



ADMINISTRATIVE REPORT

Report Date: August 7, 2018
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VanRIMS No.: 08-2000-20
Meeting Date: September 18, 2018

TO: Vancouver City Council

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

SUBJECT: Lease for Dorothy Lam Children's Centre, Sublease for Pender Street Children's Centre, and Sub-sublease for Quayside Children's Centre

RECOMMENDATION

- A. THAT Council authorize the Director of Real Estate Services to negotiate and execute, with the Vancouver Society of Children's Centres (the "Society," or "VSOCC") as the non-profit operator and, as appropriate, tenant, subtenant or sub-subtenant:
- i. one lease (the "Lease") for the Dorothy Lam Children's Centre ("Dorothy Lam") at 188 Drake Street, being a portion of a building situated on lands legally described as *PID 018-368-964; Lot 214 False Creek Plan LMP10733*;
 - ii. one sublease (the "Sublease") for the Pender Street Children's Centre ("Pender") at #100 – 1140 West Pender Street, being a portion of a building situated on lands legally described as *PID 007-063-563; Lot 1 Block 16 District Lot 185 Plan 19162*, and pursuant to Lease M51928; and
 - iii. one sub-sublease (the "Sub-sublease") for the Quayside Children's Centre ("Quayside") at 1011 Marinaside Crescent, being a portion of a building situated on lands legally described as *PID 024-264-270; Lot 272 Except Part Subdivided by Air Space Parcel Plan LMP54043 False Creek New Westminster District Plan LMP39586*, and pursuant to Lease BM310074, Sublease BT162367 and Easement BT169306,

(collectively, the "Premises,")

on the following terms and conditions and as set out in the basic lease terms attached as Appendix B, and upon such other terms and conditions to the satisfaction of the General Manager of Real Estate and Facilities Management, the General Manager of Arts, Culture and Community Services and the Director of Legal Services:

Term and Renewals: Five (5) years with two (2) options to renew, each for a further five (5) years (fifteen years total term).

Total Rent: Ten dollars (\$10.00) for each term or renewal term, inclusive of payment in lieu of property taxes, except for Pender, where property taxes will be paid by the Society under the provisions of the amenity bonusing program and pursuant to the terms of the head lease.

Form of Lease: The Lease, Sublease and Sub-sublease are to be based on the City's standard form of lease for Non-Profit Childcares (Nominal Rent).

As the rent under the Lease for Dorothy Lam and the Sub-sublease for Quayside will be below the applicable market rate and includes rent-in-lieu of property taxes, Recommendation A constitutes a grant valued at approximately \$363,000 per annum for Dorothy Lam and approximately \$170,000 per annum for Quayside, both based on the first year of each term.

For Pender, the head lease restricts the rent that can be charged to any subtenant to \$10 for any sublease term (equivalent to the Basic Rent payable by the City as Tenant under the head lease). As such, no revenue is being forgone and thus the nominal rent to VSOCC for the sublease does not constitute a grant.

Leases, subleases and sub-subleases that are provided at less than market rent are considered equivalent to a grant to the Society and therefore require a 2/3 affirmative vote of Council 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 unless and until all legal documentation has been executed and delivered by the respective parties.

REPORT SUMMARY

This report recommends that Council authorize staff to enter into a nominal lease, sublease and sub-sublease for the Premises with the Society as tenant, subtenant and sub-subtenant on the terms set out in this report.

COUNCIL AUTHORITY/PREVIOUS DECISIONS

Previous decisions on the Premises were as follows:

- The Dorothy Lam lease expiring on September 30, 2018 was approved September 11, 2003 (RTS 3264).

- The Pender sublease expiring January 31, 2019 was approved March 25, 2003 (RTS 3268).
- The Quayside sub-sublease expiring September 10, 2018 was approved Sept. 11, 2003 (RTS 3264).

City of Vancouver Standing Authority allows the General Manager of Real Estate and Facilities Management or the Director of Finance to approve the material terms of leases where the total rental value is less than \$750,000 for terms (including renewal options) of no more than 10 years. Leases of longer terms or of higher value such as those recommended in this report require Council approval.

GENERAL MANAGER'S COMMENTS

The General Manager recommends approval of the foregoing.

REPORT

Background/Context

Childcare

While recognizing that the mandate for childcare rests with senior governments, the City of Vancouver values the importance of affordable, available and quality childcare to the social and economic sustainability of Vancouver's families and neighbourhoods. To this end, the City uses its municipal tools, including nominal leases, to facilitate the creation and on-going support of non-profit childcare.

Council adopted the Civic Childcare Strategy in 1990, and in 2002 Council approved the action plan "Moving Forward" Childcare: A Cornerstone of Child Development Services.' On December 16, 2014, Council passed a motion renewing the Joint Council on Childcare and committing to increase the total number of childcare spaces in Vancouver by an additional 1,000 spaces between 2015 and 2018, noting that "accessible, affordable and quality childcare is essential to the health and well-being of the city of Vancouver's children and families."

On July 8, 2015, Council adopted the Healthy City Strategy, including Goal #1: "A Good Start," with an aim to provide children with the best opportunities for a healthy life, including childcare as a cornerstone of healthy early child development.

The Society

The Vancouver Society of Children's Centres (VSOCC) is the operator of all three children's centres for which leases are recommended in this report. VSOCC, a non-profit society, was created in 1994 in collaboration with the City as part of the Civic Childcare Strategy. VSOCC's original mandate was to work with City staff to design, develop and operate City-owned or leased childcare facilities in the downtown district, but it has since also taken on operations of some children's centres outside the downtown, such as the West Village Children's Centre (131 West 2nd Avenue) and The Junction Children's Centre (1059 Main Street). VSOCC-operated children's centres are generally built through Community Amenity Contributions (CACs) and Development Cost Levies (DCLs) as part of the land-use development process.

Since opening its first 37-space centre at Library Square in 1995, VSOCC has expanded to serve 1,800 children at fourteen sites. It is the largest single-purpose organization providing non-profit child care and related family programs in the City of Vancouver.

The City undertook an independent review of the Society in 2011, which found that VSOCC had more than met its established mandate and had developed and maintained a successful partnership with the City. Regular reviews of VSOCC's financial and organizational capacity are also conducted through annual application processes for City of Vancouver Community Service Grants.

The Premises:

Dorothy Lam – 188 Drake Street

Dorothy Lam is licensed for 49 full-day childcare spaces (24 spaces serving children ages 0-3, and 25 spaces serving children ages 30 months to school age). Dorothy Lam also offers school age child care programming and other licensed child care and family support programs serving children ages 0-12 and their families, such as part day preschool. The childcare building was constructed in 1998 and is owned by the City. Elsie Roy Elementary School was built immediately adjacent to Dorothy Lam in 2004. The elementary school and Dorothy Lam share a 26-spot underground parkade, of which 9 stalls are allocated to Dorothy Lam for staff parking and drop-off and pickup of children.

Pender – #100-1140 West Pender Street

Pender is licensed for 24 childcare spaces serving children ages 0-3. It was built in 1984 as part of a commercial office tower, after Council approved an amenity bonus and a sublease of the space to the YWCA for the purpose of a childcare centre, known as "Granny Y". The City holds a long-term lease of this space pursuant to a registered lease. In the mid-1990s Granny Y moved out and Pooh Corner Childcare moved in until their permanent facility was renovated in late 2002. VSOCC has operated its children's centre on the site since 2004. VSOCC has access to two underground stalls for staff parking.

Quayside – 1011 Marinaside Crescent

Quayside is licensed for 49 children (24 full-day childcare spaces serving children ages 0-3, and 25 full-day childcare spaces serving children ages 30 months to school age).. The parcel on which the children's centre sits is owned by the City, and has been leased to Red Door Housing Society, which built the childcare facility and social housing project on this site in 1999 and operates the social housing. The City subleased back the childcare portion of the building, and in turn the City has been sub-subleasing to the Society, which operates the childcare.

The locations of the three childcares are shown on the map attached as Appendix A.

Strategic Analysis

Strategic Overview

VSOCC's current waiting list of over 2,000 children is a testament to both the intensity of the need for childcare in Vancouver and the quality of VSOCC's programming. VSOCC is a well-established operator, with a demonstrated long-term ability to maintain financial viability while delivering high quality and responsive programming. Parents make up

50% of VSOCC's board of directors and surveys are provided to parents to ensure community needs are being met. The Lease, Sublease and Sub-sublease recommended here will help ensure that VSOCC can continue to deliver its successful programming in response to the growing need for childcare.

Terms of the Leases

The basic terms for the Lease, Sublease and Sub-sublease have been accepted and approved by the Society's board of directors, and are set out in Appendix B. The relationship of the Society with the City as Landlord, Sublandlord and Sub-sublandlord will be outlined in lease, sublease and sub-sublease agreements which will include a Service Level Agreement ("SLA") (an example from Dorothy Lam is attached as Appendix C) and a Public Service Requirements agreement (an example from Dorothy Lam is attached as Appendix D). Regular monitoring by City staff of the Public Service Requirements will ensure continuation of VSOCC's successful operationalizing of their vision, mission and mandate as well as encouraging affordability, opportunities for parent involvement, a living wage for childcare staff, and cultural competency in Indigenous contexts. A fifteen-year total term (initial term of five years with two renewal terms of five years each) is recommended. This length of term will provide the Society the benefits of security of tenure, including the ability to plan over the long term.

Implications/Related Issues

Financial

Staff recommend that basic rent be set at a nominal rate of \$10.00 for each term and any subsequent renewal term, inclusive of an amount in lieu of property taxes, except at Pender, where the obligation of the City as head tenant to pay a proportionate share of property taxes will be passed on to the Society through the sublease, as is standard in the amenity bonusing program. Nominal rent is considered a grant based on the fair market value of the Lease and Sub-sublease. The current comparable annual market rental value for two of the childcare facilities is estimated at approximately \$533,000/per annum, broken down as:

- Dorothy Lam: \$363,000/annum (13,620 square feet rentable area)
- Quayside: \$170,000/annum (6,673 square feet rentable area)

For Pender, the head lease restricts the amount of rent that can be charged to any subtenant to a nominal rent of ten (\$10.00) dollars over the term of any sublease (equivalent to the Basic Rent payable by the City as Tenant under the head lease). The Pender Street childcare premises will be subleased to VSOCC at a nominal rent of \$10.00 dollars for the initial 5 year term, and \$10.00 dollars for each of the two subsequent 5 year renewal terms. As such, there is no rent revenue being forgone and thus the nominal rent to VSOCC for the sublease does not constitute a grant.

Operating Costs of the Premises

As detailed in the Terms outlined in Appendix B, staff recommend that the City provide a "Partnership-High" level of building operating cost support at Dorothy Lam and Quayside as will be specified in the SLA that will form part of the leases. The draft SLA for Dorothy Lam has been shared with the Society and is attached as Appendix C hereto. In a "Partnership-High" level SLA, most costs and obligations related to the operating expenses (including common area maintenance and shared parking) for the Premises will be the responsibility of the City. Regarding Pender, the obligations of the City as

head tenant to cover operating costs will be passed on to the Society as subtenant, as is standard in the amenity bonusing program. Within operating costs at Pender, the City will be responsible for the cost related to the proportionate share of the annual building insurance premium, approximately \$520 per year. As has been past practice, the City's costs at all three facilities will be part of the Facility Maintenance budget. The Society will be responsible for all program and administrative costs.

Capital Life Cycle Replacement Costs

For Dorothy Lam, where the City owns the facility, and to the extent the City has accepted such obligations in its capacity as tenant or sub-tenant of Pender and Quayside, 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 Premises will be as set out in the SLA for each childcare.

Legal

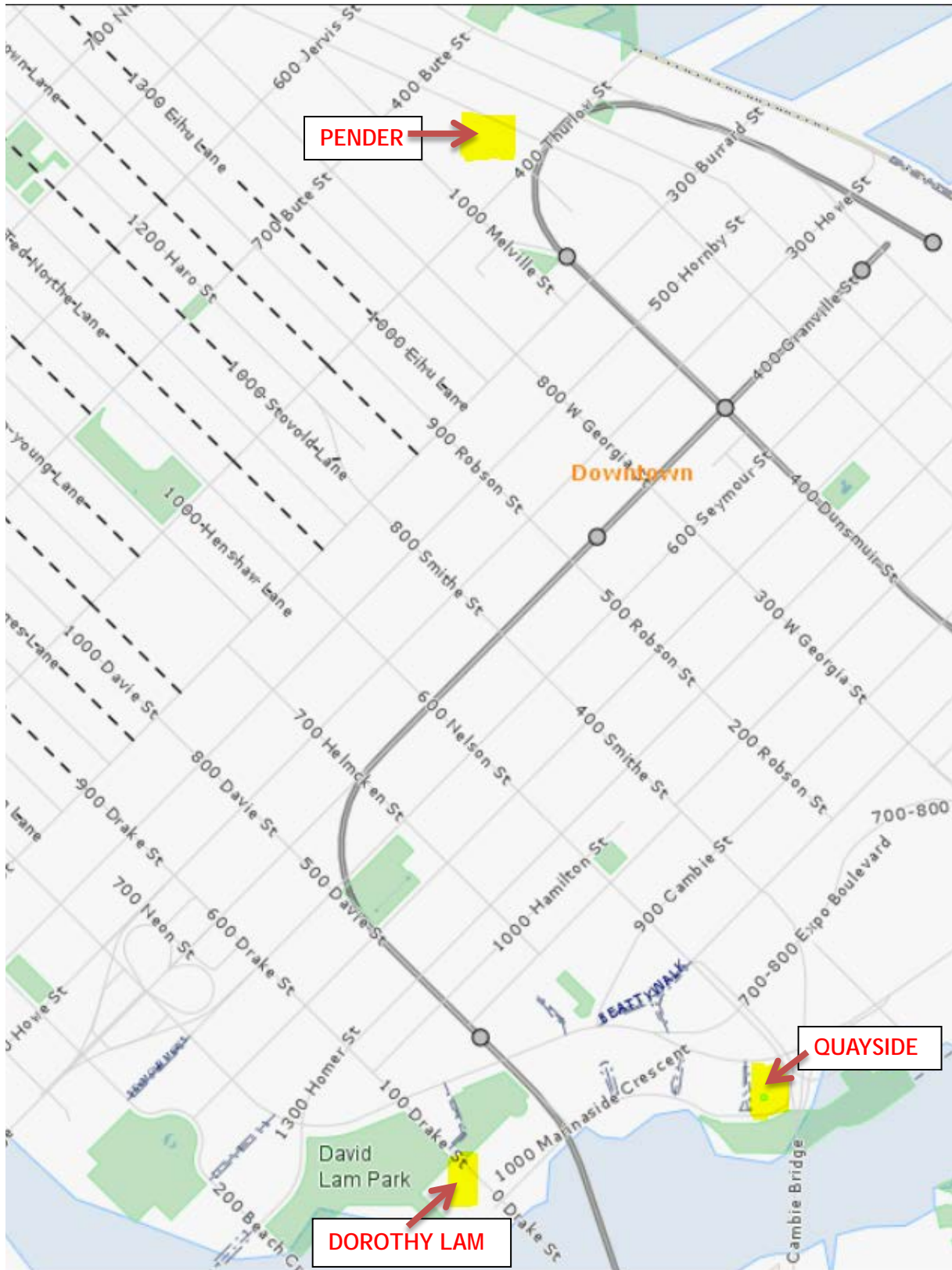
Real Estate and Facilities Management and Social Policy and Projects will instruct Legal Services to prepare the Lease, Sublease and Sub-sublease based on the City's standard form of lease for Non-Profit Childcares (Nominal Rent), and on terms consistent with the basic terms set out in Appendix B. Real Estate and Facilities Management and Social Policy and Projects will jointly oversee the negotiation of the Lease, Sublease, and Sub-sublease as well as ongoing management.

CONCLUSION

VSOCC has a proven track record in childcare delivery, and agreements for the Premises will help ensure this critical service continues to be offered in three high-density sites in the city.

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Appendix A: Map of the Premises



APPENDIX B: Basic Lease Terms for the Childcare Amenity Spaces at Dorothy Lam, Pender Street and Quayside Children's Centres

BASIC LEASE TERMS
between
THE CITY OF VANCOUVER (the "Landlord")
and
VANCOUVER SOCIETY OF CHILDREN'S CENTRES (the "Tenant")

Lease Term and Renewal Options – Initial term of five (5) years commencing on October 1, 2018 for both Dorothy Lam and Quayside; and commencing on February 1, 2019 for Pender. Each agreement to provide for two (2) renewal options, each for a further term of five (5) years.

Rentable Area –

Dorothy Lam: 13,620 square feet

Pender: 1,676 square feet

Quayside: 6,673 square feet

Parking –

Dorothy Lam: The Landlord will license use of nine (9) stalls by the Tenant.

Pender: The Tenant shall have a right of first refusal for use of two (2) stalls commencing on February 1, 2020, to be exercised by notice to the Landlord by July 31, 2019.

Quayside: The Landlord will license use of ten (10) stalls by the Tenant.

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

Property Taxes, if any – Subject to Vancouver City Council approval, the Tenant will not be required to pay real property taxes, except at Pender, where property tax obligations of the head lease will be transferred to the sublease.

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

Directly Metered Utilities – The Tenant shall be responsible for all costs and obligations associated with directly metered utilities serving the Premises.

Municipal Utility Charges – All Municipal Utility Charges serving the Premises are payable by the Tenant.

Operating Costs and Shared Building Costs (CAM); Repairs and Maintenance; Capital/LifeCycle Replacement Costs – All costs and obligations related to the operating expenses for the Premises and shared building expenses (common area maintenance); the operation, regular repairs and routine maintenance and any required preventative maintenance of the Premises; 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 a Service Level Agreement to be attached to and forming part of the Lease, Sublease or Sub-sublease and otherwise as specifically provided

for in the Lease, Sublease or Sub-sublease, all on terms and conditions satisfactory to the Landlord.

Tenant Improvements – All costs associated with leasehold improvements including finishing, fixturing, furnishing and equipment shall be the responsibility of the Tenant.

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 against fire and certain other perils.

Use – The Premises are to be used for the operation of licensed not-for-profit children's centres.

Public Service Requirements – The Tenant shall operate the Premises for the benefit of the children and families of Vancouver. The Tenant will be asked to articulate and follow a set of *public service requirements* which set out the Landlord's requirements, detail how the Tenant proposes to implement its mission, vision and mandate in the Premises, and specifies the Tenant's reporting requirements. Please see Appendix D for an example of Public Service Requirements currently in effect at Dorothy Lam.

Third Party Use – On condition that it does not interfere with the childcare services to be provided by the Tenant, the Tenant may permit third parties to use the Premises, but only for the purpose of providing early childhood development and learning programs for children from the ages of twelve (12) down to newborns as well as family development programs.

Subleasing – Other than as permitted by the Third Party Use clause above, the Tenant shall not sublease, license, set over or otherwise part with possession of the Premises or any portion thereof or let any third party into possession of the Premises or any portion thereof save and except with the prior written consent of the Landlord, which consent the Tenant agrees may be arbitrarily withheld.

Assignment, Mortgage, Naming Rights – Except with the prior written consent of the Landlord, the Tenant will not be able to assign, mortgage or license all or part of the Premises or its interest therein. The Tenant shall follow the City's Naming Rights policy including potential restrictions on the right to name the Premises (including any portion of the Premises).

Termination – Upon demolition or destruction of the building or expiring of the term.

Early Termination by Landlord – The Landlord may terminate the lease with the Tenant's consent, or if the Landlord's Council resolves that:

- it is not satisfied with the group childcare service provided by the Society and/or the Society's fulfilment of the Public Service Requirements; or
- it is not satisfied with any of the Society's replies to inquiries from the City as specified in the Lease, Sublease or Sub-sublease; or

- it is not satisfied with the Society's performance of the obligations assigned to it in the Service Level Agreement, including the payment obligations; or
- the Premises should be put to a use other than childcare.

Acknowledgement of Form of Lease – The Tenant acknowledges having received a copy of the Landlord's Precedent Form of Lease for Non-profit Childcares.

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 Social Policy and Projects.

Appendix C: Service Level Agreement for Dorothy Lam Children’s Centre, 188 Drake Street

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

Board of Education of School District No. 39 (Vancouver)	VBE
City of Vancouver	CoV
Vancouver Society of Children’s Centres	NPO

Generally, the Society will not be responsible for the cost of maintenance of the base building systems within or dedicated solely to the Premises.

The Society will be responsible for maintenance, repairs and operational costs of the childcare facility and ancillary rooms and areas within the Premises, including janitorial, utilities, pest control, and security services, and for the allocated portion of the common area costs associated with general maintenance of common areas throughout the Building, (as applicable).

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
1.1	Heating, Ventilation and Air Conditioning exclusive to or within the Premises (excluding common equipment/systems)		
a.	- annual inspection	CoV	CoV
b.	- routine maintenance and repair	CoV	CoV
c.	- provision & replacement of filter material	CoV	CoV
d.	- cleaning of ducts	CoV	CoV
e.	- life cycle replacement (Capital Maintenance)	CoV	CoV
1.2	Heating, Ventilation and Air Conditioning in the elevator lobby and emergency stairwell		
a.	- annual inspection, maintenance and repair	CoV	CoV/VBE Proportionate Share
b.	- life cycle replacement	CoV	CoV/VBE Proportionate Share

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
1.3	Heating, Ventilation and Air Conditioning in the parkade and parkade corridor		
a.	- annual inspection, maintenance and repair	VBE	CoV/VBE Proportionate Share
b.	- life cycle replacement	VBE	CoV/VBE Proportionate Share
2.1	Plumbing Systems exclusive to or within the Premises (excluding common systems/equipment)		
a.	- preventive maintenance and repairs to hot water heating systems and domestic cold water systems	CoV	CoV
b.	- major repairs and replacement of hot water heating systems and domestic cold water systems	CoV	CoV
c.	- repairs to all fixtures including faucets, unplugging toilets and all other routine repairs	NPO	NPO
d.	- life cycle replacement of hot water systems, fixtures, (including all sinks and toilets) and piping	CoV	CoV
e.	- repair, maintenance and life cycle replacement of exterior drainage and rain water leader	CoV	CoV
f.	- maintenance and repair of the sump pump	CoV	CoV
2.2	Common Plumbing Systems (systems serving more than the Premises)		
a.	- annual inspection, maintenance and repair	N/A	N/A
b.	- life cycle replacement	N/A	N/A
3.1	Mechanical Systems exclusive to or within the Premises		
a.	- preventive maintenance and repairs	CoV	CoV
b.	- life cycle replacement	CoV	CoV

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
c.	- installation, maintenance and replacement of additional equipment provided and installed by the Society	NPO	NPO
3.2	Common Mechanical Systems (systems serving more than the Premises) - Shared Elevator		
a.	- annual inspection, maintenance and repair	CoV	CoV/VBE Proportionate Share
b.	- life cycle replacement	CoV	CoV/VBE Proportionate Share
c.	- annual operating permit and emergency phone line for elevator	CoV	CoV/VBE Proportionate Share
4.1	Fire Protection & Suppression exclusive to the Premises		
a.	- monthly inspection of fire extinguishers within the Premises	NPO	NPO
b.	- monthly inspection of smoke detectors within the Premises	CoV	CoV
c.	- annual inspection of fire extinguishers and smoke detectors within the Premises	CoV	CoV
d.	- repairs/recharging of fire extinguishers within Premises	CoV	CoV
e.	- life cycle replacement of fire extinguishers and smoke detectors within Premises	CoV	CoV
4.2	Common Fire Protection & Suppression (systems serving more than the Premises) including the Parkade		
a.	- annual inspection, maintenance and repairs of the fire alarm system	VBE	CoV/VBE Proportionate Share

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
b.	- life cycle replacement of fire alarm system	VBE	CoV/VBE Proportionate Share
c.	- annual inspection, maintenance and repair of fire sprinkler system	VBE	CoV/VBE Proportionate Share
d.	- life cycle replacement of fire sprinkler system	VBE	CoV/VBE Proportionate Share
5.1	Security Systems dedicated to or within the Premises (excluding items covered by No. 5.2, below)		
a.	- system monitoring, inspection, maintenance and repair	NPO	NPO
b.	- life cycle replacement	NPO	NPO
c.	- repair, replacement, re-keying of all locks	NPO	NPO
d.	- provision, and replacement of fobs, keys and other similar access devices for secure areas within the Premises	NPO	NPO
5.2	Common Security Systems (systems serving more than the Premises) - Keyscan for the parkade and card access in the new part of the school		
a.	- system monitoring, inspection, maintenance and repair	NPO	VBE/NPO Proportionate Share
b.	- life cycle replacement	NPO	VBE/NPO Proportionate Share
c.	- provision and replacement of fobs, keys and other similar devices for common areas for VSB staff and visitors	NPO	VBE

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
6.1	Electrical Distribution Systems exclusive to or within the Premises (excluding common systems/equipment)		
a.	- repairs and upgrades required by Code	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
6.2	Electrical Distribution Systems in the elevator lobby and emergency stairwell		
a.	- inspection, maintenance and repair of electrical distribution systems to the Premises	CoV	CoV/VBE Proportionate Share
b.	- life cycle replacement of electrical distribution systems to the Premises	CoV	CoV/VBE Proportionate Share
6.3	Electrical Distribution Systems in parkade and parkade corridor		
a.	- inspection, maintenance and repair of electrical distribution systems to the Premises	VBE	CoV/VBE Proportionate Share
b.	- life cycle replacement of electrical distribution systems to the Premises	VBE	CoV/VBE Proportionate Share
7.1	Lighting Systems exclusive to or within the Premises		
a.	- bulb/tube replacement for interior and exterior lighting	NPO	NPO
b.	- annual inspection and maintenance of interior emergency/exit lighting	CoV	CoV
c.	- interior and exterior lighting ballast replacement	CoV	CoV

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
d.	- life cycle replacement of fixtures	CoV	CoV
e.	- cleaning of interior light fixtures	NPO	NPO
f.	- provision, maintenance, repair and replacement of portable lighting fixtures	NPO	NPO
7.2	Lighting Systems in the elevator lobby and emergency stairwell		
a.	- inspection, maintenance, repair, and cleaning	CoV	CoV/VBE Proportionate Share
b.	- life cycle replacement	CoV	CoV/VBE Proportionate Share
7.3	Lighting Systems in the parkade and parkade corridor		
a.	- inspection, maintenance, repair, and cleaning	VBE	CoV/VBE Proportionate Share
b.	- life cycle replacement	VBE	CoV/VBE Proportionate Share
8.1	Interior Windows within the Premises		
a.	- breakage and replacement of interior windows, caused by the Society, the Society's Personnel or their invitees	NPO	NPO
b.	- routine repairs and cleaning of interior windows	NPO	NPO
c.	- replacement due to normal wear and tear	CoV	CoV
8.2	Exterior Windows of the Premises and Play Yard Canopy		
a.	- breakage, routine repairs and replacement of exterior windows or canopy, not caused by the Society, the Society's Personnel or their invitees	CoV	CoV

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
b.	- breakage, routine repairs and replacement of exterior windows or canopy, caused by the Society, the Society's Personnel or their invitees	CoV	NPO
c.	- cleaning of interior surfaces of exterior windows	NPO	NPO
d.	- cleaning of exterior surfaces of exterior windows and play yard canopy	CoV	CoV
e.	- life cycle replacement of the exterior windows/play yard canopy	CoV	CoV
8.3	Common Area Windows		
a.	- breakage, routine repairs and replacement of exterior windows or canopy, not caused by the Society, the Society's Personnel or their invitees	CoV	CoV
b.	- breakage, routine repairs and replacement of exterior windows or canopy, caused by the Society, the Society's Personnel or their invitees	CoV	NPO
c.	- cleaning (of interior surfaces)	NPO	VBE/NPO Proportionate Share
d.	- life cycle replacement	CoV	CoV/VBE Proportionate Share
8.4	Windows & Doors to the elevator lobby and emergency stairwell		
a.	- maintenance and repair	CoV	CoV/VBE Proportionate Share
b.	- life cycle replacement	CoV	CoV/VBE Proportionate Share
8.5	Windows & Doors to the parkade and parkade corridor		
a.	- maintenance and repair	VSB	CoV/VBE Proportionate Share

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
b.	- life cycle replacement	VSB	CoV/VBE Proportionate Share
8.6	Interior and Exterior Doors within the Premises		
a.	- maintenance and repair of interior doors	NPO	NPO
b.	- life cycle replacement of interior doors	CoV	CoV
c.	- maintenance and repair of exterior doors	CoV	CoV
d.	- life cycle replacement of exterior doors	CoV	CoV
9.1	Interior Surfaces within the Premises		
a.	- interior life cycle repainting	CoV	CoV
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	NPO	NPO
d.	- life cycle replacement of ceiling tiles	CoV	CoV
e.	- interior repairs due to building system failures such as roof leaks, exterior walls and foundation leaks not caused by the Society, the Society's Personnel or their invitees	CoV	CoV
f.	- maintenance and repairs of floor coverings, including carpet and tile	NPO	NPO
g.	- life cycle replacement of flooring coverings, including carpet and tile	CoV	CoV
h.	- maintenance and repair of millwork	NPO	NPO
i.	- life cycle replacement of millwork	CoV	CoV
9.2	Common Area Interior Surfaces		
a.	- all maintenance and repairs in the elevator lobby and emergency stairwell	CoV	CoV/VBE Proportionate Share

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
b.	- all capital maintenance or replacements in the elevator lobby and emergency stairwell	CoV	CoV/VBE Proportionate Share
c.	- all maintenance and repairs in the parkade and parkade corridor	VBE	CoV/VBE Proportionate Share
d.	- all capital maintenance or replacements in the parkade and parkade corridor	VBE	CoV/VBE Proportionate Share
10.1	Major Structural Systems included within the Premises		
a.	- repairs or replacements of foundations, flooring sub-structure, building envelope including bearing walls and roofing	CoV	CoV
b.	- repairs and painting of exterior surfaces including windows, trim, fascia and soffits	CoV	CoV
c.	- cleaning of eaves, troughs and gutters	CoV	CoV
10.2	Major Structural Systems external to the Premises (Parkade)		
a.	- all repairs and replacements	VBE	CoV/VBE Proportionate Share
11.1	Site Services within the Premises		
a.	- snow and ice removal from steps, walkways, entrances including the provision of de-icing materials	NPO	NPO
b.	- snow and ice removal from roof areas, canopies and/or awnings (if applicable)	CoV	CoV
c.	- graffiti removal	CoV	CoV
11.2	Premises Exterior Site Services		
a.	- landscaping repairs and maintenance	N/A	N/A
b.	- grass cutting	N/A	N/A

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
c.	- general cleaning of grounds, litter disposal	N/A	N/A
d.	- snow and ice removal from steps, walkways, entrances including the provision of de-icing materials	N/A	N/A
e.	- snow and ice removal from entrance to parking areas	VBE	VBE/NPO Proportionate Share
f.	- snow and ice removal from roof areas, canopies, and/or awnings (if applicable)	N/A	N/A
g.	- repairs of water and sewage systems (beyond the building perimeter), unless deemed to be caused by the Society	VBE/CoV	VBE/CoV
h.	- maintenance, repair and replacement of gates and fences (excluding tenant specific gates and fences)	N/A	N/A
i.	- graffiti removal within the Parking Facility	VBE	CoV/VBE Proportionate Share
12.1	Interior Signage within the Premises		
a.	- maintenance, repair and replacement of interior signage	NPO	NPO
12.2	Exterior Childcare Signage (within the Premises and/or outside the Premises)		
a.	- maintenance, repair, and replacement (subject to prior approval of the CoV and VSB)	NPO	NPO
12.3	Common Signage not related to the Premises		
a.	- maintenance, repair, and replacement	VBE	CoV/VBE Proportionate Share
13.1	Play Area and Equipment		
a.	- inspection, maintenance, and repair of playground equipment and structures	NPO	NPO

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
b.	- life cycle replacement of play equipment and structures	NPO	NPO
c.	- maintenance, repair and replacement of general outdoor surfaces, gates and fences (not including perimeter fencing, subject to item 29 (g) and (h))	NPO	NPO
d.	- maintenance, repair, replacement of sand and fibar materials	NPO	NPO
e.	- maintenance of landscaping (plantings)	NPO	NPO
f.	- snow and ice removal	NPO	NPO
g.	- maintenance, repair and replacement of perimeter fencing- when damage is <i>not</i> caused by the Society, the Society's Personnel or their invitees	CoV	CoV
h.	- maintenance, repair and replacement of perimeter fencing- when damage is caused by the Society, the Society's Personnel or their invitees	CoV	NPO
i.	- life cycle replacement of perimeter fencing	CoV	CoV
14.1	Janitorial Services within the Premises		
a.	- routine janitorial/custodial services	NPO	NPO
b.	- pest control services (interior)	NPO	NPO
c.	- provision of all washroom supplies	NPO	NPO
d.	- garbage removal services	VBE	VBE/NPO Proportionate Share
e.	- recycling and organics removal services during the school year	VBE	VBE/NPO Proportionate Share
f.	- recycling and organics removal services outside of the school year	NPO	NPO

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
14.2	Common Area Janitorial Services		
a.	- routine janitorial/custodial services in the elevator lobby and emergency stairwell	NPO	VBE/NPO Proportionate Share
b.	- routine janitorial/custodial services in the parkade and parkade corridor	VBE	VBE/NPO Proportionate Share
c.	- pest control services (exterior)	CoV/VBE	CoV/VBE
d.	- provision of all washroom supplies	N/A	N/A
e.	- garbage and recycling removal services	N/A	N/A
15.1	Appliances, Program and Other Non-Installed Equipment within the Premises		
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
16.1	Renovations and Upgrades within the Premises		
a.	- any upgrades, additions, enhancements or improvements beyond what was originally provided during construction (subject to prior approval by CoV)	NPO	NPO
17.1	Utilities		
a.	- electricity used by the Premises	NPO	NPO
b.	- gas used by the Premises	NPO	NPO
c.	- water and sewer used by the Premises	NPO	NPO
d.	- Neighbourhood Energy Utility (NEU) used by the Premises	N/A	N/A

<u>Item</u>	<u>Description</u>	<u>Party to Perform</u>	<u>Party to Pay</u>
e.	- local improvements and municipal utility charges	NPO	NPO
18.1	Business Operations		
a.	- staff costs	NPO	NPO
b.	- telephone, internet & cable services	NPO	NPO
c.	- insurance (CGL, business interruption, contents, etc.)	NPO	NPO
d.	- supplies and equipment, including for bathroom and kitchen	NPO	NPO
e.	- security services	NPO	NPO
19.1	Parking Facility		
a.	- non-structural repair and maintenance	VBE	CoV/VBE Proportionate Share
b.	- utilities	VBE	NPO/VBE Proportionate Share

Life Cycle Replacement

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

Damage

Notwithstanding the foregoing, it is a condition hereof that the City'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 City for such purposes at the Premises.

Appendix D: Public Service Requirements (example from Dorothy Lam)

This Schedule D forms part of the Lease made as of the 20th day of June 2018, with retroactive effect to October 1, 2003, between the City of Vancouver (the “City”) and Vancouver Society of Children’s Centres (the “Tenant”). A breach of the requirements of this Schedule will constitute a breach under Section 2.7 (b) (i) of the Lease.

1. City’s Requirements

The City requires that the Premises be used and occupied in accordance with the following:

- (a) in a manner that is consistent with the City’s policy objectives set out in Council Report RTS 3264, (approved September 11, 2003), which authorizes leasing the Premises to the Tenant and states that “the lease of City capital assets is one of the most effective means of supporting the non-profit sector,” including childcares. City supports for childcare and family programming are guided by the Healthy City Strategy (2014), Vancouver’s strategy for well-being and equity that integrates initiatives related to social determinants of health, including our efforts as a City of Reconciliation. The Healthy City Strategy recognizes that access to quality early care and learning has a profound and long-lasting impact on the health and well-being of individuals and communities. Investment in quality care and learning is not only an investment in children; it is also an investment in the economic, social and environmental sustainability of the whole city. These findings were reaffirmed by Council’s motion on the Joint Council on Childcare (approved December 16, 2014), in which Council noted that “accessible, affordable and quality childcare is essential to the health and well-being of the city of Vancouver’s children and families;”

and specifically, the following public benefits must be provided by the Tenant of the Premises:

- (i) operation of the following licensed child care and family support programs:
- 24 licensed full day childcare spaces serving children ages 0-3;
 - 25 licensed full day childcare spaces serving children ages 30 months to school age;
 - School age child care programming; and
- (ii) other licensed child care and family support programs serving children ages 0-12 and their families (e.g. part day preschool); and
- (b) in a manner that is consistent with, and upholds the following principles to the satisfaction of the Managing Director of Social Policy and Projects:
- i) Quality of Care: the Tenant will demonstrate full compliance with licensing requirements. If not in compliance, the Tenant will develop and implement a plan to address licensing concerns in a timely manner. Programming will strive to meet best practices for supporting healthy child development, including ample opportunities for active outdoor play;

- ii) Accessibility: the Tenant will demonstrate accommodation, welcomeness and openness to people of all ages, abilities, sexual orientation, gender identities (including trans*, gender-variant and two-spirit people), ethnicities, cultural backgrounds, religions, languages, under-represented communities and socio-economic conditions in the Tenant's policies, practices and programs;
- iii) Financial Management: the Tenant will demonstrate sound financial planning and management practices to sustain current and longer-term programming and operation of the Premises while keeping fees affordable. In addition, the childcare operator is expected to maximize senior government funding supports available for enhancing affordability, if eligible;
- iv) Leadership: the Tenant will have sound management in place and an engaged board of directors, with the appropriate representation of communities served and the skills and expertise to support the Tenant's use, Mission, Vision and Mandate. The board of directors must function in a governance role, be active in setting direction, policy and long-term planning, and fulfill their legal and fiduciary responsibilities;
- v) Parent Involvement: the Tenant will ensure there is ongoing and effective communication and dialogue with families about the daily workings of childcare programs and the participation of children in these programs. The Tenant will demonstrate:
- effective systems to communicate with and receive feedback from families, and
 - flexibility and responsiveness to needs of families enrolled at the Premises with regards to programming and participation (an example of a suitable mechanism to ensure openness and responsiveness to families is organizing and supporting a childcare family advisory committee to assist in planning and operation of childcare programs and discuss overall Premises operations);
- vi) Staff Wages: a living wage will be paid to childcare centre staff by the Tenant, subject to sustainability of operations;
- vii) Cultural Competency: cultural competency in Indigenous contexts for diverse families will be incorporated by the Tenant in staff development and curriculum;
- viii) Alignment with City's Mission and Values: the Tenant's use of the Premises must align with the City's Mission and Values, as set out below:

City's Mission: to create a great city of communities that cares about its people, its environment, and its opportunities to live, work, and prosper.

City's Values: being responsive to the needs of citizens and colleagues, striving for the best results, approaching work with

unbiased judgement and sensitivity, being open and honest, and honouring commitments; setting examples that others will choose to follow, and being a learning organization that grows through its experiences.

Vancouver is committed to being a Healthy City for All – a city where everyone can create and continually improve the conditions that enable the highest level of health and well-being possible;

it being noted that the foregoing principles may be amended from time to time by the City and if so amended, the City will notify the Tenant in writing of such amendments and will include a copy of same and the Tenant will abide by such amended principles as though they were originally contained herein; and

- (c) only for the purpose set out in Section 2.2 and 2.3 of the Lease
(collectively, the “**City’s Requirements**”).

2. Tenant’s Acknowledgement, Representations and Covenants

- (a) Acknowledgement: the Tenant acknowledges that the City has been authorized by its elected Council to Lease the Premises, for the public benefit, to the Tenant in its capacity as a non-profit public-service organization that meets the City’s Requirements, and that the City has relied on the Tenant’s representations and covenants hereinafter set out, in determining that the Tenant is an appropriate tenant for the Premises.
- (b) Representations: the Tenant represents that its Mission, Vision and Mandate are as follows:

Mission:

Work with government, business and community partners to develop and deliver quality services which help children and families thrive.

Vision:

Empowering children and families to reach their full potential and achieve life-long success.

Mandate:

Our mandate is to provide and operate licensed child care and family support services that:

- i. are of exemplary quality;
- ii. are responsive to parental and community needs;
- iii. reflect the diversity of community, are culturally competent, and include children who require a range of supports;
- iv. are accessible, affordable, and flexible;
- v. provide for administrative and financial accountability, and long term financial viability; and
- vi. provide a supportive working environment.

The City acknowledges that the Tenant's organization may evolve, expand, contract, diversify or specialize over time (for example, by offering new types of services to meet emerging community needs), and that such changes may necessitate revisions to the Tenant's Mission, Vision and Mandate from time to time. The Tenant will notify the City immediately of any such revisions, and such revisions will be permissible, PROVIDED that the Tenant, in the City's sole discretion, continues to be a non-profit, public-service organization, and the Tenant's use of the Premises continues to be a Permitted Use that meets the City's Requirements.

- (c) Covenants: throughout the Term of the Lease, the Tenant covenants that it will consistently, actively and rigorously implement, promote, advance and fulfil the City's Requirements and its Mission, Vision and Mandate through its use of the Premises.

The Tenant will fulfill its Mission in the following way(s):

Dorothy Lam Children's Centre will be offering the following licensed child care programs:

- Infant & Toddler Group Child Care Program (under 3 years) licensed for 24 spaces (20 full-time, 8 part-time)
- 3 to 5 Year Old Group Child Care Program (30 months to school age) licensed for 25 spaces (10 full time & 4 part time);
- The Multipurpose Room will house a variety of programs / services:
 - Preschool (licensed, part-time early learning program)
 - School Age (licensed, before & after school program)
 - Family services such as workshops and drop-ins.

The Tenant will fulfill its Vision in the following ways(s):

Strategic Goals

- Quality: Providing informed, evaluated and community based curriculum that is centered on improving the experience for children and families
- Growth and Support: Working to create new child care spaces and increasing opportunities for families to connect and access support
- Sustainability: Ensuring that VSOCC has a solid future and is meeting our needs without compromising the ability of future generations
- Supporting our People: Building a capable, aligned, engaged and prepared work force.

The Tenant will fulfill its Mandate in the following way(s):

Ongoing Quality Improvement & Responsive to Children, Families & Community:

- Assess, analyse, review and develop goals and plans with a view to continuous improvement and alignment with best practices, on an ongoing basis.
- Provide emergent curriculum and provide relevant and positive learning opportunities which responds to children's interests and needs.
- Engage and partner with families through formal annual survey and ongoing discussions.

- Develop annual work plans with specific program and organization wide goals and objectives, which are aligned with the BC Early Learning Framework.

Financially accountable, and viable:

- Develop annual operating and capital budgets, monitor the monthly and annual progress with monthly financial statements, and complete annual audits (completed by an independent auditor). All budgets, financial statements, and auditors report are reviewed by and approved by the Treasurer and the Board of Directors, and the audited financial statements are presented to the VSOCC membership at each Annual General Meeting.

Accessible & Affordable:

- VSOCC is committed to maintaining fees within City of Vancouver averages. As part of the annual budget review and development, we review the current fee survey report generated by West Coast Child Care Resource Centre.
- VSOCC has a Financial Assistance Program to provide short term assistance for families who encounter unexpected financial hardship and allows them to maintain their children's current enrolment within a VSOCC program.

Inclusive & Diverse:

We strive to be a model of diversity and inclusion, as outlined in our Diversity and Inclusion Policy.

- Our Board of Directors, staff and volunteers reflect the many faces, cultures and walks of life that make up our country, and speaks to our value of diversity and inclusion for children and families.
- The children's centres are developed and maintained to meet the City of Vancouver accessibility requirements.
- Our Child Care policies and procedures address our diversity and inclusion practices, and staff work in partnership with families to include children with special needs, ensuring children and families are welcomed and provided with safe and quality care and learning opportunities.

Supportive working environment:

- We are committed to providing staff with a work environment which supports the dignity and self-esteem of all employees, values and honors the diversity of culture and experiences, and is free from discrimination and harassment (as outlined in Human Resources Policies and Procedures).
- VSOCC committed to ongoing professional development and training for staff, and provides orientation, resource materials, workshop and funds for training.

3. Reporting and Monitoring

The Tenant will report to the City about its use and operation of the Premises on an annual basis, by no later than December 31st, or as frequently as may otherwise be reasonably required by the City. Reports must be made in a form and manner that satisfy the City's reporting requirements in effect from time to time. The City will notify the Tenant in writing of any changes to its reporting requirements, and the Tenant will abide by such amended reporting requirements as though they were originally contained herein.

The City's current reporting requirements are as follows:

ANNUAL REPORTING:

- (a) the name and contact information of the key persons for the Tenant;
- (b) a current list of directors and officers including their terms, positions and affiliations;
- (c) full financial statements of all operations of the Tenant for the previous year, including at a minimum a statement of income and expenses for the Premises, independently prepared at the Tenant's expense by an accounting professional (review engagement or audit) OR, if independently prepared or audited statements are not available, full financial statements of all operations of the Tenant for the previous year, including at a minimum a statement of income and expenses for the Premises, endorsed by two signing officers of the Board of Directors;
- (d) two proposed annual budgets – one for all operations of the Tenant and one for the Premises – both with an estimate of all revenues (including parents' fees) and expenditures in a form acceptable to the City, both of which must have first been approved by the directors of the Tenant;
- (e) a summary of activities for the past fiscal year demonstrating how the Tenant has implemented its Mission, Vision and Mandate through its use of the Premises and complied with the City's Requirements;
- (f) a summary of activities for the past fiscal year demonstrating how the Tenant has complied with the Maintenance Plan and Service Level Agreement requirements;
- (g) a summary of activities planned for the coming fiscal year;
- (h) a summary (including users, dates, rental fees, and MOUs or other agreements if any) of third party and community uses and rental rates charged;
- (i) a summary of stakeholder participation, if any, in the management and delivery of programs (e.g. volunteers, ECE student practicums, community and research partnerships),

BEGINNING OF TERM REPORTING (Submit only in the first year of a five-year Term or Renewal Term or in the first and fifth year of a ten-year Term or Renewal Term):

- (a) a five-year Maintenance Plan;
- (b) evidence of good standing as a not-for-profit or charity (submit a current Corporate Registry Search from BC Registry Services).

In the City's discretion, the Tenant may also be required from time to time to provide a copy of its strategic plan, minutes of board meetings, or a summary of governance policies.

In advance of granting any renewal of the Lease, the City will review whether the Tenant has met the City's Requirements.

4. Amendments

The Tenant shall not make any changes to this Schedule without the prior written approval of the City's Managing Director of Social Policy and Projects.