



ADMINISTRATIVE REPORT

Report Date: September 19, 2017
Contact: Branislav Henselmann
Contact No.: 604.871.6455
RTS No.: 11808
VanRIMS No.: 08-2000-20
Meeting Date: October 18, 2017

TO: Standing Committee on City Finance and Services

FROM: General Manager of Community Services in consultation with the General Manager of Real Estate and Facilities Management

SUBJECT: Hodson Manor Lease Recommendation - 1254 West 7th Avenue

RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to negotiate and execute a lease (the "Lease") with the Vancouver Society for Early Music (the "Society"), at a nominal rent and as set out in the basic lease terms attached as Appendix A, for the following City-owned premises (the "Premises"):

Hodson Manor located at 1254 West 7th Avenue and legally described as:

Parcel Identifier: 015-206-025; Lot A (Explanatory Plan 9418) Block 313 District Lot 526 Plan 590.

The Lease is to be based on the City's Precedent Lease for Non-Profit Entities (Nominal Rent), drawn to the satisfaction of the Director of Real Estate Services, the Director of Legal Services and the Managing Director of Cultural Services.

As the rent under the Lease for the Premises will be below the applicable market rate and includes rent-in-lieu of property taxes, Recommendation A constitutes a grant valued at approximately \$120,840 per annum for Hodson Manor based on the first year of the term, and requires an affirmative vote of two-thirds of all Council members, per section 206(1) *Vancouver Charter*.

- B. THAT no legal rights or obligations will arise or be created by Council's adoption of Recommendation A above unless and until all legal documentation has been executed and delivered by the respective parties.

REPORT SUMMARY

This report recommends that Council authorise staff to enter into a nominal lease with the Society, as tenant, on the terms set out in this report. It is intended that the Society will sublease portions of the Premises to subtenants as discussed in this report.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Pursuant to Section 206(1) (a) of the *Vancouver Charter*, not less than two-thirds of all members of Council must approve a resolution for a grant to a charitable institution. A lease of City-owned property at less than market rent is considered to be a grant.

Original leases with the Society and two of the subtenants expired between 1985 and 1998. In 2003, Council resolved (RTS 3264) that the City enter into agreements with various non-profit organizations in City-owned or controlled facilities, including Hodson Manor. A lease agreement based on this authority was never executed for Hodson Manor and the Manor's occupants have either been overholding since their original leases expired or operating without a lease.

Vancouver's Culture Plan: Strategic Directions 2013-2018 (RTS 10309) provides the City's strategic framework to support a diverse, thriving cultural ecology. A key objective is to partner to retain, as well as to develop arts and culture spaces.

GENERAL MANAGER'S COMMENTS

By supporting the recommendations in this report, the City will endorse and support a non-profit cultural organization as head tenant and three others as subtenants. These organizations have demonstrated the capacity to develop and sustainably operate diverse cultural spaces and disciplines serving a very wide range of residents within the city of Vancouver.

REPORT

Background/Context

Hodson Manor, 1254 West 7th Avenue

Originally located at 1417 West 8th Avenue, Hodson Manor was built in 1894 for Vancouver Ice and Cold Storage Company founder Captain James Logan, and expanded in 1903. It was purchased by the City in 1974 and moved to its current location between Alder and Birch Streets, as shown on the maps in Appendix C. Hodson Manor is one of the oldest surviving houses in Fairview and was listed on the City's Heritage Registry in 1979 with an "A" designation.

Early Music Vancouver

The Vancouver Society for Early Music (operating as Early Music Vancouver) was incorporated in 1970, and has been a tenant in Hodson Manor since September 1, 1979. The Society's mission is to engage, enrich, and educate through music. The Society has a long-standing international reputation for the presentation, production and study of predominantly, but not

exclusively, western classical music repertoires in an historical context. It offers one of the most ambitious programs of its type in North America, presenting and producing an average of 25-30 concerts per year featuring internationally-renowned local and guest artists. It has a Main Season that runs through the fall, winter and spring and an annual three-week-long Summer Festival. It also runs an Educational Programme including mentorships. It is one of the most active non-profit presenting and producing organizations in the city, with an annual operating budget of approximately of \$1.2 million. In 2016, the Society took on the management and administration of the Pacific Baroque Orchestra as a fully integrated division of its operations. The Society has been a recipient of an Operating Grant from the City for many years as well as Theatre Rental grants and an infrastructure grant. The Society is considered to be a sustainable and stable operation and well-positioned to act as head tenant for Hodson Manor.

The Society and the Subtenants at Hodson Manor

The Society and the other subtenants (Vancouver Chamber Choir and Vancouver Cantata Society) have been housed at the Hodson Manor location since the 1980's. A relatively new society, the Health Arts Society, joined the co-location last year. All Hodson Manor tenants share the heritage house site for office and administrative use as well as for rehearsals. They perform elsewhere in other performing arts venues in the city.

The following is a short overview of the current subtenants of Hodson Manor:

- Vancouver Chamber Choir is an award-winning professional vocal ensemble noted for its diverse repertoire and performing excellence both in Canada and abroad. Over the years they have sung over 3,000 performances of 350 pieces by 120 Canadian composers in addition to their extensive international repertoire.
- Vancouver Cantata Society was founded in 1957, and has become one of Canada's preeminent, award-winning choral ensembles. Vancouver Cantata Society has become known for technical virtuosity, fine blend and exceptionally high performance standards encompassing 500 years of choral repertoire.
- Health Arts Society has, since 2006, delivered over 7,500 professional music and theatre performances to audiences in health care facilities throughout British Columbia, providing those isolated from our arts community the experience of enjoying performance arts in their own health care setting.

The Society and subtenants receive annual grant support from the City. The following table illustrates the level of support received in 2017:

City of Vancouver 2017 Cultural Grants Support for the Society and Subtenants

Grant Type →	Annual Assistance	Operating	Operating Biennial	Theatre Rental Grant (to Aug. 31 2017)
<i>Early Music Vancouver</i>		\$55,000		\$4,065
<i>Health Arts Society</i>		\$20,000		
<i>Vancouver Cantata Society</i>	\$16,500			\$2,007
<i>Vancouver Chamber Choir</i>			\$20,000	\$22,425

Notes:

The **Annual Assistance** grants stream supports groups in delivering established programs and/or services as well as the enhancement of organizational structure.

The **Operating** grants stream (reviewed annually or bi-annually) supports groups in delivering established programs and/or services with established organizational structure. Groups in this cohort range from mid-size to larger institutions and tend to be more established in their tenure.

The **Theatre Rental Grants** program offers assistance to non-profit professional arts and cultural organizations for some of the costs (including some technical and front of house labour) when using the Vancouver Civic Theatres (Orpheum, Queen Elizabeth Theatre, Playhouse, and Annex).

Strategic AnalysisStrategic Overview

The proposed Lease is an investment in Vancouver's creative economy, with the City partnering with a dynamic local arts organization to retain and develop affordable, sustainable spaces. The Society's program aligns with priorities outlined in the updated report on the City's Cultural Plan entitled, "Culture Plan Strategic Directions for the Next 5 Years," and the City's Cultural Facilities Plan.

These priorities include the following:

- The Society fosters cultural leadership through expanding support to emerging and innovative artistic practices, such as Early Music Vancouver's work with UBC music students through a Baroque Orchestra mentorship program.
- The Society offers increased public participation and community engagement in arts and culture by improving arts access for new and under-served communities and by pursuing opportunities for imaginative, innovative ways to present music, including

through cross-disciplinary and cross-cultural programs and making the Society's unique historical instrument collection available to the community.

- The co-location of four arts-related organizations at Hodson Manor fulfils the Cultural Facilities Plan's identified need for co-location facilities.

Terms of the Lease

The relationship of the Society with the City as Landlord will be outlined in a lease agreement with an attached Service Level Agreement and Public Service Agreement. A thirty-year total term (original term of ten years with four conditional renewal terms of five years each) is recommended, such that the Society will have the benefits of security of tenure such as the ability to plan over the long term and increased fundraising opportunities. Each renewal option is conditional upon the Landlord being satisfied that the Society has the capacity to operate, maintain and program the Premises in accordance with the lease terms and the stated public service requirements for the duration of the renewal term contemplated. In addition the City will review the activities of the Society and its subtenants when they apply for City grants.

Cultural Services and Real Estate and Facilities Management proposed a change in the leasing model that would see the Society take on the role of head tenant of the Premises, subleasing space within the Premises to the other groups. The proposal was agreed to by all current Hodson Manor tenants and subtenants. A legal agreement between the Society and each subtenant has been drawn up to outline the roles and responsibilities of all four organizations and subleases will be developed. This head tenant/subtenant model simplifies and consolidates the relationships and streamlines the lease renewal process for the future. Selection of future subtenants (should space become available) will be undertaken according to a set of criteria developed by the head tenant to the satisfaction of the Managing Director of Cultural Services.

The basic lease terms for the Lease have been accepted and approved by the Society's board of directors, and are set out in Appendix A along with the board resolution.

Financial Implications

Staff are recommending that basic rent be set at a nominal rate of \$10 for the initial 10-year term and each renewal term, inclusive of an amount in lieu of property taxes. Nominal rent is considered a grant based on the fair market value (FMV) of the Lease. The FMV results in a grant of approximately \$120,840 per annum for the Society based on the first year of the lease term.

As noted in the basic lease terms in Appendix A, all costs and obligations related to the operating expenses for the Premises and shared building expenses (common area maintenance) shall be the responsibility of the Society, in accordance with a Service Level Agreement ("SLA") which will form part of the Lease. A draft SLA has been shared with the Society and is attached as Appendix B. The Society shall also be responsible for all program and administrative costs. The Society intends to enter into an Internal Governance agreement with the subtenants of the Premises, which will provide for, among other things, cost-sharing arrangements related to the Premises as agreed to between the Society and the subtenants.

Capital Life Cycle Replacement Costs

The City will maintain responsibility for the life cycle replacement and capital maintenance of major structural components and base building systems, which will be prioritized as part of the City capital planning and budgeting process. The responsibility for all capital costs associated with the mechanical, electrical and plumbing systems and other capital costs including those associated with the building envelope and any structural components of the building will be as set out in a Service Level Agreement, attached to and forming part of the Lease and otherwise as specifically provided for in the Lease, all on terms and conditions satisfactory to the City.

Legal

Real Estate and Facilities Management and Cultural Services will instruct Legal Services to prepare the Lease based on the City's Precedent Lease for Non-Profit Entities (Nominal Rent), and on terms consistent with the basic lease terms set out in Appendix A. Real Estate and Facilities Management and Cultural Services will oversee the negotiation of the Lease, as well as ongoing management.

CONCLUSION

The Society is a vital part of Vancouver's cultural ecology. It has been a long-standing tenant in the Premises. Awarding a lease will ensure that the Society has security of tenure as it proceeds with planning its future and fundraises.

Having the Society take a leadership role as head tenant and subleasing the other spaces in the building will ensure greater efficacy. The plan to co-locate four established arts-focused organizations with significant operating, administrative and programming capacity is a positive opportunity to collaborate, share resources and develop community capacity. With complementary mandates, all four organizations envision a collaborative "music development hub" that includes shared services, a vibrant off-site community program and a commitment to making the Hodson Manor space available to the arts and cultural community for rehearsal purposes.

* * * * *

APPENDIX A - BASIC LEASE TERMS AND BOARD RESOLUTION

1

**BASIC LEASE TERMS FOR THE CULTURAL AMENITY SPACE
AT
Hodson Manor - 1254 West 7th Avenue (the "Premises")
BETWEEN
THE CITY OF VANCOUVER (The "Landlord")
AND
VANCOUVER SOCIETY FOR EARLY MUSIC (dba Early Music Vancouver) (the "Tenant")**

Lease Term and Renewal Options - Initial term of ten (10) years commencing on January 1, 2018. Four (4) renewal options, each for a further term of five (5) years.

Each renewal option is conditional upon the Landlord being satisfied that the Tenant has the capacity to operate, maintain and program the Premises in accordance with the lease terms and the stated public service objectives for the duration of the renewal term contemplated.

Fixturing Period - n/a

Gross Floor Area - 6,042 square feet

Parking - approximately six (6) outdoor surface spaces located in the rear of the property

Total Rent - Nominal rent of Ten (\$10.00) dollars for the term and any renewal term, payable in advance, plus applicable taxes.

Security Deposit - Nil

Property Taxes, if any - Subject to Vancouver City Council approval, the Tenant will not be required to pay real property taxes.

Additional Rent - All amounts payable by the Tenant other than total rent will be treated as Additional Rent.

Utility Charges - The Tenant shall pay all charges, rates and levies on account of the consumption of utilities and other similar services provided to the Premises, whether billed directly by the service provider or indirectly through the Landlord, including without limitation heat, electricity, gas, water, sewer, garbage and recycling collection, telephone, cablevision, internet, and all costs related to security systems monitoring and servicing.

The Tenant shall also pay, any municipal utility charges, rates, fees and levies which are levied through the property tax roll for the Premises, such as those for water supply, water meter rental, water meter shutoff, air conditioning, fireline, fireline shutoff, sewer, recycling pickup and dumping, recycling cart rental, recycling cart carryout, recycling cart storage, yard waste pickup, yard waste cart rental, garbage pickup and dumping, garbage cart rental and stopping garbage pickup (any of which may or may not apply to the Premises), with the exclusion of charges, rates, fees and levies for the repair or replacement of the preceding items including water, fireline, sewer.

Operating Costs and Shared Building Costs (CAM) - All costs and obligations related to the operating expenses for the Premises and shared building expenses (common area maintenance) shall be the responsibility of the Tenant. The Landlord acknowledges the

Tenant intends to enter into an Internal Governance agreement with the subtenants of the Premises, which will provide for, among other things, cost-sharing arrangements related to the Premises as agreed to between the Tenant and the subtenants.

Repairs and Maintenance - All costs, obligations and expenses related to the operation, regular repairs and routine maintenance and any required preventative maintenance of the Premises will be in accordance with the Service Level Agreement ("SLA") to be negotiated in accordance with the terms of this document as part of and attached to and forming part of the lease.

Capital/LifeCycle Replacement Costs - The responsibility for all capital costs associated with the mechanical, electrical and plumbing systems and other capital costs including those associated with the building envelope, including the roof membrane, wall membrane, exterior painting and any structural components of the building such as foundation, will be as set out in the SLA and otherwise as specifically provided for in the Lease, all on terms and conditions satisfactory to the Landlord and Tenant. "Capital" herein refers to anything with an expected useful life of greater than five (5) years.

In general, the Landlord shall be responsible for, as the case may be, major repairs to and/or life-cycle replacement of: major structural systems (such as foundations; flooring and stairway sub-structure; building envelope including bearing walls, chimney and roofing; exterior life-cycle repainting; and parking surfaces and other exterior paved areas), as well as base building systems (such as HVAC; plumbing; mechanical; fire protection; electrical distribution; exterior lighting, windows, doors, walkways and steps). The Landlord shall also be responsible for interior repairs listed as Tenant responsibility in the succeeding paragraph, where such repairs are necessitated by failures in structural or base building systems listed in the preceding sentence as Landlord responsibility.

Except as provided in the preceding paragraph, the Tenant shall be responsible for, as the case may be, major repairs to and/or life-cycle replacement of: security systems if any; interior lighting, windows and doors; interior surfaces (such as walls; ceiling; floor coverings; and millwork); exterior gates and fences (if installed by the Tenant in the future); signage (if installed by the Tenant in the future); and all appliances, program and non-installed equipment, furniture and trade fixtures. It is recognized that such major repairs and/or replacement are outside the normal financial capability of the Tenant and its subtenants as non-profit organizations, and are expected to be funded in whole or in part with grants from governments and other external entities. While the Tenant is responsible to initiate such grant applications and to take reasonable efforts to obtain such funding, the Landlord undertakes to provide reasonable administrative support in connection therewith.

Renovations, Alterations, Additions, Upgrades, Tenant Improvements - All costs associated with leasehold improvements including finishing, fixturing, furnishing and equipment shall be the responsibility of the Tenant. The Tenant shall seek the Landlord's written consent prior to carrying out any renovations, alterations, additions, upgrades, and tenant improvements, and shall obtain any and all permits, approvals and authorizations which may be required in order to carry out such improvements.

Insurance -The Tenant is responsible at all times for Commercial General Liability (CGL) and Tenants' Legal Liability (TLL) insurance, as well as insuring for all leasehold improvements, equipment, trade fixtures, furniture and all other contents, all in the amounts and types to

the satisfaction of the Landlord. The Landlord will be named as additional insured on each and every policy.

The Landlord shall be responsible for insuring the Premises including, without limitation, the fixtures other than trade fixtures, against fire, vandalism and such other perils as may be determined from time to time by the Landlord's Director of Risk Management in her sole discretion.

Use - The Premises are to be used for the operation of a not for profit arts and cultural facility that may include rehearsal, office functions in support of the programming offered by the Tenant and subtenants, and other activities permitted by the applicable zoning for the Premises.

Public Service Objectives - The Tenant shall operate the Premises for the benefit of the citizens of Vancouver and the advancement of cultural services in Vancouver. The Tenant has articulated and will follow a set of *public service objectives* accepted by the Landlord where programming and activities are outlined, including minimum hours of operation; type and range of services; and availability for community and public use (meeting/board or other such spaces appropriate for community and public use).

Third Party Use - The Tenant will be permitted to license all or part of the Premises to other third parties for occasional use in accordance with an Occasional Third Party Use Policy that will form part of the Lease.

Subleasing - The Tenant shall be permitted to sublease or license portions of the Premises to each of the current subtenants, being Vancouver Chamber Choir, The Vancouver Cantata Society, and the Health Arts Society. Future subtenancies may be permitted with the prior written consent of the Landlord's General Manager of Community Services.

Assignment - The Tenant shall not assign its leasehold interest in the Premises or any portion thereof save and except with the prior written consent of the Landlord, such consent not to be unreasonably withheld.

Mortgage of Lease - except as may otherwise be set out in the lease, under no circumstances whatsoever may the Tenant's interest in the lease be mortgaged or otherwise encumbered by way of sublease, assignment or otherwise.

Naming Rights - The Tenant shall not sell, transfer, assign or otherwise permit the naming of the Premises or any portion thereof without the Landlord's prior written approval. The Tenant shall follow the City of Vancouver's Naming Rights policy including potential restrictions on the right to name the Premises (including any portion of the Premises).

Termination - Upon expiring of the term or destruction of the building due to unintended causes that render it unfit for the use intended and not repairable within one hundred and eighty (180) days of such destruction.

Early Termination by Landlord - the Landlord may terminate the lease if:

- the Tenant has failed to comply with the reporting requirements as set out in Section 3.01 of the lease within thirty (30) business days of a notice in writing from the Landlord that it is in breach of Section 3.01; or
- with the Tenant's consent

Early Termination by Tenant - The Tenant may terminate the lease if the Tenant intends to or has ceased to use the Premises for the permitted use upon giving the Landlord three (3) months prior written notice of such termination.

Acknowledgement of Form of Lease and SLA - The Tenant acknowledges having received a copy of the Landlord's Precedent Form of Lease for Non-profit Entities, as well as a copy of the draft Service Level Agreement, and has not yet had sufficient time to obtain independent legal advice with respect to such documents nor to effect due diligence in respect of the state of the Premises including, without limitation, the presence of hazardous substances but would expect to have such advice and the results of such due diligence before final settlement of the terms of the Lease.

Landlord's Condition - this term sheet is subject to the following:

1. Approval of Vancouver City Council by October 18, 2017. The parties will execute the lease agreement prior to the commencement date of January 1, 2018.

Tenant's Condition - this term sheet is subject to the following:

1. The Board approval of Vancouver Society For Early Music ("Early Music Vancouver") by September 27, 2017.
2. The Board approval of the subtenants of the premises by September 27, 2017.

Additional Lease Terms and Operating Covenants - All additional terms and conditions and any variations of the foregoing as required by the Director of Legal Services and the Director of Real Estate Services in consultation with the Managing Director of Cultural Services and as agreed by the parties hereto in the negotiation of the Lease.

Agreed this ^{as of} 27th day of September, 2017.

CITY OF VANCOUVER
by its authorized signatory:

Signature

PATRICK MURPHY
Real Estate Services

Print Name and Title

VANCOUVER SOCIETY FOR EARLY MUSIC
by its authorized signatory(ies):

Signature

Print Name and Title

D. ANTHONY K. D. D. PRESIDENT

Signature

Print Name and Title

MATTHEW WHITE EXECUTIVE AND ARTISTIC DIRECTOR, EMV

928 - D.D.
MW

OFFICER'S CERTIFICATE

VANCOUVER SOCIETY FOR EARLY MUSIC

("EMV")

CERTIFIED COPY OF THE RESOLUTION OF THE BOARD OF DIRECTORS OF EMV (the "Board") APPROVING THE SUMMARY OF BASIC LEASE TERMS (the "Terms") FOR THE PROPOSED LEASING OF HODSON MANOR BY EMV FROM THE CITY OF VANCOUVER (the "City")

I, DAVID ANTHONY KNOX, being the duly appointed President and Chairman of the Board of EMV hereby certify for an on behalf of EMV that:

1. attached hereto as Exhibit "I" is a true copy of a resolution duly passed by the unanimous vote of the directors present at a duly called meeting of the Board duly held on Wednesday, September 27, 2017;
2. Such resolution approves the contents of the document containing the Terms which is attached to such resolution as Schedule "A", being the basic lease terms within which the final terms of the Lease are intended to be negotiated between EMV and the City; and
3. Such resolution remains in full force and effect as of the date hereof.

DATED this 28th day of September, 2017

VANCOUVER SOCIETY FOR EARLY MUSIC



David Anthony Knox
President and Chairman of the Board

EXHIBIT "I"
VANCOUVER SOCIETY FOR EARLY MUSIC
(the "Society")
BOARD OF DIRECTORS
(the "Board")
CONSENT RESOLUTIONS PURSUANT TO SECTION 54(2) OF THE SOCIETIES ACT (BRITISH COLUMBIA)
APPROVAL OF BASIC LEASE TERMS FOR THE CULTURAL AMENITY SPACE AT HODSON MANOR
(the "Terms")

WHEREAS:

- A. The City of Vancouver (the "City") owns Hodson Manor;
- B. The offices of the Society have been located at Hodson Manor for more than thirty years pursuant to a now expired lease;
- C. The City and the Society wish to enter into a new lease of Hodson Manor (the "Lease");
- D. The City has provided to the Society a document (the "Term Sheet"), a copy of which is attached to these resolutions as Schedule "A", which generally sets out the proposed basic terms of the Lease;
- E. The City has requested that the Board approve the contents of the Terms in order to allow the City's management personnel to request that the City Council of the City (the "Council") to resolve to approve the City's and the Society's entering into negotiations intended to settle the terms of the Lease, including, without limitation, the division of maintenance and other costs associated with Hodson Manor during the term of the Lease (collectively, the "Costs");
- F. The other tenants of Hodson Manor have reviewed the Term Sheet and the currently proposed division of the Costs and have approved the contents of the Terms as a basis of the Society's continuing to deal with the City in respect of the negotiation of the Lease;
- G. Before negotiation of the Lease can be completed, it will be necessary for the Society to obtain, (i) the legal advice of independent legal counsel in respect of the Lease and any documentation ancillary to the Lease, (ii) a professional survey of Hodson Manor relating to its maintenance history, its general condition, the state of its working infrastructure, and any hazardous substances which may be present at Hodson Manor so as to be able to evaluate the risks involved in entering into the Lease given the overall circumstances of the Society and its fellow tenants at Hodson Manor, and (iii) such other due diligence as it may, from time to time, be determined by management of the Society should be obtained in the best interests of the Society in the course of the negotiation of the Lease (collectively, the "Due Diligence");
and
- H. It is in the best interests of the Society to take all steps necessary or desirable in order to negotiate the Lease with the City.

NOW, THEREFORE, BE IT RESOLVED as a consent resolution of the Board that:

1. The terms set out in the Terms be and they are hereby approved as a general summary of the intended terms of the Lease and a basis for the negotiation by the Society with the City of the specific terms of the Lease subject to such other non-material changes as may be agreed to by the President and Artistic and Executive Director of the Society (the "Signatories").
2. The Signatories be and they are hereby authorized and directed to execute and deliver the Terms to the City and the Terms thus delivered shall be the Terms approved by these resolutions..
3. Management of the Society be and it is hereby directed that completion of the Due Diligence is specifically mandated as a precondition to completion of the negotiation of the Lease.

SERVICE LEVEL AGREEMENT
1254 West 7th Avenue - Hodson Manor

For purposes of this document, the parties are identified as follows:

Landlord: City of Vancouver CoV
Tenant: Vancouver Society for Early Music NPO

For the purpose of this agreement, this Service Level Agreement (the "SLA") is intended to reflect the proposed delineation of repair, maintenance and replacement responsibilities between the parties as currently anticipated. The City reserves the right to revise the SLA as necessary and deemed appropriate.

Annual Maintenance Plan

The Operator must prepare and submit an Annual Maintenance Plan at the beginning of each year, which includes both the Routine and Preventative Maintenance Plan. The City reserves the right to validate the maintenance plan. At the end of each year, the Operator will submit a report/reports summarizing the Routine and Preventative Maintenance that has been performed and costs, and the Capital Maintenance and Improvements performed and costs.

Item	Description	Party to Perform the Work	Party Responsible to Pay for Work
1.1	Heating, Ventilation and Air Conditioning		
a	- annual inspection	CoV	CoV
b	- routine maintenance and repair	NPO	NPO
c	- provision & replacement of filter material	NPO	NPO
d	- cleaning of ducts	NPO	NPO
e	- life cycle replacement	CoV	CoV
2.1	Plumbing Systems		
a	- preventive maintenance and repairs to hot water heating systems (i.e., boiler, hot water tank) and domestic cold water systems	NPO	NPO
b	- major repairs and replacement of hot water heating systems and domestic cold water systems	CoV	CoV

Item	Description	Party to Perform the Work	Party Responsible to Pay for Work
c	- repairs to all fixtures including faucets, unplugging toilets and all other routine repairs	NPO	NPO
d	- life cycle replacement of hot water systems, and piping	CoV	CoV
e	- life cycle replacement of fixtures (i.e., faucets, toilets, urinals, water closets, drinking fountains, etc.)	CoV	CoV
f	- maintenance, repair and replacement of sump pumps	CoV	CoV
3.1	Mechanical Systems		
a	- preventive maintenance and repairs	NPO	NPO
b	- life cycle replacement	CoV	CoV
c	- installation, maintenance and replacement of additional equipment provided and installed by the occupant	NPO	NPO
4.1	Fire Protection & Suppression		
a	- monthly inspection of smoke detectors and fire extinguishers within the premises	NPO	NPO
b	- annual inspection of fire extinguishers within premises	CoV	CoV
c	- repairs/recharging/life-cycle replacement of fire extinguishers within premises	CoV	CoV
d	- annual inspection, maintenance and repairs of the fire alarm system	CoV	CoV
e	- annual inspection and maintenance of interior emergency/exit lighting	CoV	CoV
f	- life cycle replacement of the fire alarm system	CoV	CoV
g	- life cycle replacement of emergency /exit lighting	CoV	CoV

h	- annual inspection, maintenance and repair of fire sprinkler system	CoV	CoV
Item	Description	Party to Perform the Work	Party Responsible to Pay for Work
i	- life cycle replacement of fire sprinkler system	CoV	CoV
5.1	Security Systems		
a	- installation, operation, system monitoring, inspection, maintenance and repair	NPO	NPO
b	- life cycle replacement	NPO	NPO
c	- repair, replacement, re-keying of all locks, fobs and access devices	NPO	NPO
6.1	Electrical Distribution Systems		
a	- repairs and upgrades required by Code or initiated by Landlord	CoV	CoV
b	- inspection, maintenance and repair of wiring, breakers and electrical panels	CoV	CoV
c	- life cycle replacement of wiring, breakers and panels	CoV	CoV
d	- repair or replacement of switches, receptacles, cover plates	NPO	NPO
e	- extensions, increases, or enhancements to meet occupant's needs including future maintenance	NPO	NPO
7.1	Lighting Systems		
a	- bulb/tube replacement for interior lighting	NPO	NPO
b	- interior lighting ballast replacement	NPO	NPO

c	- life cycle replacement of interior lighting fixtures	NPO	NPO
Item	Description	Party to Perform the Work	Party Responsible to Pay for Work
d	- cleaning of interior lighting fixtures	NPO	NPO
e	- provision, maintenance, repair and replacement of portable lighting fixtures	NPO	NPO
f	- maintenance and repair of exterior lighting	NPO	NPO
g	- life cycle replacement of exterior lighting	CoV	CoV
8.1	Interior Windows		
a	- breakage and repair	NPO	NPO
b	- cleaning	NPO	NPO
c	- life-cycle replacement	NPO	NPO
8.2	Exterior Windows		
a	- breakage, routine repair and replacement of exterior windows, not caused by the occupant or its operations	CoV	CoV
b	- cleaning (of exterior surfaces)	NPO	NPO
c	- cleaning (of interior surfaces)	NPO	NPO
d	- life cycle replacement	CoV	CoV
8.3	Interior Doors		
a	- maintenance and repair	NPO	NPO

Item	Description	Party to Perform the Work	Party Responsible to Pay for Work
b	- life cycle replacement	NPO	NPO
8.4	Exterior Doors		
a	- maintenance and repair	CoV	CoV
b	- life cycle replacement	CoV	CoV
9.1	Interior Surfaces		
a	- interior life cycle repainting	NPO	NPO
b	- maintenance and cleaning of window applications including, but not limited to blinds and curtains	NPO	NPO
c	- repairs to interior walls and ceilings, including minor painting and wallpaper cleaning	NPO	NPO
d	- life cycle replacement of ceiling tiles	N/A	N/A
e	- interior repairs due to building system failures such as roof leaks, exterior walls and foundation leaks not caused by the occupant or operations	CoV	CoV
f	- maintenance and repairs of floor coverings, including carpet and tile	NPO	NPO
g	- life cycle replacement of flooring	NPO	NPO
h	- maintenance, repair, and replacement of millwork	NPO	NPO
10.1	Major Structural Systems		
a	- repairs or replacements of foundations, flooring sub-structure, building envelope including bearing walls, chimney and roofing, and parking lots due to damage not related to the tenancy	CoV	CoV
b	- repairs and painting of exterior surfaces including windows, trim, fascia, wood elements and soffits	NPO	NPO
c	- exterior life cycle repainting	CoV	CoV

Item	Description	Party to Perform the Work	Party Responsible to Pay for Work
d	- cleaning of eaves troughs, gutters, roof drains and roof areas	NPO	NPO
e	- life cycle replacement of drains, rainwater leaders and gutters on roof and elsewhere	CoV	CoV
11.1	Site Services		
a	- landscaping repairs and maintenance	NPO	NPO
b	- grass cutting	NPO	NPO
c	- general cleaning of grounds, litter disposal	NPO	NPO
d	- snow and ice removal from steps and entrances including provision of de-icing materials	NPO	NPO
e	- removal of snow from walkways and entrance to parking areas	NPO	NPO
f	- removal of snow and ice from roof areas	CoV	CoV
g	- repairs of water and sewage systems (beyond the building perimeter), unless deemed to be caused by the occupants/tenancy	CoV	CoV
h	- maintenance and repair of external walkways, steps	NPO	NPO
i	- replacement of external walkways and steps and repaving of parking and loading areas	CoV	CoV
j	- maintenance, repair and replacement of gates and fences	NPO	NPO
k	- maintenance and minor repair/patching of parking and loading areas	NPO	NPO
l	- graffiti removal	CoV	CoV

Item	Description	Party to Perform the Work	Party Responsible to Pay for Work
12.1	Exterior Signage		
a	- maintenance, repair and replacement (subject to prior approval of CoV), including temporary signage	NPO	NPO
12.2	Interior Signage		
a	- installation, maintenance, repair and replacement of interior building and wayfinding signage	NPO	NPO
13.1	Janitorial Services		
a	- routine janitorial/custodial services	NPO	NPO
b	- pest control services	NPO	NPO
c	- provision of all washroom supplies	NPO	NPO
d	- garbage and recycling removal services	NPO	NPO
14.1	Appliances, Program and Other Non-Installed Equipment		
a	- inspection, maintenance and repair of all non-building equipment including stoves, refrigerators, microwaves, coolers, free standing cabinets, track lighting	NPO	NPO
b	- replacement of all appliances, program and non-installed equipment	NPO	NPO
c	- maintenance, repair and replacement of furniture	NPO	NPO

Item	Description	Party to Perform the Work	Party Responsible to Pay for Work
15.1	Renovations and Upgrades		
a	- any upgrades, additions, enhancements or improvements (subject to prior approval by CoV)	NPO	NPO
16.1	Utilities		
a	- electricity	NPO	NPO
b	- gas	NPO	NPO
c	- water and sewer costs	NPO	NPO
d	- all other municipal utilities charges which appear on the property tax notice	NPO	NPO
17.1	Business Operations		
a	- staff costs	NPO	NPO
b	- telephone, internet & cable services	NPO	NPO
c	- insurance (CGL, TLL, business interruption, contents, etc.)	NPO	NPO
d	-building insurance	CoV	CoV
e	- supplies and equipment, including for bathroom and kitchen	NPO	NPO
f	- security services	NPO	NPO

Life Cycle Replacement

Life cycle replacement is based on fair wear and tear. The need of such replacement is at the Landlord's sole discretion.

Damage

Notwithstanding the foregoing, but except in the case of emergency, it is a condition hereof that the Landlord's obligation to maintain, repair, and replace parts of the Premises as indicated above is always subject to the availability of funds currently budgeted by the Landlord for such purposes at the Premises.

DRAFT



