

Hall, Gord LDB:EX

From: Hall, Gord LDB:EX
Sent: Monday, April 30, 2012 9:56 AM
To: Bissoondatt, Roger LDB:EX; Chambers, Jay LDB:EX; Dahlke, Cindy LDB:EX; Farley, Don LDB:EX; Hall, Gord LDB:EX; Morse, Donna LDB:EX; Patten, Maria LDB:EX; Procopio, Michael LDB:EX; Sloan, Catherine LDB:EX; Wilson, Kelly LDB:EX; Branham, Gary LDB:EX; Mohn, Donna LDB:EX; Tougas, Bob LDB:EX; Parry, Paulette LDB:EX; Low, Elaine LDB:EX; McDonnell, Ken LDB:EX; Michael, Bill LDB:EX; Nanji, Amin LDB:EX
Cc: Mackintosh, Michele LDB:EX
Subject: Distribution NRFP
Attachments: NRFP LDB Comm Plan.docx

The Distribution NRFP will be released today on the BC Bid website at 11:00 am as planned. Please proceed with informing your management as per the attached Communications Plan. The email from Jay to staff will be sent shortly after 11:00 once we have confirmed it is on the website.

Gord Hall
Director, Corporate Policy
British Columbia Liquor Distribution Branch
Ministry of Energy and Mines
604-252-3035

LDB – Communications Timeline for Distribution NRFP

Date	Time	Activity	Materials	Responsibility	Notes
April 30	9:30 am	Gord Hall sends confirmation email to Directors that NRFP will be released at 11:00 am	Email	Gord Hall	
April 30	9:35 am	LDB Directors meet with/inform appropriate managers that the NRFP is expected to be released at 11:00 and that an email will be sent out at that time (or shortly after) by Jay Chambers to all staff informing them about this.	Meeting or phone calls (if off site)	Directors	Managers should be given high level info about the NRFP and be prepared to read GM's email when received. Managers are asked to have meetings with staff to discuss NRFP as appropriate (not until after GM email is received, see below). Except as specifically outlined below, each department determines timing and most appropriate way to meet with staff.
April 30	11:00 am	NRFP document posted to BC Bid website	BC Bid website link	NRFP team	
April 30	11:10 am	GM sends email to all LDB staff and industry assn's (NRFP document website link included in email)	Emails	Gord Hall, Cindy Dahlke	The GM staff email, when received, is confirmation to management that the communications which follow can begin
April 30	11:15 am	Vancouver DC – Ken McDonnell has meeting with DC day shift staff to inform them about release of NRFP. Ken later meets with afternoon and graveyard shift staff	Meetings	Ken MacDonnell	
April 30	11:15 am	Kamloops DC – Rob Cann and Greg Reinbold meet with staff to inform them about release of NRFP	Meetings	Robb Cann, Greg Reinbold	

April 30	11:15 am	Vancouver WCC – Donna Mohn meets with day shift staff to inform them about release of NRFP; later Donna meets with afternoon shift staff; Ken McDonnell meets with graveyard shift staff	Meetings	Donna Mohn, Ken McDonnell	
April 30	11:15 am	Victoria WCC – Gary Gauthier and Bill Geddie meet with staff to inform them about the release of the NRFP	Meeting	Gary Gauthier, Bill Geddie	
April 30 +		Management meets with staff as appropriate and documents questions they cannot answer. Gord Hall will coordinate the preparation of appropriate answers.	Management, Gord Hall	Management, Gord Hall	

Hall, Gord LDB:EX

From: Dahlke, Cindy LDB:EX
Sent: Monday, April 30, 2012 11:11 AM
To: LDB D All Employees
Subject: Release of Negotiated Request for Proposal (NRFP) on LDB Warehouse and Distribution Services

Sent on behalf of Jay Chambers:

In February 2012, the provincial government announced that it would conduct a Request for Proposals (RFP) to approach the private sector with an opportunity to provide a more modernized and cost effective way to warehouse and distribute liquor in British Columbia.

The RFP which is referred to as a "Negotiated Request for Proposals" or NRFP was issued today (Monday, April 30) at 11:00 a.m. The NRFP document can be obtained from the government's "BC Bid" website at <http://www.bcbid.gov.bc.ca/open.dll/submitLogin?disID=21829215>.

The NRFP document is quite detailed, however I have tried to highlight below, the main items that I think will be of most interest to you.

- The NRFP process will be seeking to select a single company that will deliver warehousing and distribution services currently operated by the LDB. Companies that manufacture or sell liquor products or entities that have a material financial interest in manufacturing/selling liquor are not eligible.
- Proponents (bidders) are being asked to develop a proposal that would encompass the following services:
 - Warehousing of liquor products currently warehoused by the LDB (all spirits, all imported wine, a portion of beer, cider, coolers and BC wine).
 - The warehouse replenishment process.
 - Distribution of warehoused products to government liquor stores (GLS).
 - Distribution of warehoused products to wholesale customers that are serviced out of the LDB's wholesale customer centres in Vancouver and Victoria.
- The Proponents must provide a transition plan to ensure the orderly transfer of services from the LDB to the successful Proponent, which must be completed no later than March 2015. This includes accommodating employees in the LDB Distribution Centres (Vancouver, Kamloops) and Wholesale Customer Centres (Vancouver, Victoria) whose jobs are made redundant.
- The LDB owned warehouse properties in Vancouver and Kamloops are not part of the NRFP and will be sold separately (i.e. the successful Proponent must provide for their own warehouse(s)). The successful Proponent has the option to use the LDB's warehouses during the transitional period that is not to exceed March 2015.
- In the future privately operated distribution model, suppliers and agents will own the warehouse inventory and the existing Agent Stocking Program (also referred to as the Liquor Warehouse Program), will be phased out.
- The timing of the NRFP process is as follows:
 - Initial proposals are due on, or about, June 29, 2012.
 - Proponents are shortlisted (no more than three) and are able to submit a refined proposal based on discussions with the government evaluation team. The government evaluation team will determine which refined proposal best meets government's objectives and will announce the successful Proponent on or about October 16, 2012.

- Government will negotiate an agreement with the successful Proponent that will be signed on, or about March 1, 2013.
- The timing of the implementation of the new distribution model will depend on the transition strategy in the agreement and the determination of other changes that may be necessary to support the new model.

I understand and appreciate that significant changes of this nature create uncertainty and anxiety. In order to address this, I and other members of the LDB management team will endeavour to provide you with timely and accurate information as it becomes available. As we have during other times of uncertainty, I am sure that LDB staff will continue to demonstrate a high level of professionalism and will continue to provide a high level of service to our customers and other stakeholders.

Thank you.

Jay

Hall, Gord LDB:EX

From: Dahlke, Cindy LDB:EX
Sent: Monday, April 30, 2012 11:14 AM
To: 'Bryan Cox - National Brewers, Western'; XT:Paszkowski, Dan LCLB:IN; 'Dan Paszkowski - CVA'; XT:MacIntosh, Dave LCLB:IN; 'Evelyn Campbell - BC Wine Growers'; XT:Faris, Ian LCLB:IN; XT:Tostenson, Ian LCLB:IN; 'J Westcott - Spirits Canada'; XT:Westcott, Jan SG:IN; XT:Docherty, Janet LCLB:IN; XT:Newton, Jeff LCLB:IN; 'Josie Tyabji - BCWI'; 'Ken Vance UBCM'; XT:von Schellwitz, Mark CRFA LCLB:IN; 'Matt MacNeil - ABLE BC'; 'Miles Prodan - BCWI'; 'R Johansen - RASAS'; XT: Williams, Raechelle LCLB:IN; 'Richard Loewen - IVSA'; XT:Slomka, Rick LCLB:IN; 'Scott Adair - IVSA'; 'T Stewart - BCEWA'; 'Tod Melnyk - Craft Brewers'; 'Trent Leggett - RASAS'; XT:Gehring, Walter LCLB:IN
Cc: Chambers, Jay LDB:EX
Subject: Release of Negotiated Request for Proposal (NRFP) on LDB Warehouse and Distribution Services

Sent on behalf of Jay Chambers:

To Industry Associations

In February 2012, the provincial government announced that it would conduct a Request for Proposals (RFP) to approach the private sector with an opportunity to provide a more modernized and cost effective way to warehouse and distribute liquor in British Columbia.

The RFP which is referred to as a "Negotiated Request for Proposals" or NRFP was issued today (Monday, April 30) at 11:00 a.m. The NRFP document can be obtained from the government's "BC Bid" website at <http://www.bcbid.gov.bc.ca/open.dll/submitLogin?disID=21829215>.

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 - Government will negotiate an agreement with the successful Proponent that will be signed on, or about March 1, 2013.
 - The timing of the implementation of the new distribution model will depend on the transition strategy in the agreement and the determination of other changes that may be necessary to support the new model.

I recognize that industry has a significant interest in this initiative. In order to address questions you may have about the process, there will be an information session for industry on May 9, 2012. If you are interested in attending this session please email Pelle Agerup at: purchasing@gov.bc.ca.

Thank you for your attention to this matter.

Sincerely,

Jay Chambers
General Manager

Pages 8 through 12 redacted for the following reasons:

s. 14

s.14

Phone: 604.660.1049 Cell: 604.505.8998
Email: mike.kishimoto@gov.bc.ca

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s.13, s.14, s.17

Mike Kishimoto

Ministry of Labour, Citizens' Services and Open Government
7th Floor, 865 Hornby Street, Vancouver/ 2nd Floor, 553 Superior St, Victoria
Phone: 604.660.1049 Cell: 604.505.8998
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s.14, s.13

s.17, s.13, s.14

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From: Frank Catala [mailto:fcatala@deetken.com]
Sent: Monday, April 23, 2012 11:36 AM
To: Hughes, Bette-Jo LCTZ:EX; Bissoondatt, Roger LDB:EX; Epp, Don FIN:EX
Cc: Kishimoto, Mike J LCTZ:EX
Subject: Economic model template

Team,

Attached is a draft of the Economic Model Template (Appendix K) for Proponents submit their services prices. The template is quite simple. Proponents are asked to describe all services they are proposing and provide annual unit prices over the 10 years (taking into account the normalizing assumptions in section 8.3.10 of the NRFP). The services have been separated into 2 worksheets:

- 1.0 Suppliers and Agent
- 2.0 Wholesale Customer

Once completed, these 2 worksheets are essentially services catalogues with descriptions and unit pricing for all proposed services. Also, with this information we can apply historical LDB volumes consistently to all the pricing submission to estimate annual total costs.

In addition, Proponents are asked to describe the investments they are making (building, systems....) and how these are being recovered (see worksheet 3.0). The final worksheet (4.0) asks Proponents list all services where prices are impacted by changes in volumes. Proponents are then asked to provide the % change in each unit prices under a -20% and +20% volume changed scenarios.

I would appreciate everyone's comments of the structure of the template and completeness (is anything missing?). Password is the same as the NRFP.

Thanks
Frank

The Deetken Group
t 604-805-6220
e fcatala@deetken.com

SATP - 301 - Appendix K Pricing Submission Template

[enter Proponent Name]

[Proponent Contact Person (Name, email)]

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s.13, s.17

From: Frank Catala [mailto:fcatala@deetken.com]

Sent: Thursday, April 26, 2012 12:57 PM

To: Kishimoto, Mike J LCTZ:EX

Cc: Poutney, Richard G LCTZ:EX; Agerup, Pelle LCTZ:EX; Hughes, Bette-Jo LCTZ:EX; Martin, Leigh LCTZ:EX; Macauley, George JAG:EX; Bissoondatt, Roger LDB:EX; Taylor, Matthew JAG:EX; Sloan, Catherine LDB:EX; Epp, Don FIN:EX

Subject: RE: Operational Assets

Team,

s.13, s.14, s.17

Glad to had a short call on this to put this to rest.

Frank

From: Kishimoto, Mike J LCTZ:EX [mailto:Mike.Kishimoto@gov.bc.ca]

Sent: April-26-12 10:39 AM

To: Frank Catala

Cc: Poutney, Richard G LCTZ:EX; Agerup, Pelle LCTZ:EX; Hughes, Bette-Jo LCTZ:EX; Martin, Leigh LCTZ:EX; Macauley, George JAG:EX; Bissoondatt, Roger LDB:EX; Taylor, Matthew JAG:EX; Sloan, Catherine LDB:EX; Epp, Don FIN:EX

Subject: RE: Operational Assets

Hi Frank:

Putting you in the loop on this.

s.13, s.14

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s.14

From: Ayers, Karen J MEM:EX
Sent: Thursday, April 26, 2012 5:01 PM
To: Bissoondatt, Roger LDB:EX; Chambers, Jay LDB:EX
Subject: Fw: Outstanding Q Regarding Trucking Contracts

FYI

From: Wanamaker, Lori JAG:EX
Sent: Thursday, April 26, 2012 04:09 PM
To: Henderson, Kim N LCTZ:EX
Cc: Ayers, Karen J MEM:EX; Hughes, Bette-Jo LCTZ:EX; Poutney, Richard G LCTZ:EX
Subject: RE: Outstanding Q Regarding Trucking Contracts

I have not heard back from MRC but I believe your intention is fine. I have no concerns about this approach.

From: Henderson, Kim N LCTZ:EX
Sent: Wednesday, April 25, 2012 1:24 PM
To: Wanamaker, Lori JAG:EX
Cc: Ayers, Karen J MEM:EX; Hughes, Bette-Jo LCTZ:EX; Poutney, Richard G LCTZ:EX
Subject: Outstanding Q Regarding Trucking Contracts

Hi Lori, I am writing in regards to an outstanding question from MRC regarding how the current LDB trucking contracts will be treated for purposes of the RFP.

s.13, s.17

Can you please share this information with your Minister and let us know if there are any concerns.

Kim.

Page 54 redacted for the following reason:

s. 14



Ministry of Labour, Citizens' Services and Open Government

Negotiated Request for Proposal Process The Distribution of Liquor Project

Government Contact Person:

Proponents should direct all enquiries related to this Negotiated Request for Proposals ("NRFP"), **SATP-301**, in writing, to the Government Contact Person shown below.

Attention: Pelle Agerup, Senior Director
Email: purchasing@gov.bc.ca
Facsimile: (250) 387-7309

Information about this NRFP obtained from any other source is not official and should not be relied upon. Enquiries and responses may be recorded and may be distributed to all Proponents at the Province's option.

Declaration of Interest:

Proponents should refer to the Declaration of Interest and Acceptance of Terms of Reference for additional instructions with respect to this NRFP process. This document can be downloaded from the BC Bid website.

Proposal Submission Form:

Proponents should refer to the Proposal Submission Form for additional instructions with respect to this NRFP process. This document can be downloaded from the BC Bid website.

Proponents Meeting and Site Tours:

A Proponents' meeting will be held on May 10th, 2012 in Vancouver. A site tour of the Vancouver Distribution Warehouse will be scheduled as outlined in Section 1.5 for Proponents who have completed and returned the Declaration. Attendance at the Proponents' meeting and site tour is not mandatory.

Information Session for Industry:

The LDB intends to hold an information session on May 9th, 2012, for persons interested in this NRFP but who are not planning to be Proponents. Interested persons should contact the Government Contact Person in order to register interest in attending this meeting.

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1 INSTRUCTIONS TO PROPONENTS

1.1 ANTICIPATED NRFP SCHEDULE

The following is the Province's estimated timeline which may change from time to time as the NRFP process progresses. Capitalized terms used in the following table are defined below in this NRFP.

Stage	Task Activity	Anticipated Dates
Pre-submission stage	Release NRFP	April 30, 2012
	Proponents return executed Declaration	April 30, 2012 - June 29, 2012
	Province forwards Appendices to Proponents (upon receipt of executed Declaration)	April 30, 2012 - June 29, 2012
	Virtual Documents Room	April 30, 2012 - June 29, 2012
	Proponent's meeting (Vancouver) includes Vancouver Distribution Warehouse site visit	May 10, 2012. (Only open to Proponents who have signed and returned the Declaration)
	Kamloops Distribution Warehouse site visit	To be scheduled subject to Proponent interest
	Proposal Submission Date	June 29, 2012, prior to 4PM local time
Stage One	Screening for submission requirements and rectification process	Commencing June 30, 2012 on receipt of Proposals and Proposal Submission Forms
Stage Two	Evaluation and Short Listed Proponents ranking	Completed July 20, 2012
Stage Three	Proposal Refinement Process	July 23, 2012 - October 16, 2012
	Selected Proponent announced	Completed October 16, 2012
Stage Four	Negotiation of the Agreement with the Selected Proponent and execution of the Agreement	Completed prior to March 1, 2013

1.2 DECLARATION OF INTEREST

Proponents are requested to complete the Declaration posted separately on the BC Bid website and return it to the Province in the manner prescribed in the Declaration, along with schedules appended to the Declaration. After the Province has received a Proponent's Declaration and determined it is complete to its satisfaction, the Province will send the appendices to the Proponent and permit access to the Virtual Documents Room ("VDR"). In the event the Province determines the Declaration is not complete, the Province will return the Declaration to the Proponent with any deficiencies noted and the Proponent may amend and resubmit the Declaration.

1.3 PROPONENTS TO REVIEW NRFP

Proponents are advised to examine all of the documents comprising this NRFP and report any errors, omissions or ambiguities and seek additional information, in writing, by e-mail, to the Government Contact Person. The Province may not respond to requests for clarification after the Proposal Submission Date.

1.4 ENQUIRIES

Proponents should direct all enquiries related to this NRFP, in writing, by e-mail, to the Government Contact Person. Information about this NRFP obtained from any other source is not official and should not be relied upon. Enquiries and responses may be recorded and may be distributed to all Proponents at the Province's option.

1.5 PROPONENTS MEETING AND SITE TOUR

A Proponents' meeting will be held on May 10, 2012 for those Proponents who have returned a properly executed Declaration as described in Section 1.2. A site tour of the Vancouver Distribution Warehouse will be scheduled on the same day. It is not a mandatory requirement to attend the Proponents' meeting or the site tour. The minutes of the Proponents' meeting will be provided to Proponents who have completed the Declaration.

A site tour of the Kamloops Distribution Warehouse will be scheduled at another date after the May 10, 2012 Proponent's meeting subject to interest. Proponents interested in touring the Kamloops Distribution Warehouse should contact the Government Contact Person.

Proponents are requested to submit any questions in writing to the Government Contact Person as soon as possible and in advance of the meeting. The Province intends to provide fulsome responses to all Proponent questions at the meeting. Proponents will also have the opportunity to ask questions during the meeting. Any questions that are not answered during the meeting will be responded to by email and the VDR.

1.6 INFORMATION SESSION FOR INDUSTRY

Independent from this NRFP process the Ministry intends to hold an information session for interested industry persons who are not planning on submitting a Proposal but who have an interest in aspects of the DLP. Persons interested in attending this information session should contact the Government Contact Person in order to register interest in attending.

1.7 VIRTUAL DOCUMENTS ROOM

The Province will set up a VDR to house documentation relating to this procurement opportunity. Proponents who have submitted a validly executed Declaration will be provided with access to the VDR, at the times and dates and in the manner specified by the Province in Section 3.4.2 and as such other requirements as deemed appropriate.

1.8 PROPONENTS TO FOLLOW INSTRUCTIONS

Proponents should structure their Proposals in accordance with the instructions in this NRFP. Where information is requested in this NRFP, Proposals should reference the applicable section numbers in this NRFP.

1.9 NO INCORPORATION BY REFERENCE BY PROPONENT

The entire content of a Proponent's Proposal should be contained within the Proposal document and the content of web sites or other external documents referred to in the Proponent's Proposal will not be considered to form part of its Proposal. The Province is under no obligation to seek out information not contained in a Proponent's Proposal.

1.10 WORKING LANGUAGE OF THE PROVINCE

All Proposals should be submitted in English.

1.11 PROPOSALS FROM A SINGLE LEGAL ENTITY

Proposals should be submitted by a single legal entity that will act as the prime Proponent and main contact to the Province in respect of the NRFP process and for the purposes of performing any awarded Agreement. For greater certainty, Proposals should not be submitted by joint ventures.

1.12 CLOSING DATE AND TIME

Proponents can submit their Proposals by courier or hand delivered or electronically via government's BC Bid system prior to 4pm local time of the Proposal Submission Date (June 29th, 2012).

For Proposal submissions by courier or hand delivered:

- a) Six (6) complete hard copies of the Proposal and Proposal Submission Form and one electronic copy on CD, DVD, flash drive or other suitable portable media (in Microsoft Word and searchable PDF for documents and in Excel for spreadsheets) should be delivered by hand or courier (not sent by mail, facsimile or email) to the attention of the Government Contact Person at:

c/o 2nd Floor - Reception
563 Superior Street,
Victoria, B.C., V8V 1T7

Proposals and their envelopes should be clearly marked with the name and address of the Proponent, the NRFP number SATP-301, and 'DLP Procurement'. Proposals and Proposal Submission Forms should be submitted on or before the Proposal Submission Date in the manner prescribed by this section. Proposal Submission Forms should be originally executed.

- b) For Proposals submitted electronically, follow the BC Bid e-bidding process for submitting electronic Proposals.

1.13 PROPOSAL SUBMISSION FORM

Proponents are requested to complete the Proposal Submission Form posted separately on the BC Bid website and return it to the Province in the manner prescribed above, along with the form of letter and conflict of interest declaration appended to the Proposal Submission Form. Proponents will be provided with an opportunity to rectify deficiencies in their Proposal Submission Forms during the rectification process described in Stage One.

1.14 CHANGES TO PROPOSALS

By submission of a clear and detailed written notice to the Government Contact Person, a Proponent may amend or withdraw its Proposal at any time throughout the duration of the NRFP process. Material changes may impact the evaluation, ranking and selection of Proponents.

1.15 CHANGES TO NRFP

The Province may amend the NRFP, in whole or in part, at any time.

1.16 DEBRIEFING

At the conclusion of the NRFP process, all Proponents will be notified. Unsuccessful Proponents may request a debriefing meeting with the Province.

1.17 INTERPRETATION

Any use of the terms “must”, “shall” “will” or “mandatory” in the NRFP containing the requirements are not to be construed as process requirements relating to a Proponent’s eligibility to participate in this NRFP process, and are to be interpreted in the context of the Service Provider’s performance obligations under an Agreement.

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2 DEFINITIONS

Throughout this NRFP process, the following definitions will apply:

- a) "Agent" means a person licensed as an agent under the provisions of the *Liquor Control and Licensing Act*;
- b) "Agent Stocking Program" has the same meaning as Liquor Warehouse Program;
- c) "Agreement" means the written agreement executed by the Ministry/ LDB and the Selected Proponent as a result of this NRFP;
- d) "Appendices" means Appendices A, B, C, D, E, F, G, H, I, J and K;
- e) "BC" means British Columbia;
- f) "BC Bid" means the Province's Internet tendering notification and electronic bidding system;
- g) "BC Product" means a BC manufactured beverage alcohol product;
- h) "BCGEU" means the BC government and service employees union;
- i) "Declaration" means the Declaration of Interest and Acceptance of Terms of Reference posted on the BC Bid website;
- j) "Designated Persons" means those individuals named in Schedule A to the Declaration who the Proponent wishes to have access to the VDR;
- k) "Distribution Services" means the In Scope services identified in Section 5.2.1 and more particularly described in the distribution services requirements document referenced in Appendix D;
- l) |
- m) "Domestic" means a Canadian (non BC) manufactured beverage alcohol product;
- n) "Government Contact Person" means Pelle Agerup, Senior Director, E-mail: purchasing@gov.bc.ca Fax: (250) 387-7309;
- o) "GLS" means government operated liquor stores;
- p) "Import" means a foreign manufactured beverage alcohol product;
- q) "Information Control Office" means the procurement process information management control structure that is established to control the flow of information during the Stage Three Proposal Refinement Process sessions of the NRFP process;
- r) "In Scope" means the scope of business opportunity described in Section 5.2;
- s) "Kamloops Distribution Warehouse" means the Ministry's warehouse property and land located in Kamloops at 9881 Dallas Drive, Kamloops, BC and includes the distribution processes that take place within the facility;
- t) "Key Performance Indicators" or "KPI" has the meaning ascribed in Section 5.2.2.8;
- u) "Liquor Control and Licensing Branch" or "LCLB" means the branch of the Ministry that is responsible for licensing private liquor stores, restaurants, pubs and manufacturers and enforces regulations under the *Liquor Control and Licensing Act*;
- v) "Liquor Distribution Branch" or "LDB" means the branch of the Ministry that operates a province-wide retail/ wholesale beverage alcohol business, within a mixed public-private model;
- w) "Liquor Warehouse Program" means the framework whereby foreign suppliers or their agents import, store, and sell beverage alcohol to the LDB in BC;
- x) "Minister" or "Ministry" means the Minister/ Ministry of Energy and Mines which is responsible for the LDB and the LCLB, and where applicable, may mean LDB and LCLB;

s.14, s.17

s.14, s.17

- y) "NRFP" means the Negotiated Request for Proposals documents and includes the Declaration, the Proposal Submission Form and the requirements set out in the Appendices;
- z) "Operational Assets" means the physical assets owned by the LDB (but excluding the Kamloops Warehouse and Vancouver Warehouse) and which is used to by LDB to conduct warehouse and wholesale distribution center operations;
- aa) "Out of Scope" means the businesses described in Section 5.4;
- bb) "Potential in Scope" means the potential scope of business opportunity described in Section 5.3;
- cc) "Product" means beverage alcohol;
- dd) "Proponent" means the entity that submits, or intends to submit, a Proposal in response to this NRFP;
- ee) "Proposal" means a written and electronic submission submitted by Proponents in accordance with the NRFP process;
- ff) "Proposal Submission Date" means June 29, 2012;
- gg) "Proposal Submission Form" means the form containing threshold requirements for this NRFP posted on the BC Bid website;
- hh) "Province" means Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Labour, Citizens' Services and Open Government who is conducting the DLP procurement on behalf of the LDB and the Ministry;
- ii) "Refined Proposal" means a Stage Three proposal submitted by a Short-Listed Proponent
- jj) "RS&W" means the retail stores & warehouse component of the BCGEU;
- kk) "Scope of the Opportunity" means the In Scope and Potential in Scope as more particularly described in Section 5.1;
- ll) "Selected Proponent" means the top-ranked Proponent selected for negotiations under the NRFP;
- mm) "Service Provider" means the Selected Proponent who enters into an Agreement with the Ministry/ LDB for delivery of Distribution Services and its subcontractors;
- nn) "Short-Listed Proponent" means up to the top 3 Proponents who have been ranked as a result of Stage Two evaluations and who have passed the Province's reference checks;
- oo) "Stage One" means the process described in Section 6.2;
- pp) "Stage Two" means the process described in Section 6.3;
- qq) "Stage Three" means the process described in Section 6.4;
- rr) "Stage Four" means the process described in Section 6.5;
- ss) "Timeframe for Negotiations" means up to 4 calendar months commencing when the Province provides written notice to the Selected Proponent that it will proceed to Stage Four;
- tt) "Wholesale Customers" means licensee retail stores, rural agency stores, duty free stores, private wine stores, licensed establishments such as restaurants, pubs, and bars;
- uu) "Vancouver Distribution Warehouse" means the Ministry's warehouse property and land located in Vancouver at 3260 East Broadway, Vancouver, BC and includes the distribution processes that takes place within the facility;
- vv) "Virtual Documents Room" or "VDR" means the virtual document room as described in Section 3.4.2;
- ww) "Warehouses" means the Vancouver Distribution Warehouse and the Kamloops Distribution Warehouse; and
- xx) "WCC" means LDB's wholesale customer center location at the Vancouver Distribution Warehouse and in a facility located on Government Street in Victoria, BC.

3 OVERVIEW AND BACKGROUND TO THE DLP PROCUREMENT

3.1 DISTRIBUTION OF LIQUOR PROJECT OVERVIEW

3.1.1 Overview of the Liquor Distribution Branch

In British Columbia, the Liquor Distribution Branch (“LDB”) is one of two branches of government responsible for the beverage alcohol industry. The *Liquor Distribution Act* gives the LDB the sole right to purchase beverage alcohol both within and outside of BC in accordance with the federal *Importation of Intoxicating Liquors Act*.

Reporting to the Minister, the LDB currently:

- Handles the importation and distribution of beverage alcohol in BC;
- Operates government liquor stores (“GLS”) and ~~distribution centers~~ Warehouses; and
- Has a general manager who is responsible for administering the *Liquor Distribution Act*, which includes the oversight of GLS, subject to direction from the Minister.

The LDB currently operates a BC-wide, retail/wholesale beverage alcohol business within a mixed public-private model.

3.1.2 Distribution of Liquor Project Scope

The Province is interested in receiving Proposals from qualified and experienced Proponents who are capable of achieving or delivering on the goals and expected benefits outlined in Section 3.2 and in delivering the In Scope and optionally the Potential in Scope opportunities described in Section 5.

The Scope of the Opportunity includes the following:

- a) A provisioning Agreement to perform warehouse replenishment, Product receiving, storage, assembly, order processing and distribution of Product to GLS and Wholesale Customers;
 - b) Creative options from Proponents that will optimise the beverage alcohol supply chain and reduce the logistical touch points in the process;
 - c) A labour relations solution for BCGEU staff impacted by this NRFP (it is a requirement of this NRFP for Proponents to provide a labour relation staffing proposal that takes into consideration the memorandum of agreement between the BCGEU and the Province. More information on labour relations requirements for impacted LDB employees is provided in Section 5.2.7)
- (the “Distribution Services”); and

d) Optionally the following:

- i. Purchase of assets related to operations ("Operational Assets") within the Vancouver Distribution Warehouse and Kamloops Distribution Warehouse (e.g. transport vehicles, pallet-jacks, forklifts, chattels, equipment etc).

The Province is not entertaining the sale of the Vancouver Distribution Warehouse or Kamloops Distribution Warehouse (lands and buildings) as standalone opportunities as part of this NRFP.

It is anticipated that the sale of the Vancouver Distribution Warehouse s.14, s.17 and Kamloops Distribution Warehouse s.14, s.17 will be handled as part of a separate real estate procurement to take place at a later date.

s.14, s.17

3.1.3 Background

Reporting to the Minister, the LDB is currently responsible for the importation, distribution, wholesaling and retailing of beverage alcohol in BC and operates 195 government liquor stores and the LDB Warehouses. In addition, there are two wholesale customer centers – one is located in the same building complex as the Vancouver Distribution Warehouse (on East Broadway Street) and the other is located in Victoria (on Government Street, near Hillside).

The distribution of beverage alcohol in BC is a mixture of public and private services. In BC, distribution is the process of getting Product from suppliers (e.g. Agents for Import Product, BC wineries, BC beer manufacturers or Domestic Product suppliers) to the stores, bars and restaurants that sell to consumers and does not refer to the retail system itself.

The LDB operates two distribution centers, one in Vancouver and the other in Kamloops, that distribute approximately 43 per cent of the beverage alcohol sold in BC by volume including all spirit products, all imported wine, a portion of BC wine (mostly to GLS) and some beer.

The LDB distribution centers distribute to GLS, most large private liquor stores and a portion of bars/restaurants. Breweries and beer agents distribute most beer to GLS, private stores and larger bars/restaurants. BC wineries distribute most of their wine directly to Wholesale Customers. GLS sell Products to many medium to lower volume bars/restaurants and private liquor stores.

The LDB requires the Agents of Import Products to store the Products in private warehouses upon entry to BC. LDB ~~distribution centers~~ Warehouses currently receive their supply of these Import Products from suppliers/ Agents who are part of the Liquor Warehouse Program. Further detail on the LDB's business environment is provided as Appendix D and available to those Proponents who have signed and returned the Declaration of Interest document (available from the BC Bid website as Appendix A).

In Budget 2012, government announced its intention to sell its liquor distribution warehousing facilities and associated distribution services to the private sector. Subsequently the Province decided to proceed in the manner outlined in this NRFP.

3.1.4 Purpose of this NRFP

The purpose of this Negotiated Request for Proposal is to invite Proponents to engage with the Province in a flexible procurement process to develop creative Proposals for the provision of Distribution Services within an optimized supply chain resulting from the removal of the LDB distribution Warehouse and distribution operations from the existing beverage alcohol sales and supply process.

The Province intends to short list up to the top three ranked Proponents who provide the best overall solution for the Distribution Services. Short Listed Proponents will be invited to participate in Stage Three of the NRFP process described in Section 6.4.

Proponents are not required to make an offer for the Potential In Scope, Operational Assets opportunity. Proponents interested in the Operational Assets should refer to information provided in this NRFP and particularly Sections 5.3, 7.2.2, 7.3.1 and 8.3.

The highest ranked Short-Listed Proponent as a result of Stage Three will be deemed to be the Selected Proponent. Subject to approvals, the Selected Proponent will be invited to negotiate an Agreement for the In Scope Distribution Services and (as applicable) Potential in Scope Operational Assets as proposed by the Selected Proponent. Proponents should refer to Section 7 for more details on the NRFP process.

The Province's preference is for a Selected Proponent (with subcontractors as appropriate) with the depth of experience, skills, capacity, solution and financial model for proposed beverage alcohol Distribution Services that delivers on the Province's goals and expected benefits described in Section 3.2.

The initial Agreement term for the Distribution Services is anticipated to be up to 10 years, with a unilateral renewal right exercisable by the Province for up to two (2) additional three (3) year periods on written notice prior to the expiry of the initial term or applicable renewal term. The Province, however, reserves the right to select a different term for the Agreement.

3.2 GOALS AND EXPECTED BENEFITS

The Province, through this NRFP, is seeking to achieve the following broad objectives:

- a) Contract with a cost effective private sector provider for Distribution Services (and potentially sale of the Operational Assets);
- b) Achieve the following supply chain performance outcomes:
 - i. Service delivery to GLS and Wholesale Customers that is predictable, cost effective, fair, efficient and meets industry norms for key performance indicators; and
 - ii. A logistics model that lowers overall supply chain costs to the Province; and
- c) A labour relations solution that meets the requirements outlined in Section 5.2.7.

3.3 FAIRNESS IN THE NRFP PROCESS

The Province has engaged with a consultant to perform a fairness monitor function in this DLP procurement. The role of the monitor will be to:

- a) Review the procurement documentation so as to understand the Negotiated Request For Proposal process for the DLP;
- b) Monitor the procurement process for adherence to the terms of the NRFP, including participating at the Proponents' meeting, site visits (if any), oversight during evaluation of submissions and subsequent Proposal Refinement Process as well as final selection of the Selected Proponent; and
- c) Prepare a fairness summary based on observations made during delivery of the procurement process. This report will be made publicly available.

3.4 DISCLOSURES

The Province provides the following known disclosures to Proponents responding to this NRFP. While the Province has used considerable efforts to ensure the accurate representation of information in this NRFP, including these disclosures, such information is supplied solely as a guideline for Proponents. The Province does not warrant or guarantee the accuracy of such information, nor is such information necessarily comprehensive or exhaustive. Nothing in this NRFP is intended to relieve Proponents from the obligation to conduct their own due diligence, form their own opinions and reach their own conclusions with respect to the matters addressed in this NRFP.

3.4.1 Information Provided

Proponents will have the opportunity, during the NRFP process, to request additional information and to request clarification of information provided.

3.4.2 Virtual Documents Room

The Province will establish a VDR which will serve as a central repository of confidential LDB information related to this opportunity. The Province will implement procedures to safeguard the LDB's confidential information which the Proponents and their Designated Persons will be expected to follow.

Proponents who wish to access the VDR will be required to:

- a) Submit a validly signed and delivered Declaration with Schedule A1 and A2 completed with the names of the Designated Persons requesting access to the VDR; and
- b) Observe the established VDR procedures (see Appendix J – VDR Guidelines and VDR Documentation).

Access to the VDR should be arranged with the Government Contact Person.

Dates: Commencing April 30, 2012.

Location: VDR detail to be provided to those Proponents who have signed a Declaration of Interest document.

3.4.3 Eligibility to submit Proposals for delivery of Distribution Services

Proponents should note that beverage alcohol manufacturers and retailers, and their affiliates and any entities in which they have a material financial interest, are not eligible to submit Proposals for any aspect of the Scope of the Opportunity described in this NRFP.

3.4.4 Transition Preparations

Transition of the LDB ~~warehouse~~ Warehouses and ~~wholesale~~ distribution operations to the private sector will require substantial planning and coordination. Proponents will be asked to submit a transition strategy as part of their proposed solution taking into consideration a variety of factors such as human resources, information technology, service delivery logistics and existing LDB contracts among others.

s.14, s.17

3.4.5 Sale of Operational Assets

The Province has included Operational Assets for sale as a Potential in Scope option that Proponents may include in Proposals.

The Province has made best efforts in describing the Operational Assets but Proponents should make every effort to determine for themselves the overall asset opportunity.

3.4.6 Labour Relations – Distribution Warehouse Operations Staff

The Province has made a commitment to the British Columbia Government and Service Employees' Union ("BCGEU") that unionized employees impacted by the DLP will be handled according to the memorandum of agreement signed between the BCGEU and government effective April 1st, 2012. A summary of the provisions is provided in Section 5.2.7 and a copy of the memorandum is available through the VDR.

3.4.7 Agreement Terms

The final terms and conditions contained in any Agreement for the In Scope and any Potential in Scope opportunities awarded pursuant to this NRFP will be negotiated with the Selected Proponent during Stage Four of this NRFP process. It is anticipated that the Province will circulate a draft Agreement to Short-Listed Proponents prior to the initiation of Stage Four of the NRFP.

3.4.8 Approvals Needed

Proponents should note that the decision to proceed with execution of any Agreement for the DLP will be subject to receiving appropriate executive approvals (e.g. Treasury Board) and if deemed necessary by the Province an independent financial review of the final deal.

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4 THE DISTRIBUTION OF LIQUOR PROJECT

4.1 SUMMARY

This section provides an overview of liquor distribution in BC and the role of the LDB.

4.2 LIQUOR DISTRIBUTION IN BRITISH COLUMBIA

4.2.1 Current Environment

In BC, the LDB is one of two branches of government responsible for the beverage alcohol industry. The *Liquor Distribution Act* gives the LDB the sole right to purchase beverage alcohol both within BC and from outside BC, in accordance with the federal *Importation of Intoxicating Liquors Act*.

Reporting to the Minister, the LDB:

- Handles the importation and distribution of beverage alcohol in BC;
- Operates GLS and distribution centers; and
- Has a general manager who is responsible for administering the *Liquor Distribution Act*, which includes the oversight of GLS, subject to direction from the Minister.

The other branch of government responsible for the beverage alcohol industry in BC is the Liquor Control and Licensing Branch (“LCLB”). The LCLB licenses private liquor stores, restaurants, pubs and manufacturers and enforces regulations under the *Liquor Control and Licensing Act*.

The LDB and LCLB have a shared responsibility to encourage the responsible consumption of beverage alcohol and work closely together to coordinate policies and programs to this end.

The LDB operates a province-wide, retail/wholesale beverage alcohol business within a mixed public-private model. The LDB has two major business activities:

- Sales of Product to all customers in BC (retail consumers and wholesale); and
- Warehousing and distribution of its purchased Product.

The LDB’s two major customers are retail customers (consumers) and Wholesale Customers.

Wholesale Customers purchase Product from the LDB and then sell the Products to consumers (their retail customers). Wholesale Customers of the LDB cannot sell to other wholesale customers (i.e., a licensee retail store cannot sell to a licensee).

Retail customers (consumers) of the LDB purchase beverage alcohol from GLS for consumption.

As part of BC’s mixed model retail system, the LDB is committed to providing its customers with an enhanced shopping environment, increased Product selection and a high level of service.

The LDB purchases beverage alcohol from more than s.17 suppliers and manufacturers within BC, across the country and around the world. Licensed manufacturers in BC include 242 wineries, 59 breweries and 17 distilleries.

BC's beverage alcohol retail model includes:

- Government owned and operated stores selling beverage alcohol to retail and Wholesale Customers;
- Licensee retail stores (private stores) licensed to sell all Products;
- Rural agency stores (general merchandise stores) in rural communities authorized to sell all Products;
- On-site manufacturer stores (wineries, breweries and distilleries) that sell the products that they manufacture;
- Off-site manufacturer stores (operated by the BC wine industry) that sell BC winery wine;
- Licensed establishments (bars, restaurants, pubs);
- Private wine stores (sells Import and Domestic wine); and
- Duty-free stores.

The current wholesale beverage alcohol distribution model in BC includes the two government distribution centers, GLS and a number of manufacturers and private distributors that are authorized to sell Product and distribute as agents of the LDB.

The LDB is one of the largest retailers in BC, with 37.8 million retail customer visits to BC liquor stores during fiscal 2010/11. The LDB also processed 407,000 wholesale customer transactions and makes available a wide selection of BC Product, Domestic and Import Product for its retail and Wholesale Customers.

To serve the interests of LDB customers and stakeholders the LDB:

- Delivers quality products and services;
- Provides products and services to a variety of beverage alcohol retail outlets throughout BC;
- Manages the importation, warehousing (with respect to products stored in its two distribution centers in Vancouver and Kamloops) and distribution of Product;
- Promotes the safe and responsible use of beverage alcohol; and
- Implements policies to ensure LDB workplaces are safe and free of harassment or discrimination.

In fulfilling its responsibilities to government and citizens of BC, the LDB:

- Generates revenue to the government of BC;
- Manages the LDB's business risks;
- Ensures accountability of key business partners; and
- Develops and implements programs and services aimed at deterring the sale of Product to minors, those who appear intoxicated, or those who are believed to be buying for either of these parties.

4.3 BEVERAGE ALCOHOL SUPPLY CHAIN IN BRITISH COLUMBIA

4.3.1 Overview

FIGURE 1 provides an overview of the overall beverage alcohol supply chain and depicts the various inputs and outputs into the LDB [Warehouses](#). More detailed information on the LDB business environment as well as a more detailed diagram of Product movement and sales in BC is provided in Appendix D and information on the [Warehouses](#) and the associated business processes is provided in Appendix E and F.

s.13

FIGURE 1

4.3.2 Public and Private Sector Involvement in BC Liquor Distribution

4.3.2.1 Importation of Beverage Alcohol

Products cannot be directly imported into BC without the LDB being the 'importer of record'. All Import beer has to be placed in a federal government approved custom bonded warehouse where the LDB, under the federal *Customs Act*, performs the necessary customs clearance for

the Product to be sold. All Import wine and spirits have to be placed into a sufferance bonded warehouse for custom clearance prior to being placed into excise warehouse. *These business processes will remain in place in the new service delivery model.*

Import Product Agents currently offer Import Product to the LDB at a given price. The LDB issues a 'purchase order/requisition to import' which allows the Import Product agent to import the Product into BC. *This business process will change in the new service delivery model.*

Import packaged beer can be distributed directly to GLS and Import packaged beer and kegs directly to Wholesale Customers. *This business process will remain in place in the new service delivery model.*

All Domestic and Import wines and spirits are currently processed through the LDB warehouse prior to distribution to GLS and Wholesale Customers. The LDB currently owns these products. *In the new service delivery model the supplier/ Agent will own Product inventory until purchased by a GLS or Wholesale Customer.*

All Import Product is initially held in an agent stocking warehouse as part of the LDB's Liquor Warehouse Program. *The Liquor Warehouse Program will be phased out in the new service delivery model.*

4.3.2.2 Distribution of Beverage Alcohol

The LDB is currently involved in distribution for a significant percentage of beverage alcohol products in BC (all spirits, most wine and some beer) through its Warehouses, two WCC's and its network of GLS. *This business process will change as a result of this DLP.*

BC Products (wines and beers) are currently direct distributed by private sector distributors. *This business process will remain in place in the new service delivery model.*

All Domestic wines and spirits currently have to pass through the Warehouses before being assembled and delivered to GLS and Wholesale Customers. *This business process will change as a result of this DLP.*

4.3.2.3 Sales of Beverage Alcohol to Retail Customers (Consumers)

The LDB currently sells to retail customers through 195 GLS and collected \$1.2 billion in sales in fiscal 2010/2011. *This business process will remain in place in the new service delivery model.*

The private sector liquor industry operates the majority of beverage alcohol retail outlets in BC, including licensee retail stores, rural agency stores, duty free stores and private wine stores, licensed establishments such as restaurants, pubs, and bars. *This business process will remain in place in the new service delivery model.*

Appendix E contains information on sales by distribution channel.

4.3.2.4 Sales of Beverage Alcohol to Wholesale Customers

The LDB is the only liquor wholesaler in BC however it does not physically handle all wholesale sales. Wholesale Customers can currently order directly from the LDB, from BC wineries and breweries, or from direct distributors for beer. Where Wholesale Customers order directly

from direct distributors or BC wineries and breweries, the sale is reported through the LDB. However the LDB has no involvement in the distribution of these goods.

In the new service delivery model Wholesale Customers will likely order directly from, BC wineries and breweries, from direct distributors of beer, GLS or from the Service Provider. All wholesale sales of beverage alcohol in BC will continue to be reported through the Ministry/ LDB.

Appendix E contains information on sales by distribution channel.

4.4 BEVERAGE ALCOHOL REGULATORY ENVIRONMENT

The LDB:

- a) Has prescribed authority with respect to beverage alcohol importation, distribution and warehousing in BC in accordance with federal and provincial liquor legislation and regulations (e.g. federal *Importation of Intoxicating Liquors Act*, *Excise Act 2001*, *Customs Act* and provincial *Liquor Distribution Act*); and
- b) Protects and collects all revenues due to the Province from beverage alcohol.

Under the *Excise Act 2001* each warehouse is responsible for excise duty they incur. The LDB is required to ensure that excise duty is reported and remitted when excise deferred product leaves the Vancouver or Kamloops distribution centre warehouses.

As the importer of record, under the *Customs Act*, the LDB:

- a) Performs the customs clearance of all Import wines and spirits prior to placement in an excise warehouse; and
- b) Tracks the inventory and performs the clearance, remittance and reporting of customs duties for Import beer.

The *Liquor Distribution Act* authorizes the LDB to open stores, set beverage alcohol pricing, and provides the ability for collection of all revenues due to the Province from beverage alcohol. The Act also authorizes the LDB to enter into agreements with BC manufacturer and beer distributors on matters relating to the acquisition possession and disposition of Product.

The Ministry/ LDB will maintain its prescribed authority with respect to beverage alcohol importation, distribution and warehousing in BC to ensure compliance with federal and provincial government regulations.

4.5 OVERVIEW OF LDB WAREHOUSES FACILITIES

4.5.1 Vancouver Distribution Warehouse

The Vancouver Distribution Warehouse is located at 3260 East Broadway, Vancouver (corner of East Broadway and Renfrew Street).

The Vancouver Distribution Warehouse has a total capacity of 250,000 sq ft. Of this capacity, 220,000 sq ft is warehouse floor space.

The Vancouver WCC operates out of the Vancouver Distribution Warehouse.

In addition to warehousing and distribution operations, the facility is used for the following:

4.5.1.1 Office Space

The Vancouver Distribution Warehouse has training rooms, office space, product rooms and meeting rooms.

4.5.1.2 Corporate Facilities

The Vancouver Distribution Warehouse houses the LDB cafeteria, a day care center, corporate mail room, corporate security control center and LDB's tier 1 help desk.

4.5.1.3 Government Liquor Store

The Vancouver Distribution Warehouse also houses a GLS.

4.5.1.4 Vancouver Data Center

The Vancouver Distribution Warehouse also houses the LDB's data center.

Further details on the Vancouver warehouse facility is provided in Appendix E.

4.5.2 Kamloops Warehouse

The Kamloops Distribution Warehouse is located at 9881 Dallas Drive, Kamloops.

The Kamloops Distribution Warehouse has a total capacity of 86,000 sq ft. Of this capacity 79,300 sq ft is warehouse floor space.

In addition to warehousing and distribution operations, the facility is used for the following:

4.5.2.1 Office Space

The Kamloops Distribution Warehouse has training rooms, office space and meeting rooms.

4.5.2.2 Kamloops Data Center

The Kamloops Distribution Warehouse also houses the Kamloops data center.

4.5.3 Overview of LDB Distribution Center Operations

4.5.3.1 Warehouse Operations (Overview)

The Vancouver Distribution Warehouse is staffed by approximately 400 retail stores and warehouse component employees (regular and auxiliary) working in three (3) shifts, Sunday evening through Friday afternoon.

The Kamloops Distribution Warehouse is staffed by approximately 70 RS&W employees (regular and auxiliary) working in single day shifts year round.

The Warehouses (including the Vancouver WCC) have an aggregated (Vancouver and Kamloops) current case throughput of 11.7 million cases (2010/2011 numbers). Of this number the Vancouver Distribution Warehouse has a case throughput of 9.3 million and the Kamloops Distribution Warehouse with a case throughput of 2.4 million.

Inventory demand is seasonal with current (March 2012) case stock of 386,000. Summer and Christmas volumes are traditionally higher with last summer (2011) reporting an inventory peak of 496,000 cases and Christmas 2011 with an inventory peak of 558,000 cases.

The Vancouver Distribution Warehouse and Kamloops Distribution Warehouse currently serve 195 GLS. Shipments to GLS include Product for Wholesale Customers that are serviced by the GLS. Volumes shipped to each store serviced by the Vancouver Distribution Warehouse vary by store but in general all GLS service Wholesale Customers.

The Vancouver Distribution Warehouse also serves festivals and events (e.g. Bordeaux and Beaujolais and Vancouver international wine festival).

Product returns to the Warehouses are only permitted for exceptions and closures. Delivery to customers is by an LDB fleet of vehicles consisting of 8 trailers/ trucks driven by 13 truck drivers. The LDB fleet is primarily used in the greater Vancouver regional area. The LDB also has several 3rd party contracts with delivery companies to supplement its logistical processes.

Further details on the [Vancouver warehouse and wholesale LDB Warehouses and distribution](#) operations are provided in Appendix D and E.

s.14, s.17

4.5.3.2 Vancouver and Victoria WCC's

The projected WCC sales for fiscal year 2011 – 2012 are anticipated to exceed \$470M.

At this time the WCC's service over 1200 customers including:

- 470 licensed retail stores;
- 500 licensees (e.g. restaurants, bars and pubs);
- 60 rural agency stores;
- 12 independent wine stores;
- 11 duty free stores; and
- Various ship chandlers, liquor boards (Yukon and NWT) and beverage alcohol agents.

Customers can order a maximum of 10% of their total order in single bottles. The WCC processes customer Product orders including single bottles and case lots. The Warehouses fill customer orders in Vancouver and Kamloops and over 600 direct delivery customers are served through the Warehouses. At this time over 285 customers actively order Products online.

The Vancouver WCC operates three shifts from Sunday afternoon to Friday afternoon. The Victoria WCC operates during regular office hours. The Vancouver WCC operates during all statutory holidays except for Christmas and New Year day and currently employs 78 staff (regular and auxiliary).

The Vancouver WCC also operates a wholesale customer call center that receives over 40,000 calls per year.

Further details on the Vancouver and Victoria WCC are provided in Appendix E.

4.5.4 LDB Information Technology Applications Landscape

The LDB's current distribution vision is to provide on-time delivery and order accuracy. This requires accurate inventory location management for receiving and order picking/shipping. The LDB has a suite of warehouse applications such as the radio beacon (RB v5.4) WMS application used to perform all warehouse activities related to the physical handling, storage and receipt and order picking/shipping of liquor product. The RB system uses RF scanning against product SCC codes and bin location barcodes for product and location lookup.

The LDB also utilizes a warehouse shipping schedule application that is a customized add-on application to Oracle e-Biz and is used by distribution operations to allow orders to be picked and shipped based on a master shipping schedule.

An inventory adjustment correction application is used to identify and manage inventory discrepancies between the available inventory in Oracle eBiz and what is in RB.

A detailed list of applications used during ~~warehouse and wholesale operations~~ Warehouse and distribution operations is provided in Appendix E.

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5 THE DLP OPPORTUNITY

5.1 OVERVIEW

The Province is seeking Proponents (with or without subcontractors) with the ability to deliver the In Scope requirements and optionally the Potential in Scope business opportunities.

SCOPE OF THE OPPORTUNITY

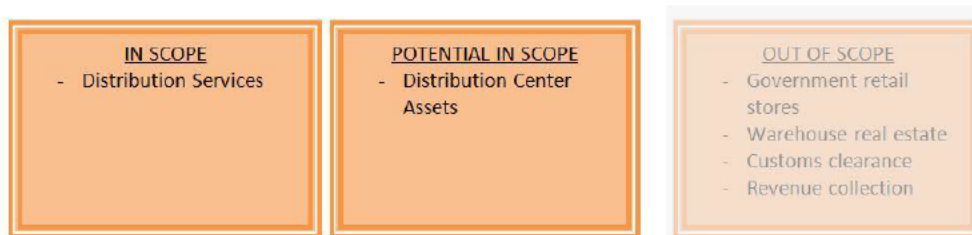


FIGURE 2

The primary objective of this NRFP is to identify qualified service providers with the expertise and capacity to provide the Distribution Services as set out in Section 5.2. All supply chain activities will conform to Key Performance Indicators as set out in the Agreement. There are approximately 500 unionized employees in the RS&W component that will be impacted by this DLP.

This is the In Scope business opportunity.

5.2 IN SCOPE BUSINESS OPPORTUNITY

5.2.1 Distribution Services Overview

The Province is seeking to optimize the beverage alcohol supply chain and believes that the function of warehousing and distribution of product to GLS and Wholesale Customers can be more effectively delivered by the private sector.

While this NRFP contains information on LDB's current ~~warehouse and wholesale distribution~~ [Warehouse and distribution](#) operations business processes, the Province is not expecting Proponents to plan to duplicate the processes but is looking for solid Proposals that demonstrate a credible Distribution Services plan that achieves the outputs and Key Performance Indicators the Province is looking to achieve.

The Agreement for Distribution Services with the Service Provider will be to meet the supply requirements of the GLS and Wholesale Customers, anywhere in BC. There is an expectation that the Service Provider will have or will be able to implement a well developed logistics management solution to ensure that GLS and Wholesale Customer beverage alcohol product

demand and supply is optimized and the key performance indicators consistently met or exceeded. This includes appropriate warehousing of inventory as needed to meet supply demands over the term of the Agreement.

s.13

5.2.1.1 Supply Chain Optimization Opportunity

With the removal of the LDB ~~warehouse~~ Warehouses and distribution operations from the current supply chain there is an opportunity to look at all the business process functions in scope to this DLP so as to optimize the overall import, order and delivery to retail supply chain. (The Ministry/ LDB will retain responsibility for collecting and remitting revenue collected from wholesale sales of beverage alcohol).

When developing Proposals for the Distribution Services, Proponents should propose changes to the overall supply chain including the importation process, associated s.14, s.17

s.14, s.17 role of the retail accounting center (beer), order taking from Wholesale Customers and GLS, assembly and delivery of Product etc.

s.14, s.17

5.2.1.2 BC Wineries and BC Beer Manufacturers

BC manufactured wines and beers can continue to be delivered directly to Wholesale Customers and GLS. However depending on the outcome of this DLP, BC wineries and BC beer manufacturers may decide to change some of their logistical processes to align with the new state established as a result of this DLP.

Any impacts as a result of the NRFP to existing business process and inventory flow from BC wineries and BC manufactured beer (and its distributors) will be addressed separately by the Province.

5.2.1.3 Domestic Beer, Wine and Spirit Producers

The LDB currently orders and pays for Domestic Product (wines and spirits) for delivery directly to the Warehouses. Domestic beer can be ordered and distributed directly to GLS and Wholesale Customers. The LDB owns Domestic Product inventory in its Warehouses. In the new service delivery model the Domestic supply chain (e.g. order, payment, delivery and order assembly process of these Products, to delivery to GLS and Wholesale Customers) will need to be considered in the Proponent's Distribution Services Proposal. Depending on the outcome of this DLP, Domestic Product suppliers/ Agents may need to align their business processes to the new service delivery model.

Any impacts as a result of the NRFP to existing business process and inventory flow from Domestic Product suppliers/ Agents will be addressed separately by the Province.

5.2.1.4 Liquor Warehouse Program

The Liquor Warehouse Program will be phased out in the new service delivery model.

5.2.1.5 Wholesale Customers

The LDB WCC currently provides enhanced services to its customers, e.g. single bottle orders, no minimum order size requirements, non-stocked wholesale Product processes, special orders and customer specific Products (e.g. house brands).

GLS also supply Product to smaller Wholesale Customers that arrange to have their Product picked at the GLS.

As part of the Proponent's supply chain optimization solution, Proponents may want to consider the types of services that the LDB currently provides to its Wholesale Customers when designing their proposed Distribution Services solution. Appendix E provides more details on the services provided by LDB's WCC | s.13, s.14

5.2.1.6 New Service Delivery Model

The LDB currently purchases Import, Domestic and BC Product and stores these Products in its Warehouses for distribution. A Proponent's Distribution Services Proposal should consider the

new service delivery model where the supplier/ Agent will own Product inventory until purchased by a GLS or Wholesale Customer.

There is a requirement that the Service Provider includes postage stamp pricing (i.e. same price for delivery of Product anywhere in BC) for delivery of Product orders to all regions of BC and to provide a description of services and price catalogue for all services to be offered.

As a final outcome the Province is seeking solutions that meet the goals and expected benefits outlined in Section 3.2.

5.2.2 Business Process Function Requirements – Service Provider

This section describes what the operating requirements are for the desired Distribution Services. As an option, Proponents may also recommend changes to current delivery processes (or any key touch point in the supply chain that is in scope) that may further optimize its proposed warehousing and Distribution Services model and improve the supply chain. The Ministry/ LDB will need to assess any proposed business process/ supply chain change against federal and provincial regulations for the distribution of Product in BC, government revenue from the sale of Product as well as the effect on other stakeholders and vendors in the BC industry.

In delivering Distribution Services, the Service Provider will be required to:

- 5.2.2.1 Warehouse Product (compliance with existing federal and provincial regulation, e.g. custom bonded, sufferance and excise) as needed to meet the supply chain requirements of the industry.
- 5.2.2.2 Supply GLS and Wholesale Customers with the required inventory and Product requirements according to agreed upon Key Performance Indicators. Appendix E provides details on historical purchase and sales volumes and Product types for reference.
- 5.2.2.3 Maintain a cost effective demand and logistics business process so that inventory management (e.g., customs clearance and excise process, replenishment, Product tracking and updates, capacity planning, inventory rotation, sales order processing, Product forecasting, pallet control, safety compliance) processes meet the variable delivery demands of GLS and Wholesale Customers.
- 5.2.2.4 Establish an effective replenishment solution that streamlines the purchase order taking business process, allows for monitoring of related KPI's and improves product delivery scheduling and management from point of Product replenishment and delivery of product at the Service Provider's warehouse. Proponents should provide options as to how this business process can be streamlined so as to increase efficiency and lower costs in the supply chain.
- 5.2.2.5 Include a postage stamp pricing model for delivery within BC so that rural area consumers are not unfairly impacted by a variable delivery cost structure. Proponents should articulate how their proposed postage stamp delivery model is incorporated in their Distribution Services financial model for delivery of

Product to GLS and Wholesale Customers and how this impacts the overall market place.

Appendix E provides historical information on inventory flow through the LDB warehouse. And Appendix G provides an overview of LDB financials and Appendix K a financial template for response to this NRFP.

- 5.2.2.6 Establish an effective customer order processing solution that streamlines the order taking business process, allows for monitoring of KPI's and improves product delivery scheduling and management from point of order receipt, invoicing to delivery of product at the GLS and Wholesale Customer's receiving docks. The order taking solution should allow GLS and Wholesale Customers to place orders online and be supported by an appropriate help desk. The Service Provider should also be able to manage Product purchase from other liquor jurisdictions and out of province sales (e.g. Yukon [and North West Territories Liquor Boards](#)). Proponents should provide options as to how this business process can be streamlined (e.g. more Wholesale Customers ordering online) so as to increase efficiency and lower costs in the supply chain.
- 5.2.2.7 Ensure effective delivery scheduling management (e.g. freight management) and shipping tracking (e.g. pallet bar code packing documents, fleet monitoring) for delivery of product from the Service Provider to GLS and Wholesale Customers. Detail of Wholesale Customers currently served by the LDB is provided in Appendix E.
- 5.2.2.8 Maintain Key Performance Indicators consistent with modern warehousing and distribution operations and which may include KPI's such as monitoring and reporting on order picking accuracy, order fill rate, on time ready to ship, order delivered on time, KPI's related to any proposed supply chain optimization opportunities proposed by the Proponent as well as customer service specific indicators and measures.
- The Province anticipates that the Agreement will include KPI's reflecting liquor industry best practices. Proponents should propose KPI's with respect to the Distribution Services and specify what the KPI's measure, how they are measured, targets and proposed remedies for failing to meet the Proponent's proposed targets. A list of current KPI's are provided in Appendix E.
- 5.2.2.9 Every two years conduct a GLS and Wholesale Customer satisfaction survey. The Service Provider in conjunction with the Ministry/ LDB will determine the list to be compiled. The survey parameters may change from year to year as agreed to by the parties but should include the following: Product replenishment, the Service Provider's Wholesale Customer website, ~~product~~ [Product](#) delivery, and invoicing and customer service (e.g. complaint resolution) experience. Appendix E includes a 2010 LDB Wholesale Customer survey report and is accessible from the VDR.

5.2.2.10 Track inventory for inventory management and where applicable, customs and excise purposes. The Service Provider is expected to provide the Ministry/ LDB with electronic visibility (e.g. through a website or interface) of real time inventory on hand at the Service Provider's warehouse as well as throughout the Service Provider's supply chain.

5.2.2.11 Maintain information technology systems consistent with a modern enterprise level warehousing and distribution business. The Service Provider's information systems will be required to interface with the Ministry/ LDB systems so that import product customs clearance notifications (currently first initiated by the Ministry/ LDB) received by the Ministry/ LDB automatically drive initiation of ~~product~~ Product movement into an excise or sufferance warehouse for sale, assembly and shipment to the GLS or Wholesale Customers. The Service Provider's systems should be capable for providing demand planning and forecasting, forwarding warehouse receipt information, master data updates and sales data to the Ministry/ LDB. The Ministry/ LDB also requires access to real time performance related data so that the Ministry/ LDB may perform regular KPI tracking, monitor performance and revenue flow and to enable the Ministry/ LDB to meet its federal and provincial regulatory obligations. The LDB currently runs Oracle financials suite, v11.5. Appendix E provides an overview of the LDB's current warehouse related information systems.

s.14, s.17

5.2.3 Policy and Regulatory Compliance Requirements – Service Provider

This section describes policy and regulatory compliance requirements that the Service provider will need to adhere to during delivery of the Distribution Services.

The Service Provider is required to factor the following into its proposed Distribution Services model:

5.2.3.1 Provincial privacy policy

The Distribution Services Agreement may entail management of sensitive personal information from its collection through to its destruction. The Service Provider will have to be able to ensure that personal information it may deal with will not be disclosed and will be kept secure.

Where applicable, the Service Provider will be required to comply with BC laws governing the collection, use and disclosure of personal information, including the *Freedom of Information and Protection of Privacy Act* (FOIPPA), the *Personal Information Protection Act*, the *Document Disposal Act*, the *Personal Information Protection and Electronics Documents Act* (Canada), and any other applicable legislation. The Service Provider will be required to adhere to a Privacy Protection Schedule attached to the Agreement.

Requirements related to privacy, including the role of the Information and Privacy Commissioner, and the privacy policies that apply to projects of provincial scope, may be

further discussed during Stage Three Proposal Improvement Process and negotiated during Stage Four – Due Diligence and Negotiations with the Selected Proponent.

5.2.3.2 Information technology policy

The Distribution Services may entail management or transmission of sensitive, confidential (e.g. financial) or personal information. Pursuant to the Province's security policies, the Service Provider becomes, on behalf of the Province, the custodian of this data and associated records with respect to the services provided.

Requirements related to information technology related security may be further discussed during Stage Three Proposal Improvement Process and negotiated during Stage Four – Due Diligence and Negotiations with the Selected Proponent.

5.2.3.3 Intellectual property policy

The Province will without limitation be the exclusive owner of all intellectual property rights, including copyright, in all:

- (i) material that have been provided by or on behalf of the Province, the Ministry or LDB to the Proponent as a result of this NRFP or the Agreement; and
- (ii) new material (other than pre-existing or independently created materials) produced by the Service Provider under the Agreement solely for the benefit of the Province, the Ministry or the LDB.

Detailed requirements related to intellectual property will be set out in the draft Agreement to be circulated by the Province at a later date and will be further discussed with the Selected Proponent during Stage Four – Due Diligence and Negotiations.

5.2.3.4 Federal government customs and excise regulatory compliance.

In delivery of the Distribution Services the Service Provider will comply with all federal government customs and excise regulatory requirements as required.

5.2.3.5 Provincial liquor approval and regulations.

In delivery of the Distribution Services the Service Provider will comply with all provincial approvals and regulations.

5.2.4 Governance and Stakeholder Relationship Requirements – Service Provider

This section describes governance and stakeholder relations requirements that the Service provider will need to adhere to during delivery of the Distribution Services.

The Service Provider is required to factor the following into its Distribution Services model:

5.2.4.1 Service delivery governance

As a result of this NRFP there will be a service delivery governance structure to oversee and manage the Agreement between the Ministry/ LDB and the Service Provider. The specific

governance and contract management structure and processes for the Distribution Services will be agreed in Stage Four of the NRFP process with the Selected Proponent. The management and governance structure will be based on recognized industry best practices for sustaining similar services agreements.

5.2.4.2 Stakeholder relations plan

The Service Provider and Ministry/ LDB will work on and maintain a stakeholder relations plan during the term of the Agreement. The purpose of the stakeholder relations plan is to provide a framework for ensuring that all stakeholders (e.g. Wholesale Customers, government – federal, provincial and municipal, the public, supplier/ Agent participants, BC wineries, beer distributors, associations, etc) are provided a consistent view of the functioning and performance of the beverage alcohol supply chain and the role of the Ministry/ LDB and the Service Provider within that supply chain.

5.2.5 Transition Strategy including Ramp-up Schedule Requirements – Service Provider

This section describes the transition and ramp-up scheduling requirements needed in order to ensure smooth transition of LDB ~~warehouse~~ Warehouses and ~~wholesale~~ distribution operations to the Service Provider.

The Service Provider is required to factor the following into its Distribution Services model:

- a) Design, develop and implement a transition plan (including ramp-up schedule) to ensure orderly transfer of ~~warehouse~~ Warehouses' and ~~wholesale distribution~~ RS &W staff, business processes and supporting technology from the LDB to the Service Provider. This transition plan should be based on a completion date no later than March 31st, 2015.
- b) Implement a coordinated Service Provider/ Ministry/ LDB change management process to facilitate the transition process.
- c) A transition out plan to take place at end of the term of the Agreement.
- d) Proposed plan in the event use of the Vancouver Distribution Warehouse or Kamloops Distribution Warehouse (including Operational Assets as applicable) is required for transition purposes.

Proponents should note that the scope of the Distribution Services (including optimization opportunities proposed for the BC beverage alcohol supply chain) may result in a degree of change management for all stakeholders in the market place. Proponents should explain their change management process needed to successfully transition services.

5.2.6 Risk Management and Business Continuity Requirements – Service Provider

This section describes the risk management and business continuity requirements needed in order to manage risk associated with being a significant warehouser and distributor of beverage alcohol in BC.

The Service Provider is required to factor the following into its Distribution Services model:

- a) Maintain an appropriate risk management and business continuation plan consistent with the requirement to meet agreed to Key Performance Indicators.

5.2.7 Labour Relations and Staffing Requirements – Service Provider

This section describes labour relations and staffing requirements that the Selected Proponent will need to adhere to during preparation for delivery of the Distribution Services.

The BCGEU and government have entered into a memorandum of agreement regarding the disposition of the LDB ~~warehouse and wholesale~~ Warehouses and distribution operations. This agreement came into effect on April 1, 2012. While the agreement is provided in the VDR for viewing, the following provides a summary of the requirements that Proponents will need to address in their Proposal submissions.

- 5.2.7.1 All distribution centre and wholesale customer centre employees in the RS&W employed at the Vancouver and Kamloops distribution centres and Stores 100 and 231 whose job is made redundant by the DLP will be offered employment with the Service Provider. Auxiliary employees hired by the LDB after March 31, 2012 will be designated as special project employees as per clause 31.5(d) of the collective agreement.
- 5.2.7.2 The Service Provider will be required to structure its business to be eligible for participation in the public service pension plan.
- 5.2.7.3 The Service Provider will apply to the public service pension plan to become a participating employer in the pension plan.
- 5.2.7.4 The Service Provider will recognize the existing union certification and meet with the BCGEU prior to the transfer of the program for the purpose of consolidating the current master and applicable component agreements into one amended agreement which is relevant to the sector. If an extension of the term of the agreement is required, the parties shall agree on appropriate amendments including compensation. It is agreed that a desired outcome is an agreement with at least two years duration from the date of disposition of the program to expiry of the agreement.
- 5.2.7.5 The parties recognize that employees should be encouraged to accept employment with the Service Provider.

Proponents should note that, prior to any transition of staff, the Province will offer early retirement and voluntary departure programs for impacted employees.

As part of the NRFP process, the Province will be evaluating the Proponent's ability to manage the labour relations aspects of the DLP and to ensure a smooth transition for affected staff and operations. Experience with similar transfer situations, including change management, will be considered as part of the evaluation process of the Proponent. Proponents are asked to detail their labour relations strategy and their anticipated implications resulting from it.

Approaches related to labour relations may be discussed with Short-Listed Proponents during the Stage Three Proposal Refinement Process and may be subject to further negotiations with the Selected Proponent during Stage Four.

5.2.8 Role of Ministry/ LDB in the Distribution Services

This section describes the anticipated roles and responsibilities of the Ministry/ LDB during delivery of the Distribution Services. The Ministry/ LDB will develop a governance framework that will be incorporated into the Agreement. Under such a governance framework the Ministry/ LDB will:

- 5.2.8.1 Be an active participant in the Service Provider's transition strategy to ensure smooth transition of warehouse and wholesale distribution operations from the LDB to the Service Provider. The role of the Ministry/ LDB in the Service Provider's transition strategy will be negotiated with the Selected Proponent during Stage Four of this NRFP process.
- 5.2.8.2 Provide active oversight over the Distribution Services delivered by the Service Provider and where required under established federal and provincial regulations or under the Agreement. This may include on-site auditing for compliance with regulations or policy.
- 5.2.8.3 Every two years ensure that Distribution Services pricing is consistent with industry standards and best practices. For clarity the Ministry/ LDB anticipates that the Agreement will contain robust benchmarking processes.
- 5.2.8.4 Provide oversight and work with the Service Provider on monitoring and addressing KPI issues through the governance process.
- 5.2.8.5 Transition of Product replenishment processing to the Service Provider's business process.
- 5.2.8.6 Transition GLS and Wholesale Customer's ordering processes to the Service Provider's order processing (order taking) business process.
- 5.2.8.7 Work with the Service Provider through a governance process that will be established under the Agreement.
- 5.2.8.8 Work with the Service Provider on service related communications during the term of the Agreement.
- 5.2.8.9 Work with the Service Provider on establishing the appropriate price for their services and establishing appropriate economic returns for the Service Provider.
- 5.2.8.10 Participate in any joint roles (e.g. bi-annual customer satisfaction surveys, stakeholder relations etc) as agreed to in the Agreement.

s.14

5.2.9 Responsibilities Remaining with the Ministry/ LDB

This section describes the responsibilities that the Ministry/ LDB will retain on conclusion of the DLP.

The Ministry/ LDB will retain responsibility for:

- 5.2.9.1 Importer of record, policy and regulations.
- 5.2.9.2 Customs and excise clearance of Import Product.
- 5.2.9.3 Collection and remittance of revenue collected from sales of Product to GLS and Wholesale Customers including disbursements to the Service Provider and suppliers/ Agents.
- 5.2.9.4 Compliance auditing.
- 5.2.9.5 Operation of the GLS (currently 195 stores across BC).
- 5.2.9.6 Contract management office for the Distribution Services and other authorized distributors of BC manufactured Product.

s.14, s.17

5.3 POTENTIAL IN SCOPE REQUIREMENTS

5.3.1 Operational Assets

The Warehouses contain substantial assets used to support their operations (the “Operational Assets”). A list of the Operational Assets is provided in Appendix G. Proponents wishing to purchase some or all of the Operational Assets may elect to do so by indicating an interest in their Proposal.

Proponents should note that offers to purchase Operational Assets will not be evaluated in this NRFP. In particular, it should be noted that offers for Operational Assets will not be considered in the Stage Two identification of Short-Listed Proponents or the Stage Three selection of the Selected Proponent for the Distribution Services.

In the event the Selected Proponent had included an interest to purchase the Operational Assets in its Proposal, then the Province may in its sole discretion negotiate the sale of the Operational Assets with the Selected Proponent during Stage Four of the NRFP process. Notwithstanding the foregoing, the Province is not obligated to sell the Operational Assets to the Selected Proponent, or any other Proponent, and the Province in its sole discretion may dispose of the Operational Assets according to BC government disposal processes separate from this NRFP at a time deemed appropriate by the Ministry/ LDB.

5.4 OUT OF SCOPE TO THIS NRFP

5.4.1 Government Liquor Stores (GLS)

Apart from the supply chain aspects outlined in this NRFP, the GLS are out of scope to this procurement.

5.4.2 BC Manufacturers and BC Products

The role of BC manufacturers in distributing their Product to the supply chain to GLS and Wholesale Customers is out of scope to this procurement.

5.4.3 Customs and Excise Clearance and Revenue Collection

The Ministry/ LDB will retain responsibility as Importer of record and for customs and excise clearance of Import Product and Domestic Product and for collecting and remitting revenue collected from wholesale sales of Product.

5.4.4 Sale of Vancouver and Kamloops Distribution Center Warehouse Real Estate

Sale of the Vancouver and Kamloops warehouse real estate is out of scope to this procurement. The Province intends on disposing of the real estate in a separate real estate process.

5.5 DISTRIBUTION SERVICES FINANCIAL MODEL REQUIREMENTS

The Province is looking for a supply chain solution that addresses the goals and expected benefits outlined in Section 3.2. In addition, Proponents' economic models should address the following financial objectives throughout the term of the Agreement:

1. Demonstration of value for money;
2. Financial transparency into services prices and cost drivers;
3. Pricing certainty over the short-term with visibility into future year prices;
4. Achievement of on-going cost savings from innovation and productivity gains;
5. Flexibility to handle permanent and temporary changes in scale;
6. On-going risk management, including the quantification of risks with clearly defined accountability for each risk;
7. Capacity and willingness to make the required investments to support the proposed Services; and
8. Provide equal or improved service quality as of the services commencement date, while improving service quality over the term of the Agreement.

A financial model template is provided in Appendix K that should be used in order to build a financial proposal and which has to be included in the Proposal.

Proponents are to follow the instructions contained in Appendix K and provide all long-term annual prices for all proposed services. Proponents are also to document all operational and financial assumptions within Appendix K.

Section 8.2.8 provides some guidance on the types of information required in a financial proposal for the Distribution Services being proposed.

5.6 REFERENCE CHECKS

Proponents are asked to provide reference contacts who can verify the capability, capacity and experience of the Proponent. Section 8.0 provides information of the type of information required. A Proponent's reference check will take place at two steps in the process as described below.

5.6.1 Government Reference Check

After receipt of Proposals the Province will conduct a government reference check on all Proponents according to government core policy requirements. This reference check will only look at past contracts over \$1M that the Proponent had performed for government over the past three years. Any Proponent failing to pass the government reference check will be disqualified from the NRFP process. Government's vendor reference check review policy may be viewed in section 6.3.3 b(1) of Government's core policy at: http://www.fin.gov.bc.ca/ocg/fmb/manuals/CPM/06_Procurement.htm.

A Proponent who has not had any contracts with government over \$1M in the past three years will be considered to have passed this reference check.

5.6.2 Customer Reference Check

Following the evaluation and scoring of Proposals in Stage Two, but prior to the completion of the Stage Two process, the Province will rank the Proponents based on the scores of their Proposals. The Province will then conduct more fulsome customer reference checks with respect to up to the three top ranked Proponents. These reference checks will be based on the references given by the Proponents and taking into account the capability, capacity and service delivery performance of these Proponents. The Province may also, at its sole option, undertake further reference checks by contacting other corporate and project references in addition to the ones provided by the Proponent. Proponents failing to pass the customer reference checks will be disqualified from the NRFP process and may at the discretion of the Province be replaced with the next-ranked Proponent, who will also be subject to the above-described reference checks. Only Proponents that pass the customer reference checks are eligible to be selected as a Short-Listed Proponent.

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6 NEGOTIATED REQUEST FOR PROPOSAL PROCESS

6.1 OVERVIEW OF THE NRFP PROCESS

This Negotiated Request for Proposal process is comprised of 4 stages commencing with:

- The completion and submission of the Declaration, Proposal Submission Form and Proposal and subsequent screening, rectification process (Section 6.2) and government reference checks (described in Section 5.6.1), (Stage One);
- The evaluation and ranking of Proposals culminating in up to the top 3 ranked Proponents (subject to satisfactory customer reference checks) being designated the Short-Listed Proponents (described in Sections 6.3 and 7.2), (Stage Two);
- Short-Listed Proponents will be given the opportunity to refine and optimize their Proposals, obtain additional necessary information and meet with provincial representatives as required. This is followed by Short-Listed Proponents submitting Refined Proposals, evaluation and ranking of Refined Proposals by the Province and culminating in the top ranked Short-Listed Proponent being designated the Selected Proponent (Stage Three). This is further described in Section 6.4 and Section 7.3;
- The Selected Proponent entering into a due diligence and negotiations process where the Agreement is negotiated with the Province as described in Section 6.5, (Stage Four).
- After satisfactorily negotiating with the Selected Proponent, and subject to appropriate approvals (e.g. Treasury Board) and an independent financial deal review if necessary, the Agreement will be executed.
- After conclusion of the NRFP process the unsuccessful Proponents will be offered debriefing sessions.

The NRFP process is illustrated in FIGURE 4 below.

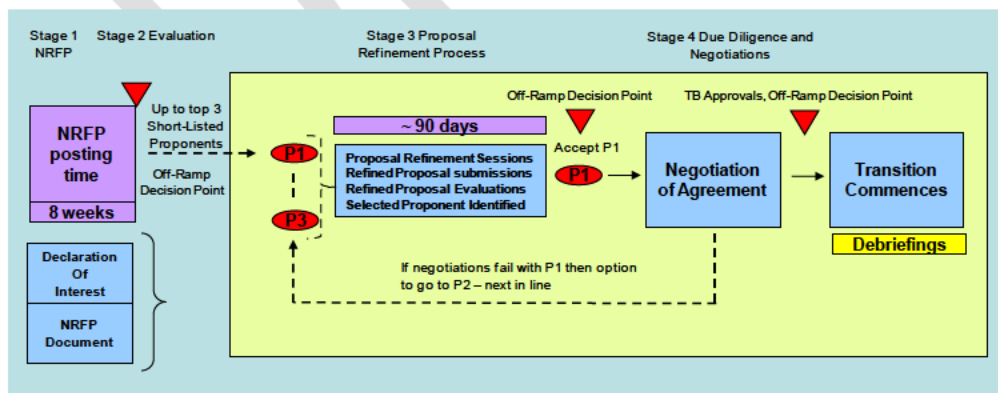


FIGURE 4 – DLP NRFP Process

6.2 STAGE ONE – SCREENING FOR SUBMISSION REQUIREMENTS AND RECTIFICATION PROCESS

Stage One will consist of a review of all Proposals to ensure that they satisfy the submission requirements. The Proposals that satisfy the submission requirements will proceed to Stage Two. Section 8.0 provides a Proposal response guideline that should be used when preparing Proposals. The submission requirements are contained in the Proposal Submission Form available separately on the BC Bid Website. Proponents should complete, sign and submit the Proposal Submission Form in accordance with the instructions in the NRFP.

The Province will review each Proposal Submission Form for completeness. In the event the Province determines a Proposal Submission Form is incomplete, the Province will:

- a) Make a list of deficiencies noted;
- b) Return the Proposal Submission Form with the list of deficiencies to the Proponent for correction; and
- c) Set aside the Proponent's Proposal until the Proponent has rectified the deficiencies to the satisfaction of the Province within the time prescribed for such correction.

Proponents will have up to seven calendar days, commencing from the date the Proponent receives the list of deficiencies, within which to return the corrected Proposal Submission Form to the Province. The Province will review the corrected and resubmitted Proposal Submission Form. If the Province is satisfied that the deficiencies have been rectified, the Proponent's Proposal will proceed to Stage Two.

If a Proponent fails to submit a compliant Proposal Submission Form within the prescribed timeframe, then the Proponent's Proposal will be returned to the Proponent unread.

Where time permits, the Province may allow Proponents additional opportunities to remedy any aspects of their submission requirements that are deficient. However, the Province is under no obligation to allow Proponents the opportunity to remedy any omissions after the above noted deadline for rectification.

Prior to commencing the evaluations in Stage Two the Province will perform the government reference checks described in section 5.6.1 above.

6.3 STAGE TWO - EVALUATION AND RANKING OF SHORT-LISTED PROPONENTS

The Province will evaluate Proposals according to the Stage Two evaluation process and evaluation criteria outlined in Section 7.2 and Proponents' Proposals will be ranked accordingly.

Up to the top 3 Proponents will be deemed the Short-Listed Proponents and be invited to enter into Stage Three of the NRFP process, subject to satisfactory conclusion of customer reference checks by the Province (see Section 5.6.2). Reference checks will be determined on a pass or fail basis. The evaluation scores of the Short-Listed Proponents from Stage Two will not be carried forward to Stage Three.

The remaining Proponents will be advised of their ranking and offered debriefing sessions. Debriefing sessions will be held after conclusion of the NRFP process.

In the event the Province is unable to obtain Proposals that meet the procurement objectives the Province reserves the right to terminate the NRFP according to the terms of this NRFP and the Declaration.

6.4 STAGE THREE – PROPOSAL REFINEMENT PROCESS

6.4.1 Purpose of this Stage Three

The purpose of Stage Three is to allow Short-Listed Proponents the opportunity to refine and optimize their Proposals, obtain additional necessary information and meet with provincial representatives as required. After such refinement, those Proponents will then be invited to submit their Refined Proposals. Upon receiving the Refined Proposals from all of the Short-Listed Proponents participating in this stage, the Province will proceed to evaluate all of the Refined Proposals according to the evaluation criteria table described in Section 7.3 to establish its final ranking of Short-Listed Proponents for the purposes of proceeding to Stage Four.

The remaining Short-Listed Proponents will be advised of their standing in writing. The Province intends to hold the debriefing sessions after conclusion of the NRFP process.

6.4.2 Conduct of the Stage Three Proposal Refinement Process

The Province will establish an Information Control Office with procedures and schedules for conducting the proposal refinement sessions. These procedures will be distributed in writing to the Short-Listed Proponents prior to the commencement of the discussions. In particular, the Proposal refinement sessions are intended to:

- a) Allow the Province to obtain clarification regarding written Proposals and address any perceived deficiencies, ambiguities, or weaknesses observed during the paper-based evaluation of the Proposals;
- b) Ensure that Short-Listed Proponents understand the baseline business requirements and confirm that the Proponents' representations meet these requirements and are accurate;
- c) Give Short-Listed Proponents the opportunity to optimize Proposals, obtain additional necessary information and meet with provincial representatives as required;
- d) Clarify any issues or assumptions regarding any proposed Potential in Scope options; and
- e) At a Short-Listed Proponent's request the Province may hold individual site tours for Short-Listed Proponents at the Vancouver and Kamloops warehouse facility as well as the Victoria wholesale operations facility.

6.4.3 Evaluation of Refined Proposals

Short-Listed Proponents will be provided an opportunity to improve their proposals and submit a Refined Proposal by a specified date. When submitting their Refined Proposals, Short-Listed Proponents will be asked to highlight aspects of their Refined Proposals that vary from their original Proposals. Where a Short-Listed Proponent chooses not to submit a Refined Proposal, its original Proposal will be deemed to be its Refined Proposal and used by the Province for the Stage Three evaluations.

The Province anticipates that the Short-Listed Proponents will use material previously created for their Proposal submission and provide amendments arising as a result of the Stage Three activities in their Refined Proposal.

The Province intends on providing Short-Listed Proponents a Stage Three response guideline to be used in preparing their Refined Proposal. The Province anticipates that the Short-Listed Proponents' Refined Proposal guideline will be substantially similar to the Stage Two Proposal response guideline provided in Section 8.2 and Section 8.3.

The Province will evaluate and rank the Refined Proposals in accordance with the Stage Three evaluation criteria provided in Section 7.3. The Short-Listed Proponent submitting the top-ranked Refined Proposal will be selected to proceed to Stage Four as the Selected Proponent.

In the event the Province is unable to obtain Proposals or a Refined Proposal that meets the procurement objectives the Province reserves the right to terminate the NRFP according to the terms of this NRFP.

6.5 STAGE FOUR – DUE DILIGENCE AND NEGOTIATIONS PROCESS

6.5.1 Purpose of this Stage Four

The purpose of Stage Four is to engage in due diligence and negotiations activities with the Selected Proponent.

At the successful conclusion of the Stage Four due diligence and negotiations process, the Ministry/ LDB intends to execute an Agreement for the In Scope requirement and/ or Potential in Scope options proposed by the Selected Proponent.

6.5.2 Negotiations Intent

Any negotiations will be subject to the terms and conditions of the Declaration and will not constitute a legally binding offer to enter into an Agreement for Distribution Services on the part of the Province or the Selected Proponent. Negotiations may include requests by the Province to the Selected Proponent to further verify, clarify or supplement the information provided in its Proposal or Refined Proposal (as the case may be) or confirm the conclusions reached in the evaluation and may also include requests by the Province for improved financials. The Province intends to conduct negotiations within the Timeframe for Negotiations. A Proponent invited to enter into negotiations should therefore be prepared to provide requested information in a timely fashion and to conduct its negotiations expeditiously.

6.5.3 Failure to Enter into Agreement

Proponents should note that at any time within the Timeframe for Negotiations the Province may discontinue further negotiations with the Selected Proponent and invite the next ranked Short-Listed Proponent to enter into negotiations. Subject to the Province's right to cancel the NRFP, this process may continue until the successful completion of negotiations or until there are no more Short-Listed Proponents remaining that are eligible for negotiations. In accordance with the terms and conditions of the Declaration, there will be no legally binding relationship created with any Proponent prior to the execution of a written agreement.

In the event the Province is unable to obtain Proposals or Refined Proposals that meet the procurement objectives the Province reserves the right to terminate the NRFP according to the terms of this NRFP.

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7 DLP PROCUREMENT EVALUATION PROCESS

7.1 STAGE ONE – SCREENING FOR SUBMISSION REQUIREMENTS AND RECTIFICATION PROCESS

There is no evaluation process for this Stage One. However Proponents are required to sign and return the Declaration of Interest and Acceptance of Terms of Reference prior to receiving the detailed business and technical requirements and to gain access to the VDR.

7.2 STAGE TWO – EVALUATION PROCESS

This NRFP does not contain mandatory criteria for screening purposes. However Proposals should be in English. Proposals will be evaluated based on the evaluation criteria listed in the table in Section 7.2.1 below.

Proponents are required to provide Proposals for the In Scope business opportunity and optionally for the Potential in Scope business opportunity.

7.2.1 In Scope Evaluation Criteria

Proposal responses for the In Scope Distribution Services opportunity will be evaluated according to the evaluation criteria table provided below. Proponents should provide a fulsome response for each sub-criterion listed in the categories below. Proponents should not assume that the sub-criteria are weighted equally.

Stage Two Evaluation Criteria Table – In Scope	
Distribution Services	Weighting Stage Two
1. (a) Proponent Capability and Capacity	15%
a) Proponent Profile (Lead and subcontractors if any)	
b) Demonstrated experience in large scale warehousing and wholesale distribution of retail products and controlled substances such as the beverage alcohol business	
c) Demonstrated experience with transition planning and transitioning services of similar size and magnitude to the In Scope requirements	
d) Demonstrated experience in inventory, demand and delivery management on a scale similar to the requirements described in the NRFP	
1. (b) Proponent Corporate and Financial Capacity	
a) Corporate and financial capacity	

Stage Two Evaluation Criteria Table – In Scope	
Distribution Services	Weighting Stage Two
2. Distribution Services Solution	30%
a) Warehousing plan b) Supply chain optimization opportunities c) Inventory management plan considering wholesale and retail structure in B.C. d) Delivery scheduling management e) Key performance indicators f) Online order processing including help desk g) Systems integration and reporting h) Compliance with provincial and federal policy and regulatory framework	
3. Governance and Stakeholder Relationship Plan	5%
a) Service delivery governance structure and plan	
b) Stakeholder relations plan	
4. Transition strategy including Ramp Up schedule	10%
a) Transition strategy including ramp-up schedule	
b) Change management strategy	
5. Risk Management and Business Continuity	5%
a) Risk management plan	
b) Business continuity plan	
6. Labour Relations Strategy and Staff Successorship Plan	10%
a) Labour relations strategy	
b) Staffing Successorship plan	
7. Financial Model and Pricing Submission	25%
a) Financial model and pricing submission	
TOTAL	100%

7.2.2 Evaluation of Potential in Scope - Operational Assets

As described in Section 5.3, offers for the Operational Assets will not be evaluated during the Stage Two evaluations and therefore will not be a factor in the identification of the Short-Listed Proponents.

7.2.3 Short-Listed Proponents

On completion of the Stage Two evaluation process (which includes the Potential in Scope opportunity if proposed), the scores will be finalized and Proponents ranked. Up to the 3 top ranked Proponents will be deemed to be Short-Listed Proponents subject to the Province's customer reference checks described in Section 5.6.2 and invited to participate in the Stage Three Proposal refinement process.

The evaluation scores and ranking as a result of the Stage Two evaluation process will not be carried forward to Stage Three of the NRFP.

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7.3 STAGE THREE - EVALUATION CRITERIA, IN-SCOPE

At the conclusion of the Stage Three Proposal refinement process activities described in Section 6.4, Short-Listed Proponents are invited to submit their Refined Proposals for evaluation by the Province. The Short-Listed Proponents' evaluation scores as a result of the Stage Two evaluations will not be carried forward to this Stage Three evaluation process.

The Province will evaluate Refined Proposals using the same criteria as in the Stage Two evaluations however the weightings will differ as shown in the Stage Three evaluation criteria table below. Short-Listed Proponents should provide a fulsome response for each sub-criterion listed in the categories below. Short-Listed Proponents should not assume that the sub-criteria are weighted equally.

Stage Three Evaluation Criteria Table – In Scope	
Distribution Services	Weighting Stage Three
1. (a) Proponent Capability and Capacity	5%
a) Proponent Profile (Lead and subcontractors if any)	
b) Demonstrated experience in large scale warehousing and wholesale distribution of retail products and controlled substances such as the beverage alcohol business	
c) Demonstrated experience with transition planning and transitioning services of similar size and magnitude to the In Scope requirements	
d) Demonstrated experience in inventory, demand and delivery management on a scale similar to the requirements described in the NRFP	
1. (b) Proponent Corporate and Financial Capacity	
a) Corporate and financial capacity	
2. Distribution Services Solution	35%
a) Warehousing plan	
b) Supply chain optimization opportunities	
c) Inventory management plan considering wholesale and retail structure in B.C.	
d) Delivery scheduling management	
e) Key performance indicators	
f) Online order processing including help desk	
g) Systems integration and reporting	
h) Compliance with provincial and federal policy and regulatory framework	

Stage Three Evaluation Criteria Table – In Scope Distribution Services	Weighting Stage Three
3. Governance and Stakeholder Relationship Plan	5%
a) Service delivery governance structure and plan	
b) Stakeholder relations plan	
4. Transition strategy including Ramp Up schedule	5%
a) Transition strategy including ramp-up schedule	
b) Change management strategy	
5. Risk Management and Business Continuity	5%
a) Risk management plan	
b) Business continuity plan	
6. Labour Relations Strategy and Staff Successorship Plan	5%
a) Labour relations strategy	
b) Staffing Successorship plan	
7. Financial Model and Pricing Submission	40%
a) Financial model and pricing submission	
TOTAL	100%

7.3.1 Stage Three Evaluation of Potential in Scope Opportunities

As described in Section 5.3, offers for the Operational Assets included in a Refined Proposal will not be evaluated during the Stage Three evaluations and therefore will not be a factor in selection of the Selected Proponent.

7.3.2 Selected Proponent

On completion of the Stage Three evaluation process (which includes the Potential in Scope opportunity if proposed), the scores will be finalized and Short-Listed Proponents ranked. The top ranked Short-Listed Proponent will be deemed the Selected Proponent and invited to participate in the Stage Four Due Diligence and Negotiations.

The remaining Short-Listed Proponents will be notified of the results and offered debriefing sessions to take place at the conclusion of the NRFP process.

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8 PROPONENT RESPONSE GUIDELINE

8.1 PROPOSAL FORMAT

Proponents are asked to assist the evaluation committee by structuring their Proposals in a consistent manner. The format is described below:

- a) Properly executed Proposal Submission Form;
- b) Table of contents;
- c) Executive summary;
- d) Body of the Proposal;
- e) Completed financial response, as required; and
- f) Any other documents as indicated in the requirements.

8.2 PROPOSAL RESPONSE GUIDELINES – IN SCOPE OPPORTUNITY (STAGE Two)

The following information provides guidelines that Proponents should use as a basis for their Proposal response.

Please note that the guide is not exhaustive and each Proponent is responsible for ensuring that its response to the evaluation criteria is pertinent, detailed and clear and based on their proposed solution for the Distribution Services. Proponents should provide sufficient information to ensure that its proposed plan for Distribution Services is understood from the written materials included in their Proposals. The information provided in the Proposals will be used against the stated evaluation criteria and used to determine the ranking of Short-Listed Proponents as described in Section 6.3.

8.2.1 Proponent Capability

- a) Proponent profile

Each Proponent should include a corporate profile that details background information on the Proponent and any subcontractors, including for each year they were (and subcontractors, if any) established, corporate ownership and hierarchy, jurisdiction, corporate strategic direction, area of recognized expertise in the market place, and an overview of the corporate information including size, revenues, market and geographic presence. Each Proponent should demonstrate its ability to manage long-term business relationships and contractual engagements by providing examples where the Proponent has successfully done so and by describing the methods and processes applied.

b) **Demonstrated experience in large scale warehousing and wholesale distribution**

Each Proponent should provide examples of experience in providing a warehousing and wholesale distribution service and explain how the Proponent is suited to delivering the required Distribution Services.

c) **Demonstrated experience with transitioning services**

Each Proponent should describe relevant experience (including subcontractors if any) in transitioning services.

d) **Demonstrated experience in inventory, demand and delivery management on a scale similar to the requirements described in the NRFP**

Using examples, each Proponent should demonstrate relevant capability in inventory management including large scale product warehousing, order processing and management, product stocking, assembly, demand aggregation and logistics/ delivery on a scale similar to the size served by the Warehouses.

8.2.2 Corporate and Financial Capacity

Each Proponent should describe where and when it has been engaged as a service provider with a financial obligation similar to the size of this opportunity. Examples would be preferred and if possible, where the services were similar to the In Scope requirement. Each Proponent should provide sufficient information on current financial stability and solvency, and a strategy for ensuring corporate and financial capacity to deliver the Distribution Services over the term of the Agreement.

8.2.3 Distribution Services

a) **Warehousing plan**

Proponents should describe in detail their warehousing plan to manage the volume of inventory on an annual basis. The warehousing plan proposed should reflect the Distribution Services model being proposed by the Proponent taking into consideration the opportunities for supply chain improvements/ optimization and the goals and expected benefits outlined in Section 3.2 for this DLP. Proponents should detail the physical property, ownership (whether owned or leased) internal business processes, staff shift cycles and numbers, warehouse management technology, control measures, available floor space, compliance with regulations, location, current warehouse volume and capacity, existing customers and any other information needed to fully describe the Proponent's warehouse to be used for delivery of its proposed Distribution Services. Historical LDB volume data as well as supplier touch points is provided in Appendix E and can be used as reference. The warehouse plan should be consistent with the proposed plan for the Distribution Services.

b) Beverage alcohol supply chain optimization

Proponents should consider opportunities for optimization in the supply chain as described in Section 5 and describe how their optimization recommendations augment their proposed Distribution Services solution and how they address the goals and expected benefits described in Section 3.2.

c) Inventory management plan considering wholesale and retail structure in B.C.

Proponents should detail their inventory management plan considering the proposed supply chain optimization plan. The inventory plan should include all aspects of inventory management and include details such as how inventory tracking takes place, processes for compliance with provincial and federal policy and regulations, adjustments tracked (e.g. real time), product tracking and updates, capacity planning, inventory rotation, quality assurance processes (e.g. bar codes, packaging), pallet control and safety compliance. Proponents should also explain their proposed demand management processes detailing replenishment strategies (including issuing purchase orders). The proposed inventory management plan should be compatible with the scope and volume of Product supply that the Proponent will be required to deliver within established KPI's.

e) Delivery scheduling management

Proponents should describe their delivery and schedule management processes and explain how their proposed business processes will ensure effective delivery scheduling management (e.g. freight management) and shipping tracking (e.g. pallet bar code packing documents, fleet monitoring) for delivery of Product from the Proponent.

f) Distribution Services and Key Performance Indicators

Proponents should describe their proposed Distribution Services to suppliers/ Agents, GLS and Wholesale Customers.

Proponents should also describe how their Distribution Services will meet industry standards for distribution and warehouse operations including the KPI's provided in Appendix E and as described in Section 5.2.2.8. Proponents should also propose remedies in the event the KPI's are not achieved.

g) Order processing including help desk

Proponents should explain how the customer order processing function would be integrated into their proposed Distribution Services order taking and processing functions. Based on the scope and volume of orders the LDB currently handles and depending on the Distribution Services model proposed, Proponents should detail their order taking business processes, the technology used, integration with the Proponents' warehouse information technology systems, structure of the customer services desk, current throughput, number of clients and any other information needed to explain the Proponents' proposed order taking and processes to be used for the Distribution Services.

h) Systems integration and reporting

Proponents should describe their current systems infrastructure and propose a plan for integration with the Ministry/ LDB's systems so that master data management processes (product, vendor, customer data) and warehouse shipping information (e.g. shipping scheduling data) can be seamlessly shared and wherever possible available for real time viewing by the Ministry/ LDB. Proponents should explain their sales order capture technology (e.g. centralized order management system so that electronic orders from the GLS and Wholesale Customers can be logged and tracked) as well as procedures for real time sharing of warehouse receipts for inventory updates and customs and excise reporting as well as real time viewing of available inventory within the Proponents' overall supply chain. Proponents should also explain their purchasing system application solution and explain how it will interface with the Ministry/ LDB's systems.

Proponents should explain what processes and procedures they have or will put into place so as to comply with the Province's privacy and information technology policy in delivery of their proposed Distribution Services.

8.2.4 Governance and Stakeholder Relationship Plan

a) Service delivery governance structure and plan

Proponents should propose a governance and stakeholder relationship plan and detail how they intend to work with the Ministry/ LDB in managing and resolving issues and in ensuring smooth delivery of the Distribution Services.

b) Stakeholder relations plan

Proponent should propose a stakeholder relation plan and explain how they intend to work with the Ministry/ LDB in ensuring that all stakeholder needs related to delivery of their proposed Distribution Services are met.

8.2.5 Transition Plan including Ramp up Schedule

a) Distribution Services transition strategy (including ramp-up schedule)

Proponents should propose a transitioning strategy for the warehousing and wholesale distribution operations (including any proposed supply chain optimization opportunities) from the LDB to the Proponent. Proponents should demonstrate that their strategy will take into account key aspects of transitioning from the LDB to the Proponent such as: tasks, timelines, milestones, resources, risks, contingency plans, locations, facilities, systems, data, tools, equipment, assumptions and management methods.

Proponents including use of the Warehouses for transition purposes should clearly articulate how the Warehouses would be used, for how long and what Operational Assets would be required.

b) **Change management plan**

Proponents should provide a change management plan outlining tasks and processes considering transfer of the LDB distribution function (including any proposed supply chain optimization opportunities) to the Proponent.

8.2.6 Risk Management and Business Continuity

a) **Risk management plan**

Proponents should propose a risk management plan considering their proposed role as distributor of Product to GLS and Wholesale Customers. The Province is interested in the Proponents' experience in the management of risk from a delivery services perspective. Proponents are asked to demonstrate, using past operations service delivery examples, where risks were assumed by the Proponent and reasons for allocation of risk between the Proponent, subcontractors and the customer.

b) **Business continuity plan**

Proponents should propose a business continuity plan in the event their proposed Distribution Services are disrupted. The business continuity (including disaster recovery) plan should outline processes and procedures that would be put into effect so that Key Performance Indicators are maintained where possible and that Product supply to GLS and Wholesale Customers is minimally impacted.

8.2.7 Labour Relations Strategy and Staff Successorship Plan

a) **Labour relations strategy**

It is a requirement of this NRFP that the successful Proponent adhere to the memorandum of agreement signed between the government of BC and the BCGEU. Proponents should provide a labour relations strategy consistent with the terms of the memorandum of agreement outlining how they intend on engaging with impacted staff should they be the Selected Proponent. Proponents should detail impacts to their internal operating structure and plans to manage the introduction of BCGEU staff into their organization.

b) **Staffing Successorship plan**

Proponents should reference the human resource information provided in Appendix I and based on the terms of the memorandum of agreement, provide a staffing plan describing the types and numbers of staff the Proponent expects they would hire. Proponents should describe how they would structure their internal processes to accommodate BCGEU staff transferred to the Proponent.

8.2.8 Financial Model and Pricing Submission

Proponents are required to complete the following:

- a) Section 8.2.8.1 Financial Model; and
- b) Section 8.2.8.2 which includes the template provided as Appendix K.

8.2.8.1 Financial Model

Proponents should describe their proposed financial model by responding to the following requirements:

- a) Describe the proposed economic model and how the proposed economic model supports the goals identified in Section 3.2, and the eight (8) financial objectives provided in Section 5.5;
- b) Describe all investments (e.g. transition costs, asset purchases, infrastructure, facilities, hardware, software, etc.) required to deliver the proposed Services.

For each investment provide:

- i. The associated dollar amount and timing of the investment; and
- ii. The proposed recovery mechanism, timing of such recovery and associated dollar amounts.

Responses to (i) and (ii) above are to be provided within Appendix K.

- c) Describe the proposed pricing models for each proposed Service, including but not limited to:
 - i. The underlying drivers that may impact pricing, and how pricing may be impacted as a result of changes in the drivers;
 - ii. How the services pricing and pricing components will be impacted by changes in scale;
 - iii. The approach and plan for addressing changes to the underlying drivers; and
 - iv. Any commitments and constraints that are part of the proposed pricing (e.g. volume floors and/or ceiling, order minimums, etc).
- d) Describe the proposed approach for handling the cost of inflation, on an annual basis, by listing the services to be adjusted for inflation and the mechanism for such an adjustment.
- e) Describe the approach for transferring the services at the termination at the Agreement to either, the Ministry/ LDB or another service provider in a manner that is efficient and ensures Distribution Services are not interrupted to GLS, Wholesale Customers, suppliers and Agents.

In addition, describe the costs the Ministry/ LDB would be responsible for in the event of:

- i. Expiry of the term of the Agreement;
- ii. Termination by the Ministry/ LDB for convenience; or
- iii. Termination for force majeure event

8.2.8.2 Pricing Submission

Proponents are required to submit their pricing for all proposed Distribution Services by completing Appendix K. Proponents are to follow the instructions contained within Appendix K.

When developing the proposed pricing, Proponents are to take into account the 'normalizing modelling assumptions' listed below.

Normalizing modelling assumptions

The following normalizing modelling assumptions are provided to Proponents solely to guide the preparation of their cost models and subsequent pricing submission for the purpose of evaluating comparable Proposals.

- a) Prices for the proposed Distribution Services become effective on the services commencement date of April 1, 2013.
- b) The term of the Agreement is 10 years from the services commencement date.
- c) Distribution Services prices should exclude applicable sales taxes (e.g. PST/GST).
- d) Proponents will operate in a PST/GST sales tax environment and should price input costs accordingly.
- e) All prices are in Canadian dollars.
- f) Payment for the Distribution Services provided will be made to the Service Provider based on the following payment terms:
 - Domestic Product – net 30 days; and
 - Import Product – net 15 days.
- g) Annual Product volumes are as described in Appendix E.
- h) There is no annual Product volume growth.
- i) Prices for the first 24 months of the term of the Agreement are considered best and final.
- j) Prices for months 25 to 120 exclude inflation adjustments.
- k) All transferred employees, as per Appendix I, accept offers of employment with the Service Provider.

- l) The Service Provider will be responsible for all transferred employees and associated costs and liabilities of the transferred employees as of the service commencement date.
- m) Proposed Distribution Services will be based on the Key Performance Indicator metrics and levels described in Appendix E and as further referenced in Section 5.2.2.8 and Section 8.2.3(f).
- n) Any existing third party contracts in place with the LDB to deliver the current distribution services will cease as of the service commencement date and such contracts will not be available to the Service Provider.
- o) Proponents electing to use the Vancouver Distribution Warehouse or Kamloops Distribution Warehouse during the proposed service transition period will completely vacate such premises no later than March 31, 2015.
- p) Proponents electing to use the Vancouver Distribution Warehouse or Kamloops Distribution Warehouse during the proposed services transition will provide their own operational assets and equipment required to deliver the proposed Distribution Services.
- q) Proponents electing to use the Vancouver Distribution Warehouse or Kamloops Distribution Warehouse during the proposed services transition will be charged a rental fee by the Ministry/LDB. The rental fee will be provided in the VDR.

Proponents should document any additional assumptions used in the development of the Distribution Services prices in Appendix K.

8.2.9 References

Proponents are required to provide a list of all contracts, over \$1M in contract value, they have held with the BC government over the past three years. The Province will conduct reference checks on these contracts as described in Section 5.6.1. If the Proponent does not have any contracts with the BC Government in the past three years then please confirm that is the case. The Province intends on validating statements made by the Proponent in this reference check.

Proponents are also to provide three references that the Proponent has with current customers (See Section 5.6.2). Proponents should detail the contact name, phone number, and the duration and description of projects or operations service delivery. Proponents will be notified by the Province before any of these references will be contacted, which will take place on the Proponent being identified as the Selected Proponent. In addition, the Province, at its sole option, may undertake further reference checks by contacting other corporate and project references in addition to the ones provided by the Proponent.

8.3 PROPOSAL RESPONSE GUIDELINES – STAGE TWO, POTENTIAL IN SCOPE OPPORTUNITY

Proponents interested in submitting responses for the Operational Assets are asked to provide the following information in their Proposals.

Proponents should note that offers provided in response to Potential in Scope options will not be a factor in determining Short-Listed Proponents or the Selected Proponent.

8.3.1 Operational Assets

- a) The Province has included the Operational Assets used within the Warehouses as a Potential in Scope opportunity. Proponents are not required to submit an offer for the Operational Assets. In responding to this opportunity, Proponents are asked to indicate whether their Operational Assets option proposal is for the Vancouver Operational Assets, Kamloops Operational Assets or both.
- b) In the event a Proponent chooses to submit an offer for the Operational Assets, Proponents should describe its purchase plan, outline the types of assets of interest and any assumptions or other conditions that the Proponent requires to purchase the proposed Operational Assets.

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Appendix A. DECLARATION OF INTEREST DOCUMENT

The declaration of interest and acceptance of terms document is provided as a downloadable document from the BC Bid website.

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Appendix B. PROPOSAL SUBMISSION FORM

The proposal submission form is provided as a downloadable document from the BC Bid website.

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Appendix C. PRIVACY PROTECTION SCHEDULE

The privacy protection schedule document will be provided to those Proponents who have submitted to the Province, an originally signed Declaration of Interest document.

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Appendix D. LDB BUSINESS ENVIRONMENT

These documents are accessible through the Virtual Documents Room for those Proponents who have submitted an originally signed Declaration of Interest document to the Province. Additional documents may be added during the NRFP process.

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Appendix E. LDB WAREHOUSE OPERATIONS

A series of documents describing the LDB's warehouse and wholesale distribution operations business processes, distribution services operations data and requirements is provided in this Appendix. These documents will be accessible through the Virtual Documents Room for those Proponents who have submitted an originally signed Declaration of Interest document to the Province.

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Appendix F. WAREHOUSE PROPERTY DESCRIPTION

A series of documents describing the LDB's warehouse property is provided in this Appendix. These documents will be accessible through the Virtual Documents Room for those Proponents who have submitted an originally signed Declaration of Interest document to the Province.

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Appendix G. LDB DISTRIBUTION CENTER OPERATIONS FINANCIALS

A series of documents describing the LDB's distribution center operations financials is provided in this Appendix. These documents will be accessible through the Virtual Documents Room for those Proponents who have submitted an originally signed Declaration of Interest document to the Province.

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Appendix H. OPERATIONAL ASSETS

A series of documents describing the LDB's distribution center warehouse Operational Assets is provided in this Appendix. These documents will be accessible through the Virtual Documents Room for those Proponents who have submitted an originally signed Declaration of Interest document to the Province.

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Appendix I. LDB STAFF LABOUR RELATIONS REQUIREMENTS

This appendix contains the memorandum of agreement between the BCGEU and the Province regarding obligations to staff impacted by the DLP. These documents will be accessible through the Virtual Documents Room for those Proponents who have submitted an originally signed Declaration of Interest document to the Province.

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Appendix J. VDR GUIDELINES AND VDR DOCUMENTATION

The Virtual Documents Room guideline document will be provided to those Proponents who have submitted an originally signed Declaration of Interest document to the Province.

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Appendix K. PROPONENT FINANCIAL TEMPLATE

The financial template to be used for this DLP is provided to those Proponents who have submitted an originally signed Declaration of Interest document to the Province

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Pages 125 through 126 redacted for the following reasons:

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DESCRIPTION	PO #	COMPANY	ORIGINAL START DATE	ORIGINAL END DATE	EXTENDED END DATE	# OPTION YRS REMAINING
Supply and Delivery of Fleet Truck Tires & Mobile Tire Repair and Maintenance Services	1000001730	KAL TIRE	1-May-2012	30-Apr-2014		3
Power Washing Trucks	1000001217	SPARKLEWORLD	1-Apr-2012	31-Mar-2013		1
Supply & Delivery of Labels	509886	TRANS CANADA LABELS	3-Dec-2010	2-Dec-2011	2-Dec-2012	1
Boxes & Liners	509892	ROCKTEEN CONTAINER	12-Jan-2011	11-Jan-2012	11-Jan-2013	1
Rental & Cleaning of Coveralls	511104	CANADIAN LINEN	1-Dec-2011	30-Nov-2012		0
Overnight Diesel Fuel Delivery Services	510666	PROQUIP ON-SITE DIESEL	1-Jul-2011	30-Jun-2012		2
HVAC - Preventative Maintenance	503219	CARE SYSTEMS SERVICES	1-Nov-2007	31-Oct-2010	31-Oct-2012	1
Electrical Services	510628	RG DUNN ELECTRICAL	1-Jun-2011	31-May-2012		0
Fire Protection Service for KDC	1000001716	WESTERN CANADA FIRE PROTECTION	1-May-2012	30-Apr-2013		0
Safety Vests & Gloves for KDC	510347	TREEN SAFETY	1-Apr-2011	31-Mar-2012	31-Mar-2013	1
Safety Gloves & Vests for VDC	510349	TREEN SAFETY	1-Apr-2011	31-Mar-2012	31-Mar-2013	1
Safety Vests for WCC	510445	TREEN SAFETY	1-Apr-2011	31-Mar-2012	31-Mar-2013	1
Pest Control Services	509111	PCO SERVICES	12-Dec-2005	31-Dec-2010	31-Dec-2012	0
Rental & Cleaning Mats	507069	CANADIAN LINEN	1-Apr-2009	28-Mar-2011	28-Mar-2013	0
LDB Truck Fleet Material Inventory - "as required" basis	501231	INLAND KENWORTH	1-Dec-2007	31-Jan-2013		1
Supply & Delivery of Plastic Twine	504664	GUELPH TWINES LIMITED	15-Jul-2011	14-Jul-2012		0
Repair Services for Trailers as & when required	506171	TRAILER WIZARDS LTD	1-Dec-2009	30-Nov-2012		1
Repair & Maintenance of 12 Simplex Clocks & 1 Simplex Master Clock in the VDC	504709	CANADIAN TIME SYSTEMS INC	1-Jul-2008	30-Jun-2012		0
Supply & Delivery of Stretch & Hand Wrap	505146	UNISOURCE CANADA INC	1-Sep-2008	31-Aug-2012		1
Rental of Trailers for VDC	506170	TRAILER WIZARDS LTD	1-Dec-2009	30-Nov-2012		1
Radio Frequency Equipment Maintenance & Service Agreement	510984	ACCELLOS	1-Jan-2011	31-Dec-2012		0
Radio Beacon Licensing (additional perpetual licenses)	510874	ACCELLOS	1-Jan-2011	31-Dec-2012		
Maintenance for Symbol Scanners at VDC	511014	AM/PM MOBILE SOLUTIONS	1-Dec-2011	30-Nov-2012		0
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Metro Vancouver Area Region #1	507701	F & G DELIVERY	3-Mar-2008	2-Mar-2009	2-Mar-2013	0
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Metro Vancouver Area Region #1 (back-up)	507706	INTERURBAN	3-Mar-2008	2-Mar-2009	2-Mar-2013	0
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - McBride Area Region #18	TBD	TBD	1-May-2012	1-May-2013		4
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Kamloops / Lillooet Area Region #12	TBD	TBD	1-May-2012	1-May-2013		4
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Ashcroft Area Region #14	TBD	TBD	1-May-2012	1-May-2013		4
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Kootenays & Hwy 97 Area Region #9 & #13	507698	VAN KAM	18-Jun-2007	17-Jun-2008	17-Jun-2012	0
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Qualicum / Parksville Area Region #16	507669	VAN KAM	1-Aug-2008	31-Jul-2009	31-Jul-2012	1
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Sunshine Coast Area Region #5 & #23	507670	CITY TRANSFER	28-Feb-2012	27-Feb-2013		0
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Nanaimo Area Region #15	507697	VAN KAM	8-Sep-2008	9-Sep-2009	20-Aug-2012	1
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Prince Rupert / Terrace / Charlottes Region #10	507951	BANDSTRA	22-Oct-2008	22-Oct-2009	22-Oct-2012	1
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Upper Vancouver Island Area Region #11	507846	VAN KAM	17-Apr-2010	16-Apr-2011	16-Apr-2013	1
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Victoria Area Region #2	510242	VAN KAM	28-Feb-2011	27-Feb-2012	27-Feb-2013	3
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - North Island / Tofino / Ucluelet Area Region Region #4 & #17	510241	TRICOR TRANSPORTATION	28-Feb-2011	27-Feb-2012	27-Feb-2013	3
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Garibaldi Corridor Area Region #6	510336	VAN KAM	28-Feb-2011	27-Feb-2012	27-Feb-2013	3
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Okanagan Area Region #3	510803	COMMERCIAL LOGISTICS	1-Oct-2011	30-Sep-2012		4
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Fraser Valley Area Region #7	510805	COMMERCIAL LOGISTICS	1-Oct-2011	30-Sep-2012		4
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Highway 16 Area Region #22	510812	VAN KAM	1-Oct-2011	30-Sep-2012		4
Shipping of Liquor & Non-Liquor Products to BCLSS, LRSs & RASs - Bella Coola Area Region #8	510811	HODGSON FREIGHTWAYS	1-Oct-2011	30-Sep-2012		4

Pages 128 through 129 redacted for the following reasons:

s.14

From: Martin, Leigh LCTZ:EX
Sent: Monday, April 30, 2012 1:08 PM
To: Bissoondatt, Roger LDB:EX
Cc: Kishimoto, Mike J LCTZ:EX; Sloan, Catherine LDB:EX; Hall, Gord LDB:EX
Subject: RE: NRFP Appendices

Appendix D3 seems to be corrupt and I am unable to open the file. Can you please send another copy?

rom: Bissoondatt, Roger LDB:EX
Sent: Monday, April 30, 2012 12:19 PM
To: Martin, Leigh LCTZ:EX
Cc: Kishimoto, Mike J LCTZ:EX; Sloan, Catherine LDB:EX; Hall, Gord LDB:EX
Subject: FW: NRFP Appendices

Hi Leigh:

Here are the changes to the Appendices . The files that are attached have either been updated and in some cases new ones added. Below I have tried to identify the files which were changed in order for you to follow. Hopefully this helps.

Appendix D:

No Change:

- D4

Updated:

s.13, s.17

Appendix E:

No changes to the following:

- E1, E2, E6, E12, E13, E14, E15,

Updated:

- E3, E5, E7, E8, E9, E11,
-

Delete:

s.13, s.17

New:

- E16,E17

Appendix F:

Remove:

s.13, s.17

Add:

s.13, s.17

Appendix G:

Updated

s.13, s.17

Remove:

s.13, s.17

- **Appendix H:**

Updated:

s.13, s.17

Appendix I:

Updated:

- s.13, s.17

New:

s.13, s.17

Please let me know if you have any questions.

Roger

Roger M. Bissoondatt,
Chief Financial Officer
BC Liquor Distribution Branch
2625 Rupert Street,
Vancouver, British Columbia, V5M 3T5
phone - (604) 252-3151, fax - (604) 252-3175
<mailto:Roger.Bissoondatt@bcldb.com>
website: www.bcldb.com

From: Bissoondatt, Roger LDB:EX
Sent: Monday, April 30, 2012 3:20 PM
To: Martin, Leigh LCTZ:EX
Cc: Kishimoto, Mike J LCTZ:EX; Sloan, Catherine LDB:EX; Hall, Gord LDB:EX
Subject: RE: NRFP Appendices

D5 is the LDB Service Plan so that does not change.

Roger

Roger M. Bissoondatt,
Chief Financial Officer
BC Liquor Distribution Branch
2625 Rupert Street,
Vancouver, British Columbia, V5M 3T5
phone - (604) 252-3151, fax - (604) 252-3175
<mailto:Roger.Bissoondatt@bcldb.com>
website: www.bcldb.com

From: Martin, Leigh LCTZ:EX
Sent: Monday, April 30, 2012 1:06 PM
To: Bissoondatt, Roger LDB:EX
Cc: Kishimoto, Mike J LCTZ:EX; Sloan, Catherine LDB:EX; Hall, Gord LDB:EX
Subject: RE: NRFP Appendices

Thank you for this – it definitely helps!

Is Appendix D5 staying put as is? I don't see it mentioned here but it's in the SharePoint.

From: Bissoondatt, Roger LDB:EX
Sent: Monday, April 30, 2012 12:19 PM
To: Martin, Leigh LCTZ:EX
Cc: Kishimoto, Mike J LCTZ:EX; Sloan, Catherine LDB:EX; Hall, Gord LDB:EX
Subject: FW: NRFP Appendices

Hi Leigh:

Here are the changes to the Appendices . The files that are attached have either been updated and in some cases new ones added. Below I have tried to identify the files which were changed in order for you to follow. Hopefully this helps.

Appendix D:

No Change:

- D4

Updated:

s.13, s.17

Appendix E:

No changes to the following:

- E1, E2, E6, E12, E13, E14, E15,

Updated:

- E3, E5, E7, E8, E9, E11,
-

Delete:

s.13, s.17

New:

- E16,E17

Appendix F:

Remove:

s.13, s.17

Add:

s.13, s.17

Appendix G:

Updated

s.13, s.17

Remove:

- **Appendix H:**

Updated:

s.13, s.17

Appendix I:

Updated:

s.13, s.17

New:

s.13, s.17

Please let me know if you have any questions.

Roger

Roger M. Bissoondatt,
Chief Financial Officer
BC Liquor Distribution Branch
2625 Rupert Street,
Vancouver, British Columbia, V5M 3T5
phone - (604) 252-3151, fax - (604) 252-3175
<mailto:Roger.Bissoondatt@bcldb.com>
website: www.bcldb.com

Page 136 redacted for the following reason:

s.14, s.13

s.14

From: Bissoondatt, Roger LDB:EX
Sent: Saturday, May 12, 2012 6:01 AM
To: Low, Elaine LDB:EX; Mohn, Donna LDB:EX; McDonnell, Ken LDB:EX
Subject: Re: NRFP SATP-301 Enquiry Attn: Pelle Agerup

s.14

Roger

From: Low, Elaine LDB:EX
Sent: Friday, May 11, 2012 07:26 PM
To: Bissoondatt, Roger LDB:EX; Mohn, Donna LDB:EX; McDonnell, Ken LDB:EX
Subject: RE: NRFP SATP-301 Enquiry Attn: Pelle Agerup

s.14

s.14, s.21

From: Bissoondatt, Roger LDB:EX
Sent: Friday, May 11, 2012 3:48 PM
To: Mohn, Donna LDB:EX; McDonnell, Ken LDB:EX
Cc: Low, Elaine LDB:EX
Subject: Fw: NRFP SATP-301 Enquiry Attn: Pelle Agerup

Hi Donna / Ken, is it possible to get this info? I do not know if this is captured in the data warehouse

Roger

From: Agerup, Pelle LCTZ:EX
Sent: Friday, May 11, 2012 02:44 PM
To: Bissoondatt, Roger LDB:EX; Kishimoto, Mike J LCTZ:EX; Martin, Leigh LCTZ:EX; Hall, Gord LDB:EX
Subject: Fw: NRFP SATP-301 Enquiry Attn: Pelle Agerup

Is this data we could get easily to add to the vdr?

Cheers,
Pelle

From: SSBC Purchasing SSBC:EX
Sent: Friday, May 11, 2012 01:54 PM
To: Agerup, Pelle LCTZ:EX
Subject: FW: NRFP SATP-301 Enquiry Attn: Pelle Agerup

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Friday, May 11, 2012 1:50 PM
To: SSBC Purchasing SSBC:EX
Subject: NRFP SATP-301 Enquiry Attn: Pelle Agerup

Please see attached a data request for this NRFP. It would be very helpful if the files sent back are in Excel or Access format. If you have any questions please contact the undersigned.

Have a wonderful weekend.

Thanks,
Scott Lyons
Vice President Business Development

Exel Americas, Retail
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 417-2537

www.exel.com



s.21



s.21



s.21



s.21

Pages 143 through 144 redacted for the following reasons:

s.14

Roger

From: Low, Elaine LDB:EX
Sent: Friday, May 11, 2012 07:26 PM
To: Bissoondatt, Roger LDB:EX; Mohn, Donna LDB:EX; McDonnell, Ken LDB:EX
Subject: RE: NRFP SATP-301 Enquiry Attn: Pelle Agerup

s.14

s.21, s.14

From: Bissoondatt, Roger LDB:EX
Sent: Friday, May 11, 2012 3:48 PM
To: Mohn, Donna LDB:EX; McDonnell, Ken LDB:EX
Cc: Low, Elaine LDB:EX
Subject: Fw: NRFP SATP-301 Enquiry Attn: Pelle Agerup

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Sent: Friday, May 11, 2012 02:44 PM
To: Bissoondatt, Roger LDB:EX; Kishimoto, Mike J LCTZ:EX; Martin, Leigh LCTZ:EX; Hall, Gord LDB:EX
Subject: Fw: NRFP SATP-301 Enquiry Attn: Pelle Agerup

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Cheers,
Pelle

From: SSBC Purchasing SSBC:EX
Sent: Friday, May 11, 2012 01:54 PM
To: Agerup, Pelle LCTZ:EX
Subject: FW: NRFP SATP-301 Enquiry Attn: Pelle Agerup

From: Scott Lyons (EXEL CA) [mailto:Scott.Lyons@exel.com]
Sent: Friday, May 11, 2012 1:50 PM
To: SSBC Purchasing SSBC:EX
Subject: NRFP SATP-301 Enquiry Attn: Pelle Agerup

Please see attached a data request for this NRFP. It would be very helpful if the files sent back are in Excel or Access format. If you have any questions please contact the undersigned.

Have a wonderful weekend.

Thanks,
Scott Lyons
Vice President Business Development

Exel Americas, Retail
90 Matheson Blvd. West, Suite 111
Mississauga, Ontario
L5R 3R3
Canada

Telephone: 905 366-7691
Mobile: 416 417-2537

www.exel.com



Appendix A

Declaration of Interest

Number: SATP-301

This Declaration of Interest and Acceptance of Terms of Reference ("Declaration") is intended to confirm which Proponents are interested in participating in the Distribution of Liquor Project, Negotiated Request for Proposals Number SATP-301 and to direct those Proponents to execute the Declaration required as a precondition to submitting a proposal.

Interested Proponents are invited to respond to this Declaration by submitting the form attached to this Appendix A entitled "Declaration of Interest and of Acceptance of Terms of Reference" as further directed in this Appendix A.

Proponents should deliver executed Declarations to the Province in accordance with section 2.1(xiv) of this Declaration.

DISTRIBUTION OF LIQUOR PROJECT - NEGOTIATED REQUEST FOR PROPOSALS SATP-301

DECLARATION OF INTEREST AND ACCEPTANCE OF TERMS OF REFERENCE

("Declaration")

WHEREAS [legal name] _____ ("Proponent") seeks to declare its intention to respond to the forthcoming Distribution of Liquor Project Procurement Negotiated Request for Proposals ("the NRFP");

AND WHEREAS such terms shall form an integral part of the NRFP process;

AND WHEREAS in connection with the NRFP process (including but not limited to the Province's virtual documents room) the Proponent, its contractors and the individual persons designated on Schedule A1 (Designated Persons) to this Declaration (the "**Designated Persons**") have received, could receive or will receive access to certain Confidential Information;

NOW THEREFORE the Proponent hereby declares as follows:

1. Definitions

When used in this Declaration, the following terms shall have the following meanings:

"BC Bid" means the Province's Internet tendering notification and electronic bidding system;

"Confidential Information" means any technical, business, financial, personal, employee, operational, scientific, research, or other information or data in whatsoever form or media, whether in writing, electronic form or communicated orally or visually, whether or not marked or indicated as being confidential information and including, without limitation, any proprietary software or business processes or plans, cost or price information, strategies, technology architecture, reports, agenda, meeting minutes, products and services, and technology or operational know-how of the Province, the Ministry or the LDB, but for greater certainty excludes information that: (i) at the time of disclosure is in the public domain; (ii) after disclosure is published or otherwise becomes part of the public domain through no fault of the Proponent; (iii) was in the possession of the Proponent at the time of disclosure to them, and was not the subject of a pre-existing confidentiality obligation; or (iv) was independently developed by the Proponent without the use of any of the Confidential Information and separate and apart from the NRFP process.

"Conflict of Interest" means that, in relation to the NRFP process, the Proponent has an unfair advantage or engages in conduct, directly or indirectly, that may give it an unfair advantage, including but not limited to: (i) having or having access to Confidential Information of the Province, the Ministry or the LDB in the preparation of its proposal that is not available to other Proponents; (ii) communicating with any person with a view to influencing preferred treatment in the NRFP process (including but not limited to the lobbying of decision makers involved in

the NRFP process); or (iii) engaging in conduct that compromises or could be seen to compromise the integrity of the NRFP process or render that process non-competitive. For greater certainty, incumbency shall not, in itself, constitute an unfair advantage.

“Distribution of Liquor Project” and **“DLP”** means the disposition of the LDB’s assets and services pursuant to this NRFP, as more particularly described in the NRFP documentation posted on BC Bid.

“Distribution Services” means the warehouse and wholesale distribution services that the Selected Proponent will deliver to the LDB, as more particularly described in the NRFP documentation posted on BC Bid.

“Liquor Distribution Branch” or **“LDB”** means the branch of the Ministry that operates a British Columbia-wide retail/wholesale beverage alcohol business, within a mixed public-private model.

“Ministry” means the Ministry of Energy and Mines.

“Province” means Her Majesty the Queen in Right of the Province of British Columbia as represented by the Minister of Labour, Citizens’ Services and Open Government, who is conducting the DLP procurement on behalf of the the Ministry and the LDB.

2. NRFP Process Terms of Reference

2.1 Process Rules

The Proponent hereby acknowledges and agrees that:

- (i) It is interested in participating in the forthcoming NRFP and seeks to obtain further information with respect to the specific services identified as Schedule A to this Declaration solely for the good faith purpose of considering whether and how to respond to the NRFP. The Province reserves the right at any time to seek further information from a Proponent with respect to its status or intent as a Proponent, and to disqualify a Proponent who it deems in its sole discretion has participated in the NRFP for an improper purpose or in bad faith.
- (ii) The NRFP process is not intended to create and shall not create a formal legally binding bidding process and shall instead be governed by the law applicable to direct commercial negotiations. For greater certainty and without limitation: (a) the NRFP shall not give rise to any “Contract A” based tendering law duties or any other legal obligations arising out of any process contract or collateral contract; and (b) neither the Proponent nor the Province shall have the right to make any claims against the other with respect to the award of a contract, failure to award a contract or failure to honour a proposal or any other claims based on a breach of “Contract A” or other tendering law duties or obligations.

- (iii) The NRFP process is intended to identify prospective suppliers for the purposes of negotiating potential agreements. No legal relationship or obligation regarding the procurement of any good or service shall be created between the Proponent and the Province by the NRFP process until the successful negotiation and execution of a written agreement for the acquisition of such goods or services.
- (iv) While the pricing information provided in proposals will be non-binding prior to the execution of a written agreement, such information will be assessed during the evaluation of proposals and ranking of the Proponent. Any inaccurate, misleading or incomplete information, including withdrawn or altered pricing, could adversely impact any such evaluation, ranking or contract award.
- (v) The Province may disqualify the Proponent or rescind a contract subsequently entered if the Proponent's proposal contains misrepresentations or any other inaccurate, misleading or incomplete information.
- (vi) When evaluating proposals, the Province may request further information from the Proponent or third parties in order to verify, clarify or supplement the information provided in the Proponent's proposal. The Province may revisit and re-evaluate the Proponent's proposal or ranking on the basis of any such information.
- (vii) The Province will be under no obligation to disqualify or reject a proposal or Proponent that fails to comply with a stated rule or requirement and may allow the Proponent to rectify deficiencies in its proposal at any stage during the NRFP process.
- (viii) The Proponent and the Province will bear their own costs associated with or incurred through the NRFP process, including any costs arising out of or incurred in:
(a) the preparation and issuance of the NRFP; (b) the preparation and submission of a proposal; and (c) the conduct of evaluations, interviews, demonstrations, discussions, negotiations or any other activities related to the NRFP process.
- (ix) The Province's evaluation may include information provided by the Proponent's references and may also consider the Proponent's past performance on previous contracts with the Province and such other reference checks as the Province deems appropriate.
- (x) Engaging in any Conflict of Interest activity or breaching the confidentiality provisions of this Declaration may result in the Proponent's disqualification from the NRFP process at the Province's sole discretion.
- (xi) The Proponent may not at any time directly or indirectly communicate with the media in relation to the NRFP or any contract awarded pursuant to the NRFP without first obtaining the written permission of the Province.
- (xii) The Province shall not return the proposal or any accompanying documentation submitted by the Proponent unless that proposal is formally withdrawn by the Proponent prior to the proposal submission deadline.

- (xiii) The Province may amend or cancel the NRFP process or any stage, portion, component or element thereof without liability at any time.
- (xiv) This Declaration must be executed and delivered by the Proponent by signing a copy of this Declaration (including a photocopy or faxed copy) and delivering the signed copy to the Province by facsimile at (250) 387-7309, or by delivering by courier or hand the originally signed Declaration to the Province at the following location:

Procurement Services
c/o Reception Desk,
2nd Floor, 563 Superior Street,
Victoria, BC V8V 1T7

Contact Person: Pelle Agerup, Senior Director

These provisions are included for greater certainty and are not intended to limit or otherwise fetter or inhibit the Province in conducting the contemplated procurement process.

2.2 Confidentiality

The Proponent hereby acknowledges and agrees that:

- (i) The Province may make public the name of the Proponent.
- (ii) All Confidential Information provided by or obtained from the Province in any form in connection with the NRFP process either before or after the issuance of the NRFP: (a) is the sole property of the Province and must be treated as confidential; (b) is not to be used for any purpose other than those contemplated under the NRFP and the performance of any subsequent contract; (c) must not be disclosed without prior written authorization from the Province; and (d) shall be returned by the Proponent to the Province immediately upon the request of the Province.
- (iii) The Confidential Information is the confidential, proprietary and trade secret information of the Province and the unauthorized use or disclosure of the Confidential Information could cause irreparable harm and significant injury to the Province for which the Province would have no adequate remedy at law. Therefore, the Province will have the right, in addition to any other rights the Province may have at law or in equity, to seek immediate injunctive relief enjoining any breach or potential breach of this Declaration by the Proponent.
- (iv) Each Designated Person has been shown and has read a copy of this Declaration, as indicated by the initials of each Designated Person on the attached Schedule A1. The Proponent agrees to cause the Designated Persons to comply with the provisions of this Declaration, and the provisions of the NRFP dealing with the treatment of Confidential Information, including Appendix J to the NRFP entitled "VDR Guidelines and VDR Documentation". Any failure of the Designated Persons to comply with the foregoing provisions will be deemed to be a failure of the

Proponent and the Proponent will be liable to the Province in respect thereof.

- (v) In order to obtain certain background information relevant to the NRFP and to the preparation of proposals, the Proponent may be required to enter into additional non-disclosure arrangements, including non-disclosure arrangements with third-parties. The execution of such non-disclosure arrangements may form a further condition to obtaining relevant background information and to submitting a proposal.
- (vi) Information provided by the Proponent in a proposal or otherwise through the NRFP process, even if it is identified as being supplied in confidence, may be disclosed where required by law or if required by order of a court or tribunal.
- (vii) The Province is subject to the *Freedom of Information and Protection of Privacy Act* ("FOIPPA") and may be required to disclose Proponent information in their custody or control. Disclosure pursuant to a FOIPPA request is subject to the application of that statute, including the exception and third party notification provisions. For information on FOIPPA see <http://www.cio.gov.bc.ca/>
- (viii) The Proponent will obtain written consents for any personal information contained in its proposal prior to submitting any such information to the Province, and will produce such written consents to the Province upon request.
- (ix) The Province may disclose, on a confidential basis, the information contained in the Proponent's proposal or otherwise provided to the Province through the NRFP process, to the Province's advisers retained for the purpose of evaluating or participating in the evaluation of this proposal.
- (x) This Declaration will not prevent the Proponent from disclosing Confidential Information required to be disclosed by law or by order of a court or tribunal so long as the Proponent provides the Province with prompt written notice of such requirement and takes steps sufficient to allow the Province an opportunity to object to such disclosure. Any such disclosure will only be to the extent legally required and not for any other purpose.

Executed under the seal shown below with the intent that such execution take effect as a deed.

CORPORATE PROPONENT:

Print legal name of Proponent: _____

by its duly authorized representative(s):

Per: _____

Print Name: _____

Title: _____



SCHEDULE A1 - DESIGNATED PERSONS

NAME

INITIALS

(For the purpose of acknowledging that the Designated Person has read and understands the restrictions contained in the Declaration)

1. **Name** _____
 Title _____
 Date Designated : _____

2. **Name :** _____
 Title : _____
 Date Designated : _____

3. **Name** _____
 Title _____
 Date Designated : _____

4. **Name :** _____
 Title : _____
 Date Designated : _____

SCHEDULE A2 – REGISTRATION FORM

TO : The Province
FROM : Name of Proponent
RE : Distribution of Liquor Project

PROPONENT INFORMATION

1. The full legal name of the Proponent is:

2. Any other relevant name under which the Proponent carries on business is:

3. The jurisdiction under which the Proponent is governed is:

4. The name, address, telephone, facsimile number, e-mail address and BCeID of the contact person for the Proponent is:

BCeID:

5. Proposals should be submitted by a single legal entity that will act as the prime Proponent and main contact to the Province in respect of the NRFP process and for the purposes of performing any awarded Master Agreement. For greater certainty, Proposals should not be submitted by joint ventures. Please state whether the Proponent is a sole proprietorship, a corporation, a partnership, an incorporated consortium or a consortium that is a partnership or other legally recognized entity: