

NO: R119

COUNCIL DATE: May 28, 2018

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **May 23, 2018**

FROM: **General Manager, Parks, Recreation & Culture** FILE: **2240-20/C**
General Manager, Finance

SUBJECT: **Extension of the Cloverdale Fairgrounds Operating Agreement with the Lower Fraser Valley Exhibition Association and Approval of the Tenant Improvement Agreement with the Lower Fraser Valley Exhibition Association and Willow Industries Ltd.**

RECOMMENDATION

The Parks, Recreation and Culture Department and the Finance Department recommend that Council:

1. Receive this report for information; and
2. Approve the execution by the City Manager and the City Clerk of the extension of the Operating Agreement (the "Agreement") between the City of Surrey and the Lower Fraser Valley Exhibition Association (the "Association"), attached as Appendix "I", for the operation of the Cloverdale Fairgrounds during the seven-year period from January 1, 2017 to December 31, 2023; and
3. Approve the execution by the Realty Asset Manager of the Tenant Improvement Agreement (the "TI Agreement") between the City of Surrey, the Lower Fraser Valley Exhibition Association (the "Association"), and Willow Industries Ltd. ("Willow"), attached as Appendix "II", for the improvements to the Cloverdale Fairgrounds Show Barn.

INTENT

The purpose of this report is to provide an overview of:

1. A proposed extension of the Agreement between the City and the Association for the operation of the Cloverdale Fairgrounds for the years 2017 through 2023 inclusive, and to obtain approval to execute the Agreement; and

2. A proposed TI Agreement between the City and the Association and Willow for the improvements to the Cloverdale Fairgrounds Show Barn, and to obtain approval to execute the TI Agreement.

BACKGROUND

The Agreement with the Association covering the period from January 1, 2017 to December 31, 2019 was approved by Council on December 5, 2016 (Corporate Report No. R259; 2016: attached as Appendix "III"). An extension to the Agreement is now required to allow the Association to enter into a new five-year sub-licence agreement with Willow for the operation of a ball hockey league at the Show Barn Building, as illustrated in Appendix "IV" attached to this report. Under the terms of the current Agreement between the City and the Association, the Association has the ability to sub-licence with third parties.

Willow has been operating at the Central City Arena located at 10240 City Parkway for the past nine years. Willow's lease agreement for the arena expires on April 31, 2018, with the potential to extend to July 1, 2018 and will not be renewed after the final extension date due to development plans for the lands. Willow primarily operates ball and roller hockey leagues and currently has 2,000 regular participants making up over 100 teams annually for ball hockey and roller hockey.

The Association and Willow approached the City in 2017 with a proposal to carry out improvements in the Show Barn in order to operate a viable ball hockey and roller hockey league. The City is prepared to carry out the improvements subject to the terms of the TI Agreement in Appendix "II".

The Association Executive is satisfied with the proposed Agreement and the Association Executive and Willow are satisfied with the proposed TI Agreement.

Review by Legal Services

Legal Services has reviewed the proposed Agreement and TI Agreement and has no concerns.

Review by Finance

Finance has reviewed the proposed Agreement and TI Agreement and has no concerns.

SUSTAINABILITY CONSIDERATIONS

The Cloverdale Fairgrounds serve as a venue for community celebrations, festivals and local community programs, and agriculturally-focussed exhibitions. This project supports the objectives of the City's Sustainability Charter 2.0. In particular, this work relates to the themes of Economic Prosperity & Livelihoods and Health & Wellness. Specifically this will assist in meeting the following Desired Outcomes (DO) and Strategic Direction (SD):

- Economy - DO11: Food production and enterprises of all scales are an integral part of the economy.
- Wellness & Recreation - DO6: Residents participate in a wide range of recreation and leisure opportunities.
- Wellness & Recreation - SD8: Promote greater participation in all forms of recreation.

CONCLUSION

Based on the above discussion, it is recommended that Council:

- Approve the execution by the City Manager and the City Clerk of the extension of the Agreement between the City of Surrey and the Association, attached as Appendix “I”, for the operation of the Cloverdale Fairgrounds during the seven-year period from January 1, 2017 to December 31, 2023; and
- Approve the execution by the Realty Asset Manager of the TI Agreement between the City of Surrey, the Association, and Willow, attached as Appendix “II”, for the improvements to the Cloverdale Fairgrounds Show Barn.

Laurie Cavan
General Manager,
Parks, Recreation & Culture

Kam Grewal, CPA, CMA
General Manager,
Finance

Appendix “I”	Proposed Operating Agreement (2017 – 2023)
Appendix “II”	Proposed Tenant Improvement Agreement
Appendix “III”	Corporate Report No. R259; 2016
Appendix “IV”	Aerial Photograph of Show Barn Building

CLOVERDALE FAIRGROUNDS OPERATING AGREEMENT

AMENDING AGREEMENT NO. 1

THIS AMENDING AGREEMENT NO. 1 dated for reference the _____ day of _____, 2018;

BETWEEN:

CITY OF SURREY
13450 – 104 Avenue
Surrey, BC V3T 1V8

(the "City")

OF THE FIRST PART

AND:

LOWER FRASER VALLEY EXHIBITION ASSOCIATION
6050A – 176 Street
Surrey, BC V3S 4E7

(the "Operator")

OF THE SECOND PART

WHEREAS:

- A. The City and the Operator entered into an agreement for the provisions of services in connection with the operation of Cloverdale Fairgrounds, including the Amphitheatre, Shannon Hall, Alice McKay Building (Products Building), Agriplex, Show Barn, First Aid/Washroom Building, Stetson Bowl, Coverall Building and Fairgrounds Works Yard Building and Shops and internal roads and parking dated for reference the 31st day of January, 2017, (the "Agreement").
- B. Each capitalized term not otherwise defined herein shall have the meaning ascribed to it in the Agreement.
- C. The City and the Operator have agreed to amend the Agreement as set out in this Amending Agreement No. 1.

THEREFORE this Amending Agreement No. 1 witnesses that in consideration of One (\$1.00) Dollar and other good and valuable consideration paid by each of the parties to each other (the

receipt and sufficiency of which each party hereby acknowledges) the parties hereby covenant and agree with each as follows:

A. The Agreement is hereby amended as follows:

1. By deleting the words "December 31, 2019" from section 2.4 – Term and inserting the words "December 31, 2023".
2. By adding the following subparagraphs after subparagraph 4.1(c) and renumbering the remaining subparagraphs:

(d) *THREE HUNDRED AND EIGHTY THOUSAND (\$380,000.00) DOLLARS, plus an adjustment equal to the CPI increase calculated for 4.1 (c), compounded by the CPI calculated for 2019 for the Vancouver area, for the period commencing January 1, 2020 and ending December 31, 2020 payable in two equal payments on or within 15 days after the following dates: January 3, 2020 and March 1, 2020;*

(e) *THREE HUNDRED AND EIGHTY THOUSAND (\$380,000.00) DOLLARS, plus an adjustment equal to the CPI increase calculated for 4.1 (d), compounded by the CPI calculated for 2020 for the Vancouver area, for the period commencing January 1, 2021 and ending December 31, 2021 payable in two equal payments on or within 15 days after the following dates: January 3, 2021 and March 1, 2021;*

(f) *THREE HUNDRED AND EIGHTY THOUSAND (\$380,000.00) DOLLARS, plus an adjustment equal to the CPI increase calculated for 4.1 (e), compounded by the CPI calculated for 2021 for the Vancouver area, for the period commencing January 1, 2022 and ending December 31, 2022 payable in two equal payments on or within 15 days after the following dates: January 3, 2022 and March 1, 2022;*

(g) *THREE HUNDRED AND EIGHTY THOUSAND (\$380,000.00) DOLLARS, plus an adjustment equal to the CPI increase calculated for 4.1 (f), compounded by the CPI calculated for 2022 for the Vancouver area, for the period commencing January 1, 2023 and ending December 31, 2023*

payable in two equal payments on or within 15 days after the following dates: January 3, 2023 and March 1, 2023; and"

3. By deleting the words "Operating Expenses" at the end of the section 4.2 – Adjustment of Fees and adding the following sentences:

"Repayment of the Fees is applicable in the year of notice in accordance with this agreement and no amounts are applicable in the remaining years of the Term. Section 4.2 Fee adjustments do not apply if this Agreement is terminated in accordance with Section 17.1."

4. By deleting the following sentences from Subsection 17.1(a):

"If the City terminates this Agreement before completion of all the Services, the parties agree to work cooperatively to calculate the adjustment to the Fees as a result of this notice. In the event the parties cannot agree on the adjustment to the Fees within 120 days of the notice, the parties agree that the amount payable by the City will be the amount specified in Section 4.1."

and adding the following sentence:

"Repayment of the Fees is applicable in the year of notice and no amounts are applicable in the remaining years of the Term."

5. By adding the following after the words "Upon payment of Fees" in Subsection 17.1 (b):

"in Subsection 17.1 (a)"

6. By adding the following subsection after subsection 17.1(e):

"(f) If such termination occurs, the City will reimburse Willow Industries Ltd. as specified in the Tenant Improvement Agreement attached as Schedule F."

7. By deleting subparagraph 18.3(e) and substitute with subparagraph 17.3(e) in subsection 17.3(f).

8. By adding the Tenant Improvement Agreement as Schedule F.

B. Due Execution

The Operator represents and warrants to the City that this Amending Agreement No. 1 has been duly authorized and executed by the Operator.

C. Full Force and Effect

The City and the Operator hereby agree that the Agreement shall hereinafter be read and construed in conjunction with this Amending Agreement No. 1 and be regarded as being amended only to the extent set out in this Amending Agreement No. 1 provided that all the terms, covenants, provisos, conditions and provisions of the Agreement, as amended hereby, shall continue to be in full force and effect and that nothing contained in this Amending Agreement No. 1 shall operate or be construed to modify or otherwise affect the rights and obligations created by the Agreement, as amended hereby.

D. Enurement

This Amending Agreement No. 1 shall enure to the benefit of and be binding upon the respective successors and permitted assigns of the City and the Operator.

IN WITNESS WHEREOF the parties have duly executed this Amending Agreement No. 1 as of the date set out above.

CITY OF SURREY

Vincent Lalonde, City Manager

Jane Sullivan, City Clerk

**LOWER FRASER VALLEY EXHIBITION
ASSOCIATION**

S. Claypool, President

SCHEDULE F

TENANT IMPROVEMENT AGREEMENT

THIS AGREEMENT dated for reference the _____ day of _____, 2018;

BETWEEN:

CITY OF SURREY
13450 – 104 Avenue
Surrey, BC V3T 1V8

(the "**City**")

OF THE FIRST PART

AND:

LOWER FRASER VALLEY EXHIBITION ASSOCIATION
6050A – 176 Street
Surrey, BC V3S 4E7

(the "**Operator**")

OF THE SECOND PART

AND:

WILLOW INDUSTRIES LTD.
19687 Willowbrook Drive
Langley, BC V2Y 1A6

(the "**Sub-Licensee**")

OF THE THIRD PART

WHEREAS:

- A. The City is the registered owner of the Cloverdale Fairgrounds and, more specifically for the purposes of this agreement, the Show Barn as shown outlined in blue on Schedule "A", (the "Show Barn");
- B. The Operator wishes to enter into a sub-license agreement with the Sub-Licensee to operate activities in the Show Barn in accordance with the Cloverdale Fairgrounds Operating Agreement dated January 31, 2017 between the City and the Operator (the "Operating Agreement");
- C. The Sub-Licensee wishes to carry out improvements in the Show Barn for the purposes of operating their activities; and
- D. The City has agreed to carry out improvements to the Show Barn subject to the terms and conditions set out below.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration now paid by each of the parties hereto to the other (the receipt and sufficiency of which are hereby acknowledged), the City, the Operator, and Sub-Licensee hereby covenant and agree as follows:

1. The City will proceed with a Design-Build Cloverdale Fairgrounds Show Barn Structural Upgrade Request For Proposal (RFP 1220-030-2018-028) with a project scope generally to consist of:
 - (a) structural steel columns, beams, supports, bracing etc.;
 - (b) structural upgrade to provide maximum possible clearances;
 - (c) foundations;
 - (d) reinforced concrete slab on grade. Finishes and tolerances to be suitable for ball hockey games;
 - (e) localized replacement or upgrade of existing building components that are affected or required to allow for the proposed structural improvement. This shall include but not limited to cutting, removal, re & re, excavation, backfill, coring, and location and suspension of building gas burner overhead heaters and miscellaneous fixtures;
 - (f) tie-in to existing building system as required;
 - (g) hazmat abatement;
 - (h) testing and inspections; and
 - (i) engineering and design services, permitting submissions required (Owner will cover the cost of the Building Permit only), labour, material, tools, equipment, and accessories required to complete the work in compliance with applicable codes, standards, by laws and regulations, and requirements of authorities having jurisdiction.
2. Upon receipt of the RFP 1220-030-2018-028 submissions, the City will prepare a project budget that includes construction costs and soft costs (i.e. project management fees, permits, geotechnical, third party inspection and material testing, miscellaneous expenses, contingencies, legal, and insurance). The City and the Sub-Licensee will mutually agree on the proposed budget with which to proceed.
3. The Sub-Licensee will pay to the City in a single lump-sum the project budget agreed to in Section 2 fifteen (15) days prior to the approval of the award of the RFP to the successful proponent.

4. The Parties agree that the term of this agreement is five (5) years commencing on the date the City receives the amount from the Sub-Licensee in Section 3.
5. The City will oversee the completion Show Barn Structural Upgrade project.
6. The Operator will enter into an agreement with the Sub-Licensee for the use of the Show Barn and the City will have the opportunity to review and comment on the proposed agreement prior to its execution.
7. If the City terminates the Operating Agreement, then the City would be required to repay to the Sub-Licensee the amount calculated with reference to the following formula:
 - (a) Total amount in Section 3 divided by (365 days x 5 years) multiplied by the number of days remaining in the 5 year term beginning from the date in Section 4.

IN WITNESS WHEREOF the parties hereto have executed this Tennant Improvement Agreement by their proper officers or signatories duly authorized in that behalf.

CITY OF SURREY

Ken Woodward, Realty Asset Manager

**LOWER FRASER VALLEY EXHIBITION
ASSOCIATION**

S. Claypool, President

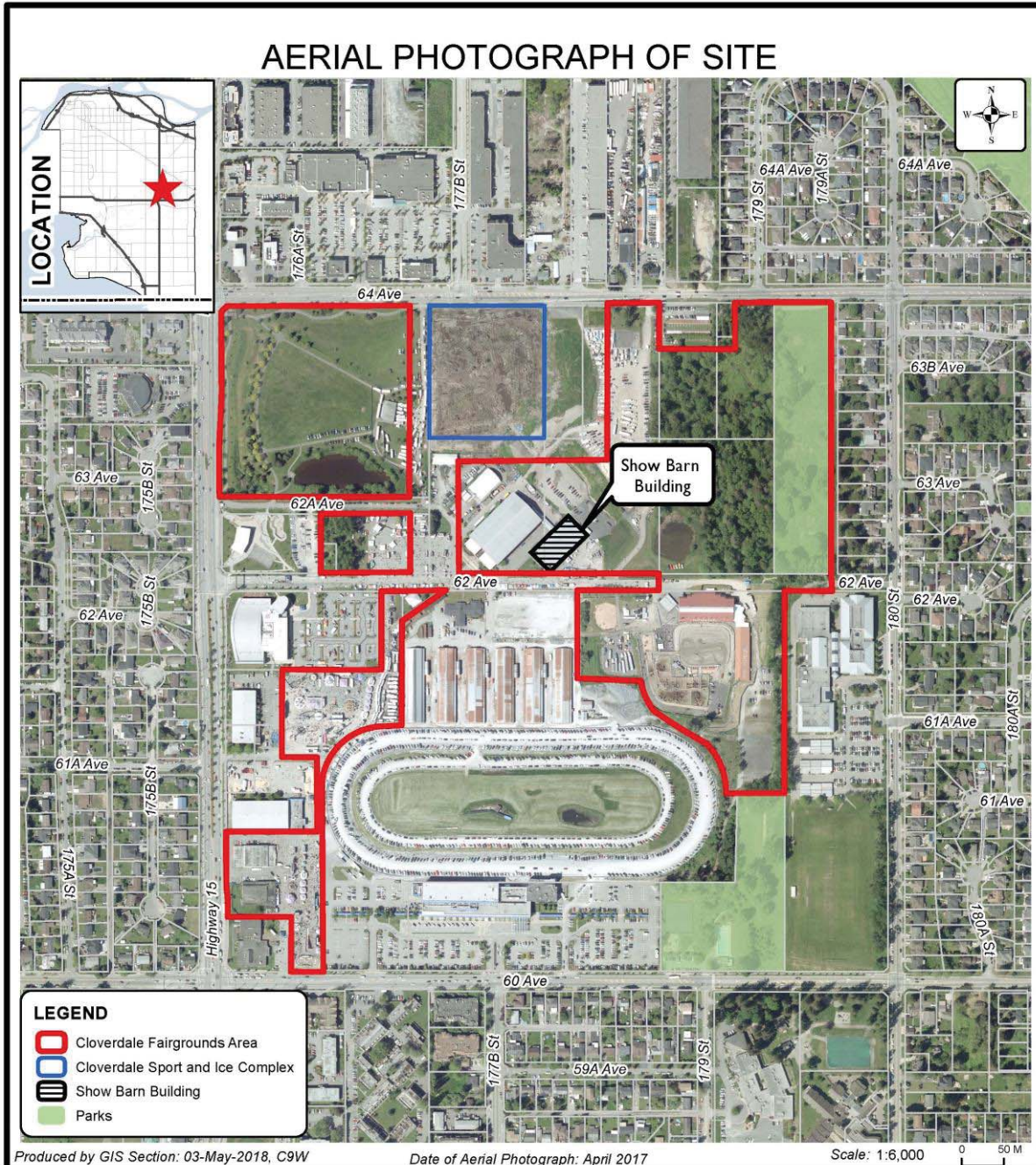
WILLOW INDUSTRIES LTD.

Erik Michael Vilio

Steven John Vilio

SCHEDULE "A"
THE "SHOW BARN"

AERIAL PHOTOGRAPH OF SITE



LEGEND

- Cloverdale Fairgrounds Area
- Cloverdale Sport and Ice Complex
- Show Barn Building
- Parks

Produced by GIS Section: 03-May-2018, C9W Date of Aerial Photograph: April 2017 Scale: 1:6,000 0 50 M

 <p>CITY OF SURREY the future lives here.</p>	<p>SHOW BARN BUILDING 17763 - 62 AVENUE</p>	<p>ENGINEERING DEPARTMENT</p>
---	---	--------------------------------------

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. Source: G:\MAPPING\GIS\Maps\CorporateReps\Really\PS_pty_17763-62Ave_v2.mxd

TENANT IMPROVEMENT AGREEMENT

THIS AGREEMENT dated for reference the _____ day of _____, 2018;

BETWEEN:

CITY OF SURREY
13450 – 104 Avenue
Surrey, BC V3T 1V8

(the "City")

OF THE FIRST PART

AND:

LOWER FRASER VALLEY EXHIBITION ASSOCIATION
6050A – 176 Street
Surrey, BC V3S 4E7

(the "Operator")

OF THE SECOND PART

AND:

WILLOW INDUSTRIES LTD.
19687 Willowbrook Drive
Langley, BC V2Y 1A6

(the "Sub-Licensee")

OF THE THIRD PART

WHEREAS:

- A. The City is the registered owner of the Cloverdale Fairgrounds and, more specifically for the purposes of this agreement, the Show Barn as shown outlined in blue on Schedule "A", (the "Show Barn");
- B. The Operator wishes to enter into a sub-license agreement with the Sub-Licensee to operate activities in the Show Barn in accordance with the Cloverdale Fairgrounds Operating Agreement dated January 31, 2017 between the City and the Operator (the "Operating Agreement");
- C. The Sub-Licensee wishes to carry out improvements in the Show Barn for the purposes of operating their activities; and
- D. The City has agreed to carry out improvements to the Show Barn subject to the terms and conditions set out below.

NOW THEREFORE THIS AGREEMENT WITNESSES that in consideration of the mutual covenants and agreements contained in this Agreement and for other good and valuable consideration now paid by each of the parties hereto to the other (the receipt and sufficiency of which are hereby acknowledged), the City, the Operator, and Sub-Licensee hereby covenant and agree as follows:

1. The City will proceed with a Design-Build Cloverdale Fairgrounds Show Barn Structural Upgrade Request For Proposal (RFP 1220-030-2018-028) with a project scope generally to consist of:
 - (a) structural steel columns, beams, supports, bracing etc.;
 - (b) structural upgrade to provide maximum possible clearances;
 - (c) foundations;
 - (d) reinforced concrete slab on grade. Finishes and tolerances to be suitable for ball hockey games;
 - (e) localized replacement or upgrade of existing building components that are affected or required to allow for the proposed structural improvement. This shall include but not limited to cutting, removal, re & re, excavation, backfill, coring, and location and suspension of building gas burner overhead heaters and miscellaneous fixtures;
 - (f) tie-in to existing building system as required;
 - (g) hazmat abatement;
 - (h) testing and inspections; and
 - (i) engineering and design services, permitting submissions required (Owner will cover the cost of the Building Permit only), labour, material, tools, equipment, and accessories required to complete the work in compliance with applicable codes, standards, by laws and regulations, and requirements of authorities having jurisdiction.
2. Upon receipt of the RFP 1220-030-2018-028 submissions, the City will prepare a project budget that includes construction costs and soft costs (i.e. project management fees, permits, geotechnical, third party inspection and material testing, miscellaneous expenses, contingencies, legal, and insurance). The City and the Sub-Licensee will mutually agree on the proposed budget with which to proceed.
3. The Sub-Licensee will pay to the City in a single lump-sum the project budget agreed to in Section 2 fifteen (15) days prior to the approval of the award of the RFP to the successful proponent.

4. The Parties agree that the term of this agreement is five (5) years commencing on the date the City receives the amount from the Sub-Licensee in Section 3.
5. The City will oversee the completion Show Barn Structural Upgrade project.
6. The Operator will enter into an agreement with the Sub-Licensee for the use of the Show Barn and the City will have the opportunity to review and comment on the proposed agreement prior to its execution.
7. If the City terminates the Operating Agreement, then the City would be required to repay to the Sub-Licensee the amount calculated with reference to the following formula:
 - (a) Total amount in Section 3 divided by (365 days x 5 years) multiplied by the number of days remaining in the 5 year term beginning from the date in Section 4.

IN WITNESS WHEREOF the parties hereto have executed this Tennant Improvement Agreement by their proper officers or signatories duly authorized in that behalf.

CITY OF SURREY

Ken Woodward, Realty Asset Manager

**LOWER FRASER VALLEY EXHIBITION
ASSOCIATION**

S. Claypool, President

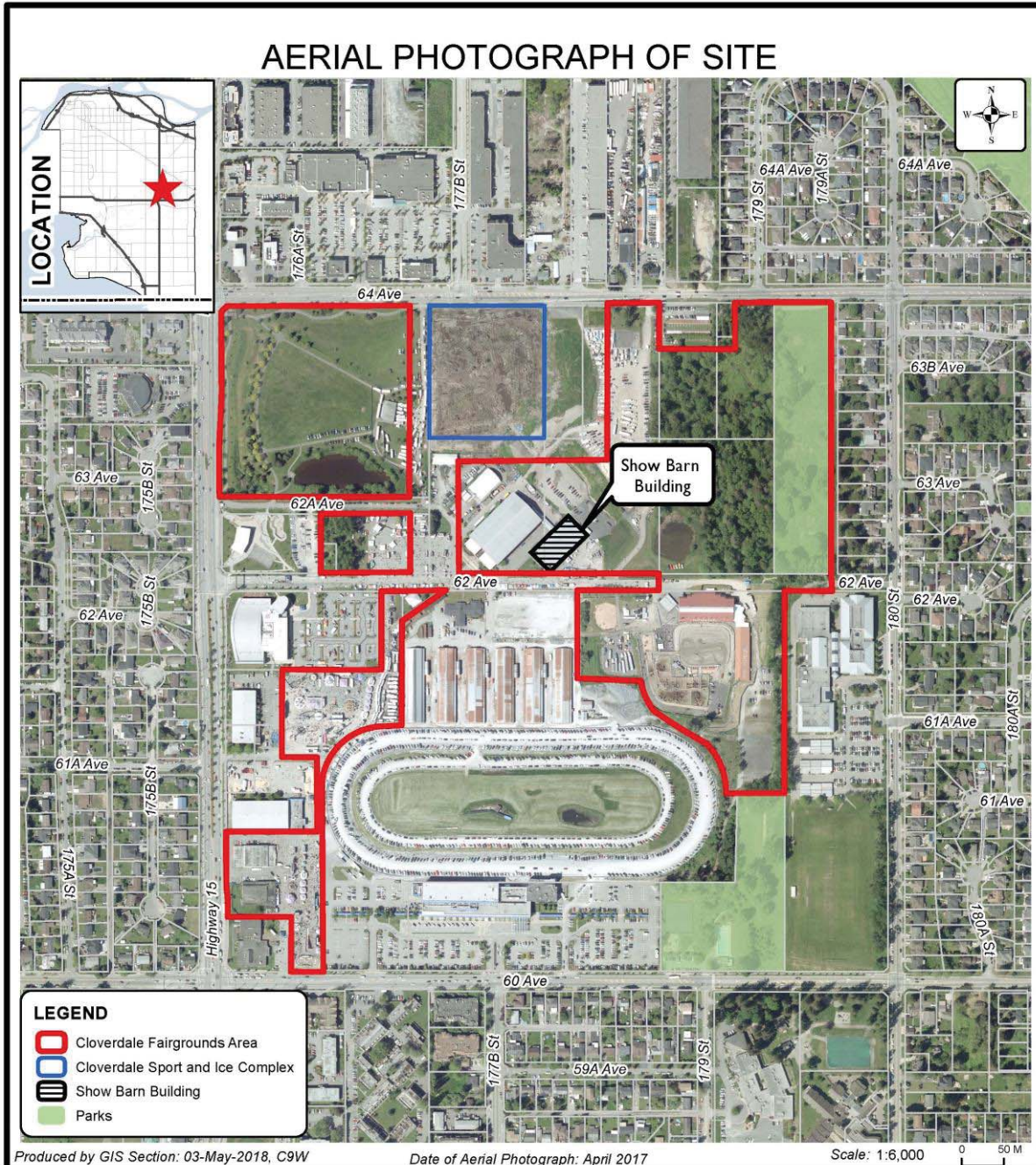
WILLOW INDUSTRIES LTD.

Erik Michael Vilio

Steven John Vilio

SCHEDULE "A"
THE "SHOW BARN"

AERIAL PHOTOGRAPH OF SITE



LEGEND

- Cloverdale Fairgrounds Area
- Cloverdale Sport and Ice Complex
- Show Barn Building
- Parks

Produced by GIS Section: 03-May-2018, C9W

Date of Aerial Photograph: April 2017

Scale: 1:6,000



SHOW BARN BUILDING
17763 - 62 AVENUE

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.

Source: G:\MAPPING\GIS\Maps\CorporateReps\Really\PS_pty_17763-62Ave_v2.mxd



CORPORATE REPORT

NO: R259

COUNCIL DATE: December 5, 2016

REGULAR COUNCIL

TO: Mayor & Council **DATE: December 1, 2016**

FROM: General Manager, Parks, Recreation and Culture **FILE: 2240-20/C**
General Manager, Finance and Technology

SUBJECT: Renewal of the Cloverdale Fairgrounds Operating Agreement with the Lower Fraser Valley Exhibition Association

RECOMMENDATION

The Parks, Recreation and Culture Department and the Finance and Technology Department recommend that Council:

1. Receive this report as information; and
2. Approve the execution by the appropriate City officials of the Operating Agreement between the City of Surrey and the Lower Fraser Valley Exhibition Association (the "Association"), a copy of the proposed Agreement is attached to this report as Appendix "II", for the operation of the Cloverdale Fairgrounds during the three-year period from January 1, 2017 to December 31, 2019.

INTENT

The purpose of this report is to provide an overview of a proposed Operating Agreement (the "Agreement") between the City and the Lower Fraser Valley Exhibition Association (the "Association") for the operation of the Cloverdale Fairgrounds for the years 2017 through 2019, inclusive and to obtain approval to execute the Agreement.

BACKGROUND

The three-year operating agreement with the Association covering the period from January 1, 2014 to December 31, 2016 is nearing expiry. Staff have been in discussions with the Association executive over the last few months with a view to entering into a new Agreement with the Association to allow the Association to continue to operate the Cloverdale Fairgrounds, which is owned by the City.

The following sections provide a brief overview of key elements of the current Agreement and of changes that are proposed in the new Agreement:

Key Elements of the Agreement

- I. **Broad Purpose** – Under the Agreement the Association provides services in connection with the operation of the Cloverdale Fairgrounds in accordance with the terms and conditions specified within the Agreement.
- II. **Facilities and Grounds Covered by the Agreement** – The Agreement covers the Fairgrounds land and includes: the Millennium Amphitheatre; Shannon Hall; Alice McKay Building; Agriplex; Show Barn; First-Aid / Washroom Building; Stetson Bowl; Cover-all Building; and Shops. The areas covered under the Agreement are attached as a map in Appendix “I” of this report and illustrated in Schedule ‘A’ of the Agreement. The Agreement is attached to this report as Appendix “II”.
- III. **Uses** – The Agreement provides for the Association to operate the Fairgrounds and buildings thereon for cultural uses, recreational uses, community events, livestock shows and trade shows. The Agreement stipulates that the Association is not permitted to book the Fairground facilities for extreme martial arts or unsanctioned boxing matches.

The Agreement allows the City free use of the Fairgrounds to host Canada Day celebrations at the Millennium Amphitheatre.

- IV. **Funding** – Under the 2014-2016 Agreement, the City provides an annual base payment of \$364,000 to the Association, adjusted for CPI in 2011 and each year thereafter. In addition, the agreement provides the Association with use of a \$200,000 line of credit as a contingency if the operating funding is insufficient to meet all of the Association’s needs during the term of the Agreement. The Agreement stipulates that any draws that the Association makes from the line of credit must be approved by the City’s General Manager, Finance and Technology, in advance. The City is responsible for paying down any amounts used from the line of credit at the end of each year.

Under the proposed 2017-2019 Agreement, the City will provide an annual base payment of \$380,000 to the Association in 2017 and will adjust this payment in each of 2018 and 2019 by the change in the CPI for Vancouver for the 12 months ending on December 31 of the immediately preceding year. The \$200,000 line of credit will remain available to the Association under the same provisions as the 2014-2016 Agreement.

The existing and proposed Agreements both provide for the City’s continuing involvement in certain specified operating functions and preventative/corrective maintenance programs for Fairgrounds buildings, the Millennium Amphitheatre, roads and city-owned underground utilities as per the list below:

- (a) Mechanical equipment directly related to building systems;
- (b) Equipment associated with the heating, ventilation, and air conditioning systems;
- (c) Electrical equipment directly associated with building systems;
- (d) Plumbing systems, including but not limited to, in-ground services of the recreational vehicle lot;
- (e) Fire prevention systems, and firefighting systems and equipment;
- (f) Indoor and outdoor lighting systems, including parking lot lighting;
- (g) Building envelope including roof systems;

- (h) City infrastructure associated with underground City utilities such as water, sanitary sewer and storm sewer, but excluding hydro and gas;
- (i) Built portions of 62 Avenue and 62A Avenue and its associated ditches; and
- (j) Patching of asphalt parking lots, to a maximum of \$3,000 in each year of the Term, upon request by the Operator.

- V. **Independence of the Operator** – The Agreement stipulates that the Association is an independent contractor to the City and does not create a relationship of employer and employee nor a partnership or a joint venture. The Association does not have the authority to enter into any agreements or contracts on behalf of the City except as expressly set out in the Agreement.
- VI. **Insurance and Damages** – The Agreement contains standard damage, insurance and indemnity clauses.
- VII. **Termination** – Under the terms of the Agreement, the City may terminate the Agreement subject to giving the Association 120 days of notice in writing. The Agreement also allows for termination by the Association under certain stipulated conditions.

Other Changes in the Proposed Agreement in comparison to the Current Agreement:

The following summarizes other changes that have been incorporated into the proposed Agreement in comparison to the current Agreement:

1. The new Cloverdale Youth Park has been constructed on a section of the Fairgrounds, which has reduced the area of the Fairground site on its western boundary at 62 Avenue, shown as Schedule 'A' in the attached Agreement.
2. Existing parkland and additional portions of the Fairgrounds in the North-east quadrant have been added to the area managed by the Association, which will allow the Association to carry out trail-related special events such as cyclo-cross and adventure foot-races.
3. Lands previously managed by the Association that fall within the future footprint of the new twin-sheet ice arena, future parking areas and future roads have been removed from the Agreement.
4. A private residential lot on 62 Avenue was recently purchased by the City; this lot has now been brought into the Agreement for management by the Association.
5. The following house-keeping changes have been made:
 - Schedule 'C', the capital equipment list has been updated;
 - A number of wording changes for the purpose of bringing more clarity to certain clauses of the Agreement have been made.

The Association Executive is satisfied with the proposed Agreement.

Review by Legal Services

Legal Services has reviewed the proposed Agreement and has no concerns.

SUSTAINABILITY CONSIDERATIONS

The Cloverdale Fairgrounds serve as a venue for community celebrations, festivals and local community programs, and agriculturally-focussed exhibitions. Specifically this supports the following Desired Outcomes and Strategic Direction:

- Economic Prosperity and Livelihoods DO11: Food production and enterprises of all scales are an integral part of the economy.
- Health and Wellness DO6: Residents participate in a wide range of recreation and leisure opportunities.
 - SD8: Promote greater participation in all forms of recreation.

CONCLUSION

Based on the above discussion, it is recommended that Council approve the execution by the appropriate City officials of the proposed Operating Agreement between the City of Surrey and the Lower Fraser Valley Exhibition Association (the “Association”), a copy of the proposed Agreement is attached to this report as Appendix “I”, for the operation of the Cloverdale Fairgrounds during the three-year period from January 1, 2017 to December 31, 2019.

Laurie Cavan
General Manager,
Parks, Recreation and Culture

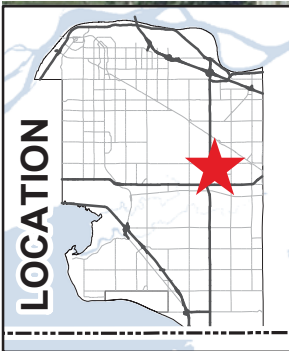
Vivienne Wilke, CGA
General Manager,
Finance & Technology

Appendix “I” – Map of the Cloverdale Fairgrounds
Appendix “II” Proposed Operating Agreement (2017 – 2019)

j:\park-rec\wpcenre\corprpts\2016\cloverdale fairgrounds operating agreement 2017-2019 final.docx
DCV 12/1/16 2:25 PM

Appendices available upon request

AERIAL PHOTOGRAPH OF SHOW BARN



Produced by GIS Section: 03-May-2018, C9W

Date of Aerial Photograph: April 2017

Scale: 1:6,000 0 50 M



SHOW BARN BUILDING
17763 - 62 AVENUE

ENGINEERING
DEPARTMENT