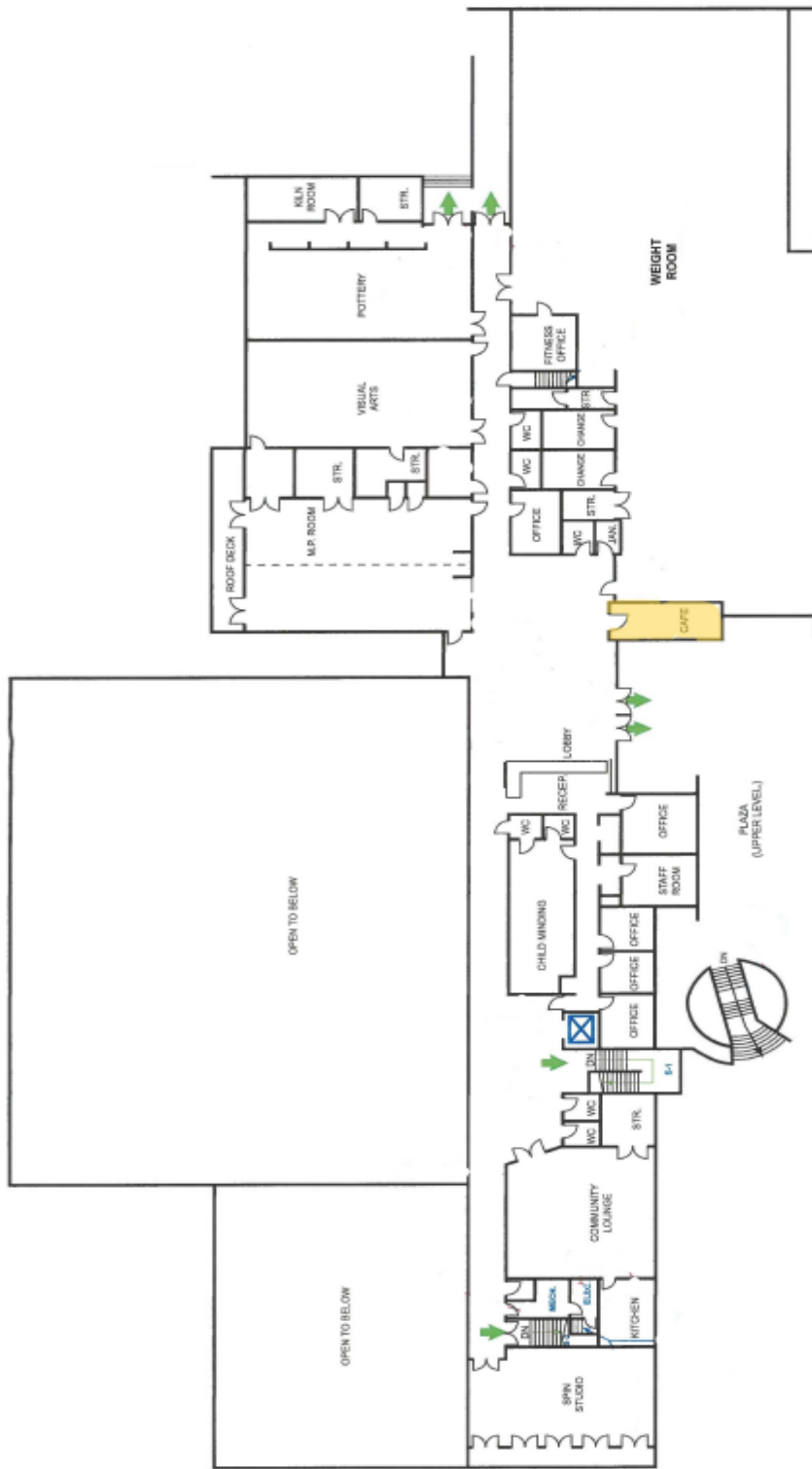
BY: _____
Nicholas Rawcliffe, Manager Realty Services

SCHEDULE 1 – The License Area

1. CLAYTON COMMUNITY CENTRE



2. SOUTH SURREY RECREATION & ARTS CENTRE



SCHEDULE 2 – LEGAL DESCRIPTION OF THE LANDS

1. CLAYTON COMMUNITY CENTRE

CIVIC ADDRESS: 7155 187A Street, Surrey, B.C.

PID: 030-685-231

LEGAL DESCRIPTION: Lot 1 Section 16 Township 8 New Westminster Plan EPP75058

2. SOUTH SURREY RECREATION & ARTS CENTRE

CIVIC ADDRESS: 14601 20th Ave, Surrey, B.C.

PID: 015-151-077

LEGAL DESCRIPTION: Lot 3. Section 15, Township 1 NWD Plan 83184, Except Plans LMP36078 and BCP46839

[END OF PAGE]

SCHEDULE 3 – RULES AND REGULATIONS

RULES AND REGULATIONS

The Licensee will observe the following Rules and Regulations (as amended, modified, or supplemented from time to time by the Licensor as provided in the License):

1. Refuse

The Licensee agrees to participate in the Licensor's recycling program. Parks/Facilities to add to this

2. Overloading, Suspension

(a) The Licensee will not overload any floor of the Premises in excess of 100 pounds per square foot.

(b) The Licensee will not hang or suspend from any wall or ceiling or roof, or any other part of the Building, any equipment, fixtures, signs, or displays that are not first authorized by the Licensor.

3. Electrical Equipment

If the Licensee requires any electrical equipment that might overload the electrical facilities in the Premises, the Licensee will submit to the Licensor plans and specifications for works required to install and supply additional electrical facilities or equipment to prevent such overloading and will obtain the Licensor's prior written approval to perform the works, which will meet all applicable regulations and codes, including without limitation, the requirements of the Licensor's insurers, and will be installed at the Licensee's sole expense. The Licensor reserves the right to install such additional equipment at the Licensee's expense, which will not exceed 15% of the cost of the additional equipment.

4. Plumbing

No plumbing facilities will be used for any purpose other than that for which they were designed, and no foreign substance of any kind will be thrown therein, and the expense of any breakage, stoppage, or damage resulting from a violation of this provision by the Licensee or by any person for whom the Licensee is responsible will be borne by the Licensee.

5. HVAC Operation

(a) The Licensee will not leave open any doors or windows to the exterior of the Building that would adversely affect the performance of any HVAC equipment in the Building.

6. Pests

Should the Premises become infested with rodents, vermin, or other pests, the Licensee will immediately remedy the same and will use such pest-extermination contractor as the Licensor may direct.

7. Notice of Accident, Defects

The Licensee will give immediate notice to the Licensor in case of fire or accident in the Premises or of defects in the Premises or to any fixtures or equipment in them.

8. Emergency Contacts

The Licensee will provide the Licensor with the names, addresses, and telephone numbers of two authorized employees of the Licensee who may be contacted by the Licensor if an emergency relative to the Premises arises.

9. Further Rules and Regulations

For the general benefit and welfare of the Building and its Licensees, the Licensor may amend these rules and regulations, by alteration or addition, and such amended rules and regulations will be binding on the Licensee.

[END OF PAGE]

SCHEDULE 4 – DESCRIPTION OF LICENSOR’S WORK AND LICENSEE’S WORK

A. PREMISES—WORK BY LICENSOR

In addition to the basic building and the parking facilities, the Licensor will provide, furnish, and install the following improvements, at its expense, to the Premises:

Interior Walls—Standard one-hour fire-rated demising walls will be constructed of metal studs to the underside of the roof deck with half-inch drywall to the underside of the roof deck on both sides. Where drywall goes to the underside of deck only one coat of filler and tape will be applied above the twelve-foot level. Walls will be taped, filled, sanded, and left ready to paint. Where walls are masonry, no drywall is provided. Full height walls should use deflection channels to avoid damage if any building movement occurs.

Floors—Smooth trowelled concrete floor slab, designed to support a live load of 100 pounds per square foot.

Electrical—Electrical energy will be supplied to the Building by BC Hydro through the Licensor’s electrical vault and transformers. The Licensor will then install service cables carrying electrical service to a point within the Premises having sufficient capacity to provide 5 watts per square foot of the Premises.

Washrooms—Lavatories and water closets for Licensee’s employees will be provided in the Building to the minimum requirements of the applicable building codes.

Sprinklers—A sprinkler system within the Premises, designed in accordance with the latest requirements of the Insurer’s Advisory Organization. The Licensee will coordinate the design of its lighting, ceiling, infills, and interior partition layout to accommodate this sprinkler system. Plans of the sprinkler system layout will be provided to the Licensee for this purpose. Any changes to the sprinkler layout required by the Licensee’s interior plans will be performed by the Licensor at the Licensee’s expense on a job cost basis. The standard sprinkler layout will be installed at 10 feet above the finished floor; therefore, along with charges for additional heads and relocated heads, there will be a charge for raising or lowering the heads to suit the Licensee’s ceiling height.

Heating, Ventilating and Air-conditioning—The Licensor’s Work will terminate on the discharge side of the air-conditioning and heating equipment within the Premises. The air distribution system within the Premises will be installed by the Licensee at its expense.

Gas Service—Gas service and a gas meter for normal heating, ventilating, and air-conditioning requirements will be provided by arrangements made by the Licensor with Terasen Gas (or such other company as chosen by the Licensor from time to time).

Permits—All permits for construction work for which the Licensor is responsible, and all work, must conform with the local, provincial, and federal codes having jurisdiction.

Licensor’s Work—The Licensor’s Work is limited to the work described in clause A of this Schedule 4.

B. PREMISES - WORK BY LICENSEE

The Licensee will provide and install at its expense all materials and work required to complete construction of the Premises (and not provided for as Licensor's Work in clause A of this Schedule A) in accordance with the Licensor-approved Licensee Plans and Specifications (both as defined in Schedule E), including but not limited to:

Interior—Interior partitions and finishes, floor coverings, suspended ceiling infills, and structural supports, all to be constructed of non-combustible materials (metal, gypsum board, masonry, etc.) and coordinated with the sprinkler layout as shown on the License Outline Drawing. Mezzanines will not be permitted within the Premises. The Licensee will not, without the prior written consent of the Licensor, suspend Licensee improvements from above save for suspended ceilings, ceiling lighting fixtures, and mechanical systems approved by the Licensor. Any work to demising walls will maintain a one-hour fire rating.

Exhaust Systems—Plumbing vents, and mechanical or ventilation equipment that are not to be installed by the Licensor under clause A of this Schedule 4, and all openings, supporting structures, curbs, flashing, waterproofing ducts, vents, and grilles for such Licensee-installed equipment will be the Licensee's sole responsibility and shall be installed by the Licensor's contractor at the Licensee's expense in accordance with the Licensor's requirements.

Electrical—All electrical work not provided for in clause A of this Schedule 4 as Licensor's Work, including but not limited to installation of:

- (1) conduit, wiring, junction boxes, and branch circuit breakers;
- (2) battery-powered emergency lighting and exit signs;
- (3) break glass for fire alarm system (if required);
- (4) switches for control of 120 volt lighting, if desired other than at panel;
- (5) night lighting, including circuiting and switching;
- (6) lighting fixtures and lamps;

The Licensee will not use exposed fluorescent light tubes in its ceiling light fixtures.

Following completion of the Licensee's installation, the Licensee will supply the Licensor with a copy of the British Columbia Safety Authority's final certificate of approval.

Sprinklers—Modifications to the sprinkler system layout for the Premises necessitated by Licensee installations or Licensee changes to approved Licensee's Plans and Specifications will be completed by the Licensor's contractor at the Licensee's expense and specific request, provided such modifications comply with building code requirements.

Telephone Service—Installation of cables and other work required to furnish telephone service from the Licensor's telephone room to the Premises will be made by Telus at the request and cost of the Licensee.

Doors—All work required to provide for depressions and/or raised areas, slots in floor slab for door tracks, door closers, door supports, and special floor finishes.

Walls and Floors—All work required to install openings, fans, vents, louvres, storefronts, and/or other improvements that are proposed to be fastened to, penetrate, or affect the appearance of exterior walls, floors, or demising walls providing that such work may not proceed without the written consent of the Licensor and must be undertaken by the Licensor's contractor at the Licensee's expense.

Plumbing—All internal plumbing and accessories, except those provided by the Licensor in clause A of this Schedule 4.

Heating, Ventilating, and Air-conditioning—Completion of the heating, ventilating, and air-conditioning system, including provision of all necessary ducts and diffusers and other equipment necessary for the removal of air suitable for recirculation, including fumes and vapours.

Integral Work—Where it is necessary for a Licensee to request changes to the Licensor's basic building, this work will, if approved, be performed by the Licensor at the Licensee's cost and expense, and will include any changes or alterations to heating, ventilating, air-conditioning, electrical, sprinklers, floor slabs, demising walls and ceilings, roof vents, or other building components.

The cost of this Integral Work will include (in addition to labour, material, and applicable taxes) architectural and contractors' fees together with a sum equal to 15% of the final cost of the work as a process fee.

Permits— All permits for the construction work for which the Licensee is responsible, and all work must conform with the local, provincial and federal codes having jurisdiction.

[END OF PAGE]

SCHEDULE 5 – PROCEDURE FOR LICENSEE’S WORK AND LICENSOR’S WORK

A. PROCEDURE FOR LICENSEE’S WORK

Approval of Plans and Specifications

The Licensee will prepare and submit to the Licensor for approval as soon as reasonably possible five copies of complete drawings and specifications, which will be in imperial measurement and of uniform size and scale, relating to Licensee’s Work (the “Licensee Plans and Specifications”), including but not limited to details of:

- (1) electrical wiring;
- (2) plumbing;
- (3) sprinklers and other fire detection devices, if other than Licensor’s Work;
- (4) heating, ventilating, and air-conditioning;
- (5) reflected ceiling plan;
- (6) underfloor electrical or mechanical (if any);
- (7) floor plans and complete interior finishing schedules; and
- (8) such other items of Licensee’s Work and such other information as the Licensor may require.

Failure of the Licensee to provide Licensee Plans and Specifications as required above will constitute a default by the Licensee under this License.

Licensee Plans and Specifications

Licensee Plans and Specifications will:

- (1) include all plans, sections, elevations, and details of architectural, electrical, mechanical, and plumbing work for which the Licensee is responsible, drawn to scale;
- (2) be approved in writing by the Licensor prior to commencement of Licensee’s Work. Licensee Plans and Specifications as approved and any revisions thereto requested by the Architect will be undertaken by the Licensee diligently and expeditiously; and
- (3) be prepared, at the Licensee’s expense, by qualified designers selected by the Licensee, except that the Licensee must engage the Architect or such other architectural firm as the Licensor may approve to prepare those portions of the Licensee Plans and Specifications dealing with the heating, ventilating, and air-conditioning system to be installed by the Licensee in the Premises, any alterations to the sprinkler system, and any structural change to the basic building.

Commencement of Work

Licensee's Work will commence forthwith after the last to occur of approval by the Licensor of the Licensee Plans and Specifications or the date of delivery of possession of the Premises to the Licensee sufficiently complete to permit commencement of construction of the Licensee's Work (which date will be established by the Licensor by written notice to the Licensee) and will be completed within 30 days of such date in cooperation with the Licensor's contractor.

Conditions Respecting Work

All work undertaken by the Licensee within and about the Premises during the continuance of this License will be governed by the following:

- (1) The Licensee will, prior to the commencement of work, secure all required approvals and permits from authorities having jurisdiction thereover (including insurance underwriters) and will submit satisfactory proof to the Licensor.
- (2) All work by the Licensee will be completed in a good and workmanlike manner in accordance with the Licensee Plans and Specifications as approved by the Architect and to the Licensor's satisfaction, will use new materials, and will conform to all statutes, regulations, or bylaws of any municipal, provincial, or other authority. Mediocre or inferior materials and/or workmanship will be replaced to the satisfaction of the Licensor. The cost of delays (to be determined by the Licensor) incurred by the Licensor's general contractor as a result of such replacements will be paid by the Licensee to the Licensor.
- (3) All work will be undertaken by contractors and sub-contractors approved by the Licensor and the Licensee will not employ or permit the employment of any firm or persons unfit or unskilled in the work assigned to them or who will cause labour disputes or work stoppages among others performing work in the Building. The Licensee will require all such contractors and sub-contractors herein to effect adequate liability insurance to such limits as the Licensor stipulates and will produce evidence thereof satisfactory to the Licensor upon request.
- (4) The Licensee will not impose or permit to be imposed upon the floor areas of the Premises a working load in excess of a live load of 100 pounds per square foot uniformly distributed.
- (5) Suspended loads will not be permitted without the prior written approval of the Architect.

Condition of Premises

The Licensee will, during construction and merchandising, maintain the Premises in a clean and orderly condition, promptly removing unused construction materials, merchandise, shipping containers, equipment, all debris, and inflammable material from the Building. During the construction, merchandising, and subsequent store operation the Licensee will contain all construction materials, equipment, store fixtures, merchandise, shipping containers, and general debris within the Premises. The adjacent areas of the Building are to be kept clear of all Licensee's materials, equipment, and refuse at all times. These areas are to be used for

access and egress only. The Licensor will have the right to remove any Licensee construction materials, equipment, and merchandise from the Recreation Centre areas, corridors, and the Building exterior at the Licensee's expense without further notification at a removal fee of \$100 a time.

Temporary Service

Temporary electrical power, lighting, water, heat, or other services required by the Licensee within the Premises during construction will be the Licensee's responsibility. The Licensee's contractor will make arrangements for the services with the basic building general contractor prior to commencement of the Licensee's construction.

[END OF PAGE]

SCHEDULE 6 – GENERAL SERVICES AND OPERATIONS REQUIREMENTS

(SCHEDULE 6 WILL BE INSERTED LATER WHEN AN AGREEMENT IS ASSEMBLED FOR EXECUTION INCLUDING INFORMATION FROM THE RFP [SCHEDULES A, A-1, A-2, A-3 AND SUCCESSFUL PROPOSAL])

SCHEDULE C – FORM OF PROPOSAL

RFP Project Title: Surrey Recreation Centres Café Operator(s)

RFP Reference No.: 1220-030-2023-004

Legal Name of Proponent: _____

Contact Person and Title: _____

Business Address: _____

Business Telephone: _____

Business Fax: _____

Business E-Mail Address: _____

TO:

City Representative: Sunny Kaila, Manager, Procurement Services

Email: purchasing@surrey.ca

Dear Sir:

1.0 I/We, the undersigned duly authorized representative of the Proponent, having received and carefully reviewed all of the Proposal documents, including the RFP and any issued addenda posted on the City Website, and having full knowledge of the Premises, and having fully informed ourselves as to the intent, difficulties, facilities and local conditions attendant to performing the Services, submit this Proposal in response to the RFP.

2.0 I/We confirm that the following schedules are attached to and form a part of this Proposal:

- Schedule C-1 – Statement of Departures;
- Schedule C-2 – Proponent’s Experience, Reputation and Resources;
- Schedule C-3 – Proponent’s Technical Proposal (Services);
- Schedule C-4 – Proponent’s Technical Proposal (Schedule); and
- Schedule C-5 – Proponent’s Financial Proposal.

3.0 I/We confirm that this proposal is accurate and true to best of my/our knowledge.

4.0 I/We confirm that, if I/we am/are awarded the agreement, I/we will at all times be the “prime contractor” as provided by the Worker’s Compensation Act (British Columbia) with respect to the Services. I/we further confirm that if I/we become aware that another contractor at the place(s) of the Services has been designated as the “prime contractor”, I/we will notify the City immediately, and

I/we will indemnify and hold the City harmless against any claims, demands, losses, damages, costs, liabilities or expenses suffered by the City in connection with any failure to so notify the City.

This Proposal is submitted this _____ day of _____, 202__.

I/We have the authority to bind the Proponent.

(Legal Name of Proponent)

(Signature of Authorized Signatory)

(Signature of Authorized Signatory)

(Print Name and Position of Authorized Signatory)

(Print Name and Position of Authorized Signatory)

SCHEDULE C-1 - STATEMENT OF DEPARTURES

1. I/We have reviewed the proposed License Agreement attached to the RFP as Schedule "B". If requested by the City, I/we would be prepared to enter into that Contract, amended by the following departures (list, if any):

Section	Requested Departure(s)
_____	_____
_____	_____

Please state reason for departure(s):

2. The City of Surrey requires that the successful Proponent have the following in place **before commencing the Services**:

- (a) Workers' Compensation Board coverage in good standing and further, if an "Owner Operator" is involved, personal operator protection (P.O.P.) will be provided, Workers' Compensation Registration Number _____;
- (b) Prime Contractor qualified coordinator is Name: _____; and Contact Number: _____;
- (c) Insurance coverage for the amounts required in the proposed agreement as a minimum, naming the City as additional insured and generally in compliance with the City's sample insurance certificate form available on the City's Website at www.surrey.ca search Standard Certificate of Insurance;
- (d) City of Surrey or Intermunicipal Business License: Number _____;
- (e) If the Licensee's Goods and Services are subject to GST, the Licensee's GST Number is _____; and
- (f) If the Licensee is a company, the company name indicated above is registered with the Registrar of Companies in the Province of British Columbia, Canada, Incorporation Number _____.

As of the date of this Proposal, we advise that we have the ability to meet all of the above requirements **except as follows** (list, if any):

Section	Requested Departure(s)
_____	_____
_____	_____

Please state reason for departure(s):

3. I/We offer the following alternates to improve the Services described in the RFP (list, if any):

Section

Requested Alternative(s)

Please state reason for Alternative(s):

4. The Proponent acknowledges that the departures it has requested in Sections 1, 2 and 3 of this Schedule C-1 will not form part of the Contract unless and until the City agrees to them in writing by initialling or otherwise specifically consenting in writing to be bound by any of them.

SCHEDULE C-2 - PROPONENT'S EXPERIENCE, REPUTATION AND RESOURCES

Proponents should provide information on the following (use the spaces provided and/or attach additional pages, if necessary):

1. Location of primary business, branch locations, background, stability, structure of the Proponent and number of years business has been operational;
2. Proponent's relevant experience and qualifications in delivering Services similar to those required by the RFP;
3. Proponent's equipment resources, capability and capacity, as relevant (including equipment resources under the Proponent's control, equipment resources to be rented, and equipment resources to be purchased);
4. Provide a brief summary as to why your company would be well suited for this project, including a portfolio of comparable project(s). For each project listed include:
 - (a) partnership arrangements;
 - (b) gross value of project;
 - (c) briefly describe the public consultation process if any undertaken;
 - (d) build-out timing;
 - (e) marketing strategy;
 - (f) pricing strategy and related sales statistics;
 - (g) a description of the project's success in relation to its original objectives.

Sub-Contractors

5. Proponents should provide the following information on the background and experience of all sub-contractors proposed to undertake a portion of the Goods and Services (use the spaces provided and/or attach additional pages, if necessary):

DESCRIPTION OF SERVICES	SUB-CONTRACTORS NAME	YEARS OF WORKING WITH PROPONENT	TELEPHONE NUMBER AND EMAIL

SCHEDULE C-3 - PROPONENT'S TECHNICAL PROPOSAL (SERVICES)

Proponents should provide information on the following (use the spaces provided and/or attach additional pages, if necessary):

1. a narrative that illustrates an understanding of the City's requirements for Goods and Services.
2. **Business Plan**
 - (a) Proposed Business Plan
 - provide a description on your proposed business plan.
 - address how Services will be provided after City's normal business hours.
 - describe strategies for catering services outside of regular business hours.
 - (b) Start Up Plan

Provide a description of your proposed transition plan. Provide a detailed start-up including proposed time frames and resources. The start-up plan must ensure smooth transition with minimal disruption to City's operations.
 - (c) Exit Plan

Provide a description of your proposed exit plan. Exit plan must ensure continuation of service levels and minimal disruption to the City until the end of the contract. The City expects the Licensee to remain professional in its dealing with the City at all times during the transition period.
 - (d) Provide a mock design for the use of the space. Refer to **Schedule 1 – Plan of Premises** of Schedule B - Draft License Agreement.
 - (e) Describe how you will participate in regular performance review programs. How will you engage Clayton Community Centre and South Surrey Recreation & Arts Centres patrons in the process?
 - (f) Provide one example of how you could work with the local community in providing additional opportunities for building community capacity. (Example: programs, training, mentorship, youth engagement)
 - (g) Describe how will you market to community?
3. **Licensee Improvements**
 - (a) Provide a detailed description of the design and layout of the Proponent's Licensee Improvements plan. Describe how you will coordinate the choice of style, colour and general appearance of the interior of the Café premises in keeping with the standards of the improvements within the Civic Facility; and
 - (b) Explain how you will ensure that any work related to Licensee Improvements are fully coordinated with building systems, such as electrical, lighting, HVAC, structural columns, fire sprinklers, etc.

4. Menu Planning/Food Choices

- (a) Describe Proponent's ability to:
- Provide variety of food menus (organic, etc.).
 - Offer creative healthy choices at reasonable prices.
 - Ability to adjust to customer choices/suggestions for menu. How many times do they change their menu?
 - Provide a menu menu and pricing that you will be able to successfully serve out of the space, including grab and go items. Please include and label the menu items that are: Gluten Free, Vegan, Vegetarian, Organic, Local.
- (b) Include a one (1) week menu plan for breakfast, lunch, and coffee breaks based on the aforementioned. The menu plan should include ingredients by types of products, portion size and pricing (GST included).
- (c) Provide your proposed pricing per 100 grams for fresh salad.
- (d) List items that are made daily on-site from fresh ingredients and items that are convenience/institutional, frozen and/or pre-made.
- (e) Describe in detail your capacity to host events of 200 people or more and what the menu and pricing would include.

5. Food Safety Program: Provide a sample of your food safety program. Including how food will be prepared, transported and sanitation procedures.

6. Customer Service

- a) Provide a narrative of your customer service philosophy and how this would complement the City's objective with respect to service and performance.
- b) Health and Wellness Plan: Describe your proposal for improvements to nutrition, health and wellness programs.
- c) Describe how you will address/respond to customer requests or complaints. How is customer feedback monitored?
- d) Describe how you will handle non-paying customers who utilize the seating area at the Café premises especially during the peak hours and special events.
- e) State your ability to provide liquor in the event that alcoholic beverages/liquors are requested during special events or catering services after business hours. State how you will acquire necessary permits.

7. Sustainability

Describe Proponent's sustainability practices, including:

- (a) Practices for food leftovers;
- (b) Initiative to purchase locally grown, organic foods; and,
- (c) Describe if Proponent is engaged in practices that minimize land impact, reduce energy use and eliminate the generation of pollutants, toxins, and other hazardous materials.

8. List of Equipment

Provide a list of fittings & equipment proposed for the performance of services.

9. Value-added Services

Describe any value-added, unique services or innovative concepts that your company can offer to implement City's requirements relevant to the scope of services described in this RFP.

-END OF PAGE-

SCHEDULE C-5 - PROPONENT'S FINANCIAL PROPOSAL

1. Describe your proposed financial model (base rent or base rent plus profit share).
2. Indicate your proposed rental fee (excluding applicable taxes), as described in Schedule B - Draft License Agreement, Section 4.2 and the basis of calculation as follows (as applicable):

a) Clayton Community Centre

Minimum Rent and Percentage Rent

- (i) Minimum Rent of \$ _____ per year payable in equal consecutive monthly installments of \$ _____ each in advance on the first day of each calendar month;
- (ii) a Percentage Rent equal to the amount by which _____% of the Gross Sales for the relevant License Year exceeds the Minimum Rent paid during that License Year. The Percentage Rent will be payable (on a cumulative basis) in consecutive monthly installments in arrears within 15 days after the end of each month of the Term, equal to:
 - (1) the amount by which _____% of the Gross Sales for the period from the beginning of the License Year to the end of the immediately preceding month exceeds the Minimum Rent paid for the same period; less
 - (2) an amount equal to the installments of Percentage Rent already paid or payable for the same period.

b) South Surrey Recreation & Arts Centre

Minimum Rent and Percentage Rent

- (i) Minimum Rent of \$ _____ per year payable in equal consecutive monthly installments of \$ _____ each in advance on the first day of each calendar month;
- (ii) a Percentage Rent equal to the amount by which _____% of the Gross Sales for the relevant License Year exceeds the Minimum Rent paid during that License Year. The Percentage Rent will be payable (on a cumulative basis) in consecutive monthly installments in arrears within 15 days after the end of each month of the Term, equal to:
 - (1) the amount by which _____% of the Gross Sales for the period from the beginning of the License Year to the end of the immediately preceding month exceeds the Minimum Rent paid for the same period; less
 - (2) an amount equal to the installments of Percentage Rent already paid or payable for the same period.

3. **Licensee Improvements**

The Proponent should list and provide an estimated cost breakdown for your proposed Licensee Improvements, knowing you will be fully responsible for such costs.

(a) Clayton Community Centre

(b) South Surrey Recreation & Arts Centre

[END OF PAGE]