

NO: R168

COUNCIL DATE: October 16, 2023

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## REGULAR COUNCIL

TO: **Mayor & Council** DATE: **October 11, 2023**

FROM: **General Manager, Engineering** FILE: **0930-30/370**  
**General Manager, Parks, Recreation & Culture**

SUBJECT: **Surrey Heritage Society Lease of the Former Museum Building on the Cloverdale Fairgrounds (BC Vintage Truck Museum)**

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## RECOMMENDATION

The Engineering, Finance and Parks, Recreation & Culture Departments recommend that Council:

1. Receive this report for information; and
2. Approve the execution by the General Manager, Engineering of a Lease Agreement with the Surrey Heritage Society on the terms and conditions contained in this report to allow the occupancy of the former Museum Building on the Cloverdale Fairgrounds at 6022 – 176 Street for the continued operation of the BC Vintage Truck Museum for a four-year term.

## INTENT

The purpose of this report is to seek Council's approval to enter into a new four-year lease agreement (the "Lease") with the Surrey Heritage Society ("SHS") to allow SHS to continue its operations on the property at 6022 – 176 Street (the "Premises"), as generally illustrated in Appendix "I" attached to this report.

## BACKGROUND

The SHS has operated the BC Vintage Truck Museum out of the Premises since 2012, gradually expanding their operations. In 2018, the City relocated the 1881 Town Hall structure, which was incorporated into the design of the Premises, from this location to the Museum of Surrey site at 17710 - 56A Avenue. As a result of the removal of the 1881 Town Hall structure, the remaining 1,050 m<sup>2</sup> area is now completely utilized by the SHS for heritage truck display.

## DISCUSSION

The SHS currently displays 34 restored vintage trucks from 1910 to 1977 and hundreds of other items on the Premises. The operating hours of the BC Vintage Truck Museum are Wednesdays and Saturdays from 10:00 a.m. to 2:00 p.m., as well as on major special events like the Cloverdale Rodeo & Exhibition and Canada Day.

The current lease with SHS has expired and is now on a month-to-month basis. SHS would like to continue to utilize the Premises; however, the roof is in need of a replacement to address multiple leaks.

The existing building has an expected remaining life of 10 years and the building has been appraised to have an asset value of \$350,000. The City recently solicited quotations for the roof replacement and the lowest quote was in excess of \$750,000 including taxes, contingencies and consulting fees. Since the cost of the roof replacement exceeds the value of the building, the building is deemed “beyond economical repair”. In addition, with the City providing a “grant-in-lieu” for this property, there is no annual tax nor rental revenue to offset costs for roof replacement or building upgrades.

The City’s most economical option in the medium-term is demolition of the building and either redevelopment or sale of the property. In the meantime, the SHS has expressed interest in renewing their lease agreement beyond a month-to-month basis and they are prepared to repair the most serious repairs and leaks to allow for continued operations over the next four years, after which time the SHS will need to relocate the BC Vintage Truck Museum.

Under the terms of the lease agreement, the SHS is responsible for the operating and maintenance costs associated with the Premises; including temporary repair of portions of the roof. To amortize the roof repairs, SHS has requested a new four-year agreement with the City, during which they are prepared to accept a six-month cancellation clause in favour of the City. City staff and representatives from the SHS have now reached agreement on the terms and conditions of the renewal lease.

1. Lessor: City of Surrey
2. Lessee: Surrey Heritage Society
3. Building Area: 1,050 m<sup>2</sup> (11,300 ft.<sup>2</sup>)
4. Term: 4 years (November 1, 2023 – October 30, 2027)
5. Lease Rate: \$101,700 / Annum
6. Maintenance: SHS responsibility, including roof repair
7. Utilities: SHS responsibility
8. Insurance: (i) Building (by City) and Contents (by SHS) (ii) General Commercial Liability (SHS with policy to name City as additional insured)
9. Cancellation: City may cancel the Lease agreement with six-months notice

## FUNDING

Based on an internal rental valuation of the Premises, the annual rent for the proposed four-year lease to SHS is \$101,700 per year. It is expected that SHS will continue to apply to Council for an annual grant-in-lieu of rent under the City’s policy for leasing of City lands and buildings. This policy requires that City leases to non-profit organizations be at fair market value with the ability for such organizations to apply for grants-in-lieu of rent. If approved, funding for this lease-in-kind will be included in the annual City Grants budget.

## CONCLUSION

Based on the above discussion, it is recommended that Council approve the execution of a lease renewal agreement, as generally described in this report, with the SHS that will allow the SHS to repair the roof and continue to use the Premises for the operation of the BC Vintage Truck Museum for the next few years, following which they will need to relocate their operations.

Scott Neuman, P.Eng.  
General Manager,  
Engineering

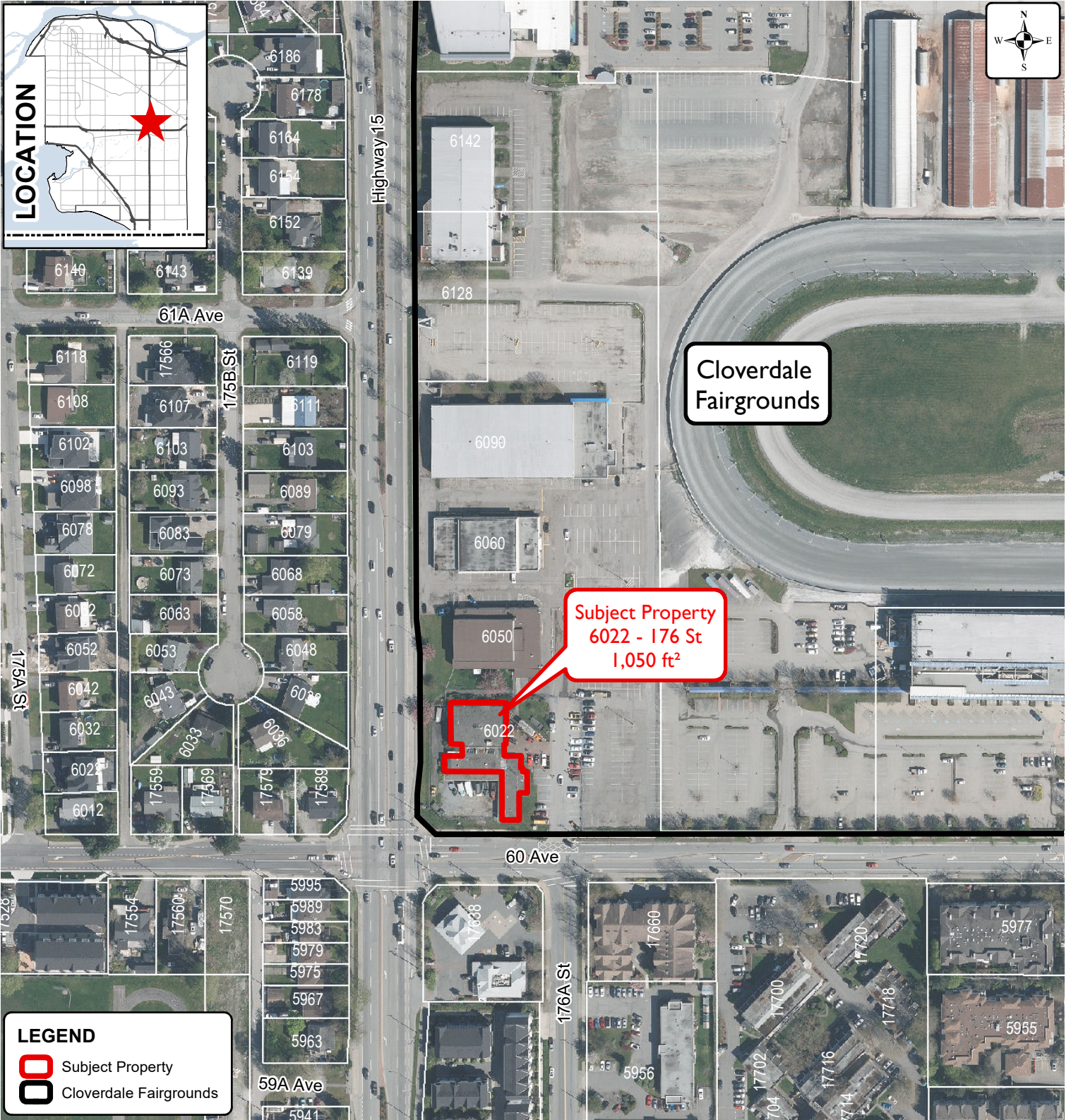
Laurie Cavan  
General Manager,  
Parks, Recreation & Culture

KSW/kd/cc

Appendix "I" - Aerial Photo of Site



AERIAL PHOTOGRAPH OF SITE



Produced by GIS Section: 21-Sep-2023, P205803

Date of Aerial Photograph: 2023

Scale: 1:2,500 0 20 M



**Lease Renewal - Vintage Truck Museum  
6022 - 176 Street**

**ENGINEERING  
DEPARTMENT**

The data provided is compiled from various sources and IS NOT warranted as to its accuracy or sufficiency by the City of Surrey. This information is provided for information and convenience purposes only. Lot sizes, Legal descriptions and encumbrances must be confirmed at the Land Title Office.