



# Corporate Report

NO: R212

COUNCIL DATE: September 12,

2005

## REGULAR

TO: Mayor & Council                      DATE: August 16,  
2005

FROM: City Manager                      FILE: 0850-LFVEA

SUBJECT: Transfer of Grant Funds from Capital to Operating for  
Lower Fraser Valley Exhibition Association

## RECOMMENDATION

That the information be received; and

That Council approve the transfer of \$119,500 currently in the Lower Fraser Valley Exhibition Association capital grant account to its 2005 operating grant account in order to assist in the financial security of the organization.

## INTENT

This report is written in support of winding up the leasehold interest of the Lower Fraser Valley Exhibition Association (LFVEA), which lease is to expire on December 31, 2005 and in advance of negotiating an agreement in principle for an operating and maintenance agreement between the City and the LFVEA for the majority of the fairground lands and facilities.

## BACKGROUND

The city-currently owns 71 of the total 72 properties on the Fairgrounds site. The city owned lands comprise about 132 acres plus an additional 5.56 acres of municipal road rights-of-way. The Cloverdale Fairgrounds site is valued at approximately \$45M +/-.

The city has a lease agreement with the LFVEA to manage and operate the majority of the fairground lands and facilities on behalf of the city in return for grants. The city provides approximately \$280,000 in grants annually to the LFVEA. The LFVEA lease has been in place since 1981 and will expire on December 31, 2005. The details around the winding up of the leaseholder interest of the LFVEA relative to the Fairgrounds is in the process of being identified and resolved through the City's legal division. The \$280,000 earmarked for the LFVEA is separated into \$180,000 operating and \$100,000 capital. The LFVEA has already received its \$180,000 operating grant for 2005. The capital account has \$119,500 which includes a carry-forward of \$19,500 from 2004.

## DISCUSSION

The LFVEA has been struggling with its financial position during difficult conditions at the Fairgrounds due to Casino construction, current state of some of the rental structures and an increasingly competitive environment with other Fraser Valley rental alternatives. It is not economical to consider capital improvements to the Fairgrounds in the absence of a long-term plan which is several months away. The organization is now using its line of credit for day to day operations and has requested the city to consider transferring the \$119,500 in its capital account to operating.

## CONCLUSION

It is important that the city establish an operating and maintenance agreement for the Fairgrounds for 2006 as the long-term plan for the Fairgrounds develops. The organization best equipped to operate and maintain the existing site is the LFVEA,

however, they will require a transfer of \$119,500 from their capital account to their operating account in order to stabilize their 2005 operations and enable them to be in a position to operate and maintain the grounds in 2006.

It is recommended that Council endorse the one-time transfer of \$119,500 from LFVEA capital to LFVEA operating.

Umendra Mital  
City Manager

f:\data\winword\managers\lfveaopeatingcr.doc  
L 9/14/05 10:29 AM