

NO: R131

COUNCIL DATE: September 14, 2020

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **September 10, 2020**

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

SUBJECT: **Use of Portions of the Cloverdale Fairgrounds for Film Production Purposes (Superman & Lois Smallville Set)**

RECOMMENDATION

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

1. Receive this report for information;
2. Subject to consideration and approval by Council of a Temporary Use Permit (“TUP”), approve the execution by the Mayor and the City Clerk of a tripartite licence agreement for 17848 – 64 Avenue (PID#: 011-105-119) and a portion of 17835 – 62 Avenue (PID#:007-557-035) and a portion of 17763 – 62 Avenue (PID#: 007-559-909) between Manly Shore Production Services Inc. (“Manly”), the Lower Fraser Valley Exhibition Association (the “Association”), and the City, for a term of 27 months commencing October 1, 2020 to coincide with the expiry of the current Operating Agreement with the Association, being December 31, 2022; and
3. Subject to consideration and approval by Council of a TUP, approve the execution by the Mayor and the City Clerk of a lease agreement for 17848 – 64 Avenue (PID#: 011-105-119) and a portion of 17835 – 62 Avenue (PID#: 007-557-035) and a portion of 17763 – 62 Avenue (PID#: 007-559-909) between Manly and the City for a subsequent term of up to 33 months commencing January 1, 2023.

INTENT

The purpose of this report is to provide an overview of a proposed use of portions of the Cloverdale Fairgrounds for film production purposes for a total of 5-years (60 months), subject to the approval and issuance of an initial 3-year TUP, with the remaining period of a 5-year lease being subject to the renewal of the TUP for a further 3-year period. This report also seeks Council’s approval to enter into a licence agreement and a lease agreement (collectively, the “Agreements”) with the Association and with Manly.

BACKGROUND

Manly, being a subsidiary of Warner Bros. Entertainment Inc. (“Warner Bros.”), is proposing the use of portions of the Cloverdale Fairgrounds, as illustrated in the attached Appendix “I”, for a Superman & Lois Smallville Set as illustrated in the attached Appendix “II”. While the lands comprising the

Cloverdale Fairgrounds are owned by the City, the proposed areas of the Cloverdale Fairgrounds being requested for use for the Superman & Lois Smallville Set are areas contained within the current Operating Agreement with the Association as illustrated in the attached Appendix “III”. The current Operating Agreement expires on December 31, 2022, as noted in Corporate Report No. R176; 2019, attached as Appendix “IV”.

The Association has been in discussions with movie industry representatives during the last several years. Warner Bros. scouted the Cloverdale Fairground lands for their intended use a little over a year ago and in early July 2020 confirmed to the Association their interest in being located at the Cloverdale Fairgrounds. From the onset, the Association has maintained dialogue with Warner Bros. to ensure that the production arrives within the City. The Association is highly supportive of the prospect of a Superman & Lois Smallville Set at the Cloverdale Fairgrounds.

The existing zoning bylaws for 17848 – 64 Avenue, 17835 – 62 Avenue, and 17763 – 62 Avenue do not specifically permit the intended use as “film production and associated truck and trailer parking” and therefore the sub-lease and lease as contemplated in this report require Council to separately consider the merits of a TUP for the intended use. Therefore, staff will be submitting a separate TUP application for Council’s consideration concurrently with this report.

DISCUSSION

The Cloverdale Fairgrounds serve as a venue for community celebrations, festivals and local community programs, and agriculturally focussed exhibitions. Due to the onset of COVID-19 many of these venues have been either cancelled or deferred, which in turn has created financial ramifications. The use of portions of the Cloverdale Fairgrounds for the purpose of film production will assist in alleviating the current financial constraints as well as providing a very high-profile venue for the community of Cloverdale. Additional benefits to the City include the provision that during major scheduled events Manly will coordinate with the Association to free up portions of the licence/lease areas for the benefit of the public, including scheduling active filming outside of the duration of the Cloverdale Rodeo & Country Fair event. Manly will provide escorted walking tours to attendees of the Cloverdale Rodeo & Country Fair. Executing the proposed Agreements at this time will also provide sufficient intervening time for the City and the Association to negotiate a further renewal of the Operating Agreement prior to its expiry on December 31, 2022, subject to City Council approval.

The proposed film production purposes and location will not impede the City’s ability to deliver the future Cloverdale Sports and Ice Complex, should funding for this project become available, as the boundary of the future Cloverdale Sports and Ice Complex is located west of the Superman & Lois Smallville Set.

Current Operating Agreement

The current Operating Agreement includes the facilities and grounds illustrated in red hatching in the attached Appendix “III”, and includes the Bill Reid Millennium Amphitheatre, Shannon Hall, Alice McKay Building, Agriplex, Show Barn, First-Aid/Washroom Building, Stetson Bowl, Cover-all Building, and Shops. The Operating Agreement provides for the Association to operate the Fairgrounds and buildings for cultural uses, recreational uses, community events, livestock shows and trade shows. The current operating agreement does not consider filming, and therefore a TUP is required.

Sub-Lease Agreement & Lease Agreement

The proposed Agreements, as described in recommendation #2 and #3 of this report, will facilitate the occupation of the Superman & Lois Smallville Set on portions of the Cloverdale Fairgrounds, as illustrated in the attached Appendices “I” and “II”. As the issuance of a TUP is valid for a period of

3-years, the Agreements contain provisions that in the event a second 3-year TUP is not approved, the Agreements will expire at the end of the initial 3-year period.

Review by Legal Services

Legal Services has reviewed the proposed Agreements 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 venue supports the objectives of the City's Sustainability Charter 2.0. In particular, it supports the Sustainability Charter themes of Economic Prosperity and Livelihoods and Health and Wellness. Specifically, this supports 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 and Recreation - DO6: Residents participate in a wide range of recreation and leisure opportunities.
- Wellness and 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 Mayor and the City Clerk of a tripartite licence agreement and a lease agreement as described in this report, subject to the issuance of Temporary Use Permit for the lands at 17848 – 64 Avenue, 17835 – 62 Avenue, and 17763 – 62 Avenue for a Superman & Lois Smallville Set.

Scott Neuman, P.Eng.
General Manager, Engineering

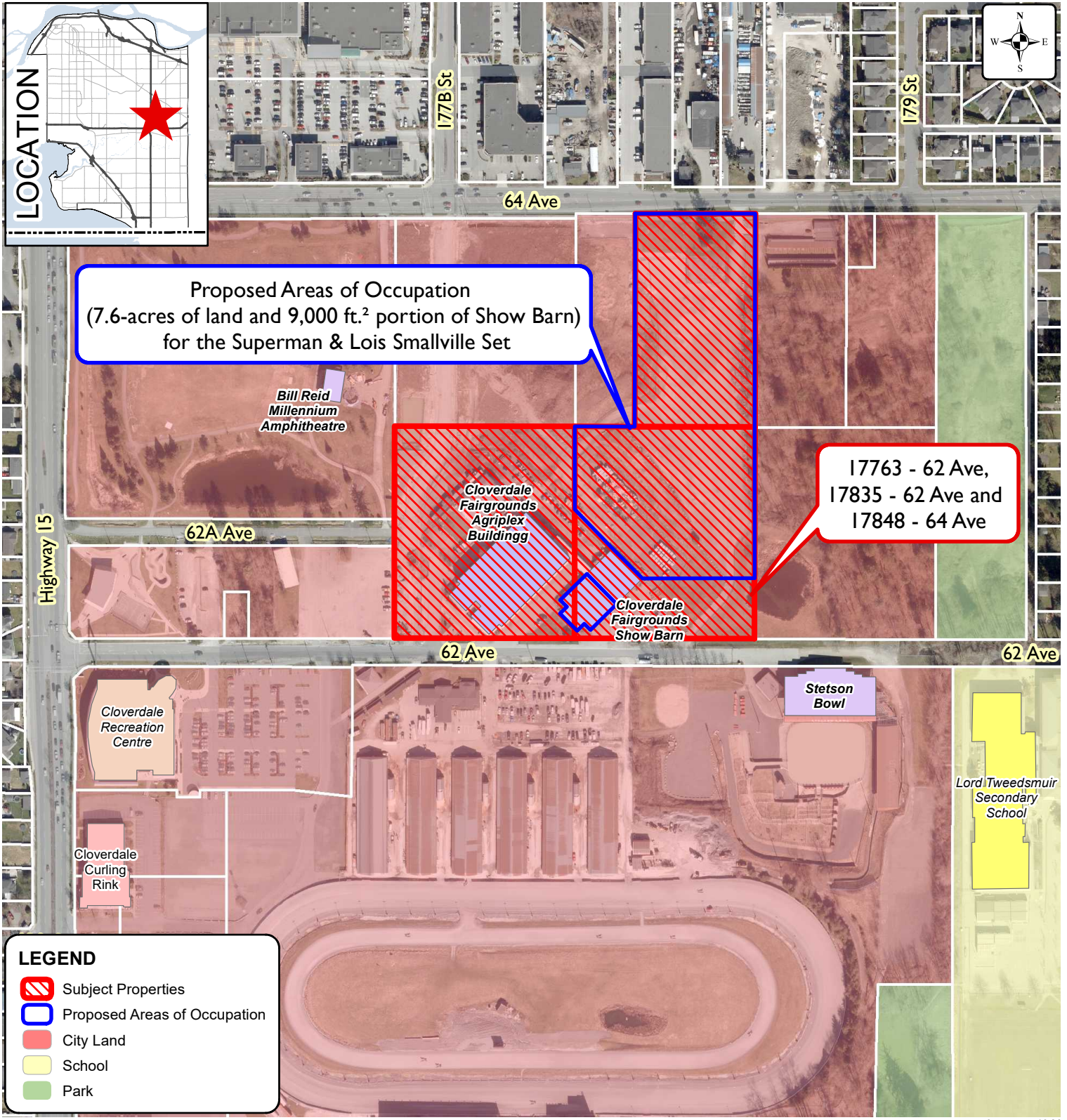
Laurie Cavan
General Manager,
Parks, Recreation and Culture

Kam Grewal, CMA
General Manager, Finance

NR/ap/cc

Appendix "I" – Aerial Photograph of Site
Appendix "II" – Superman & Lois Smallville Set Renderings
Appendix "III" – Map of Cloverdale Fairgrounds
Appendix "IV" – Corporate Report No. R176; 2019

AERIAL PHOTOGRAPH OF SITE APPENDIX "I"



Produced by GIS Section: 01-Sep-2020, JJR

Date of Aerial Photograph: March 2019

Scale: 1:4,000



Warner Bros. Superman & Lois Smallville Set

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.



SUPERMAN & LOIS

SOUTH
MAIN STREET VIEW 001

SUNIL PANT || 14 07 2020

APPENDIX "II"

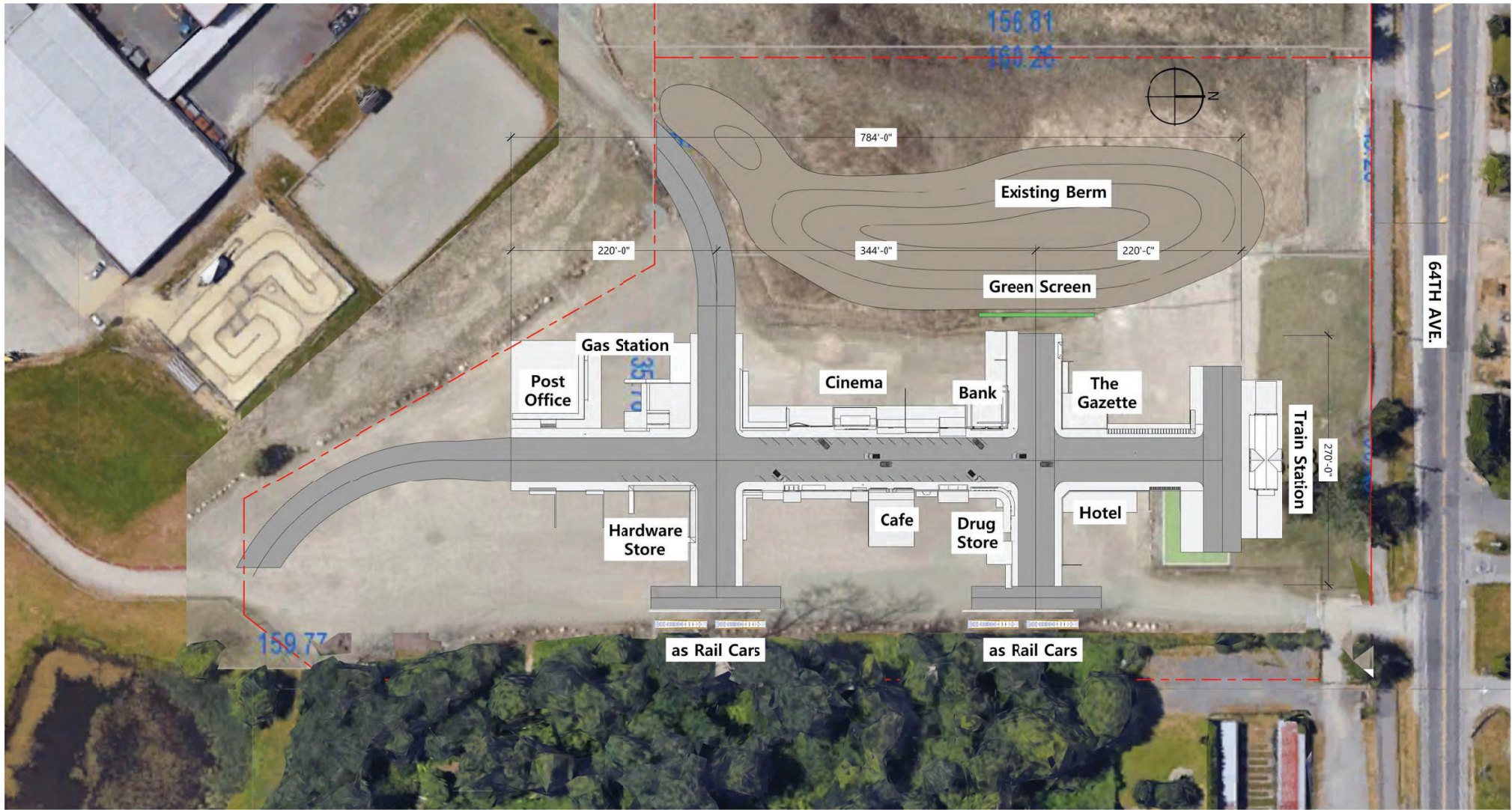


NORTH



SUPERMAN & LOIS

SUNIL PANT || 15 07 2020

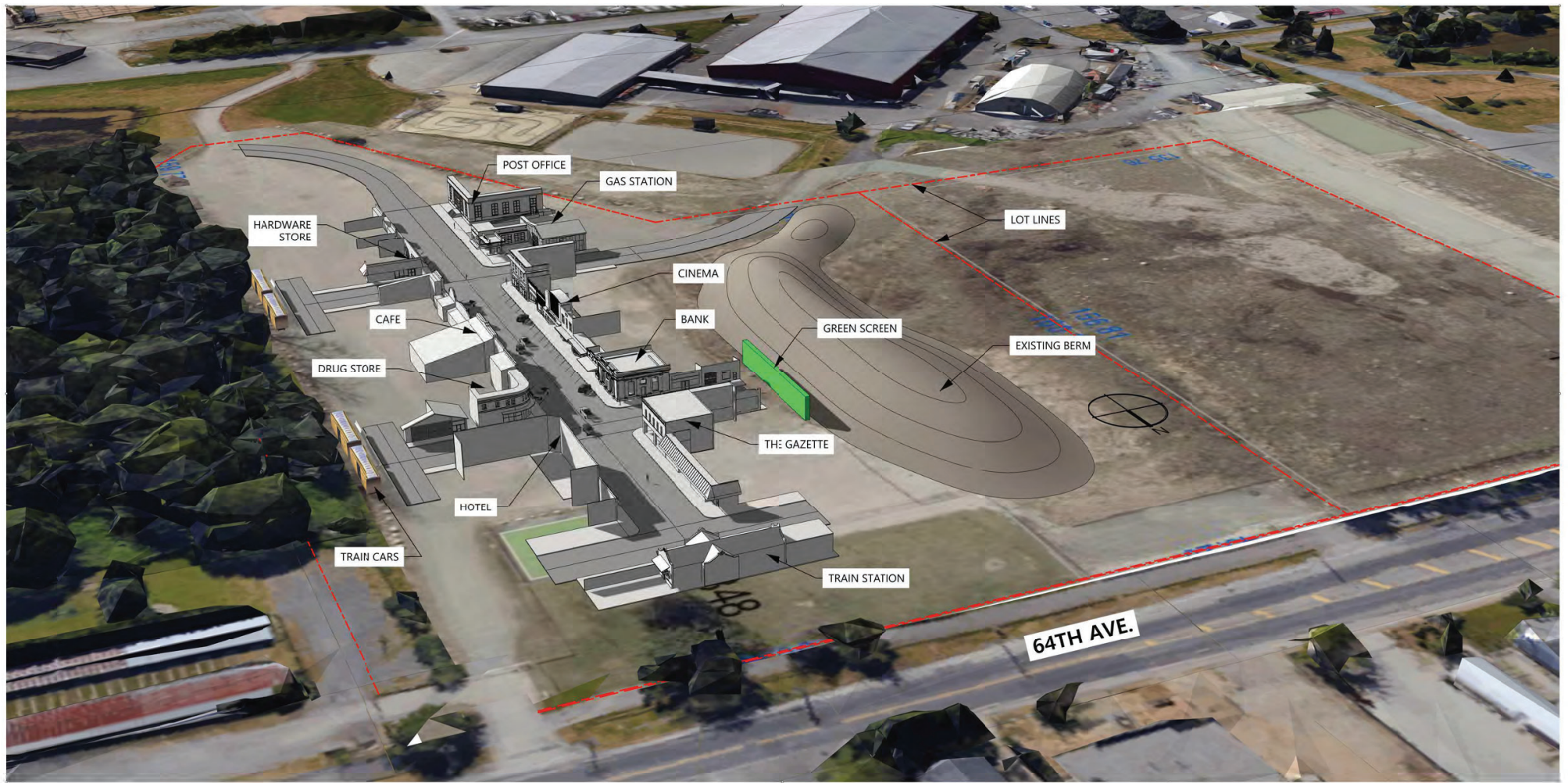


CLOVERDALE SITE PLAN

EXT SMALLVILLE MAIN STREET - 800' version

July 15/20





BIRDS EYE VIEW OF CLOVERDALE SITE
Sun @ 10am October 15

EXT SMALLVILLE MAIN STREET - 800' version

July 15/20





VIEW NORTH DOWN MAIN ST. @ Gas Station
38mm LENS - Super35
No VFX Set Extension
Sun @ 10am October 15

EXT SMALLVILLE MAIN STREET - 800' version

July 15/20





VIEW SOUTH DOWN MAIN ST. @ Train Station
38mm LENS - Super35
No VFX Set Extension
Sun @ 10am October 15

EXT SMALLVILLE MAIN STREET - 800' version

July 15/20





VIEW SOUTH DOWN MAIN ST. @ mid block
38mm LENS - Super35
No VFX Set Extension
Sun @ 10am October 15

EXT SMALLVILLE MAIN STREET - 800' version

July 15/20



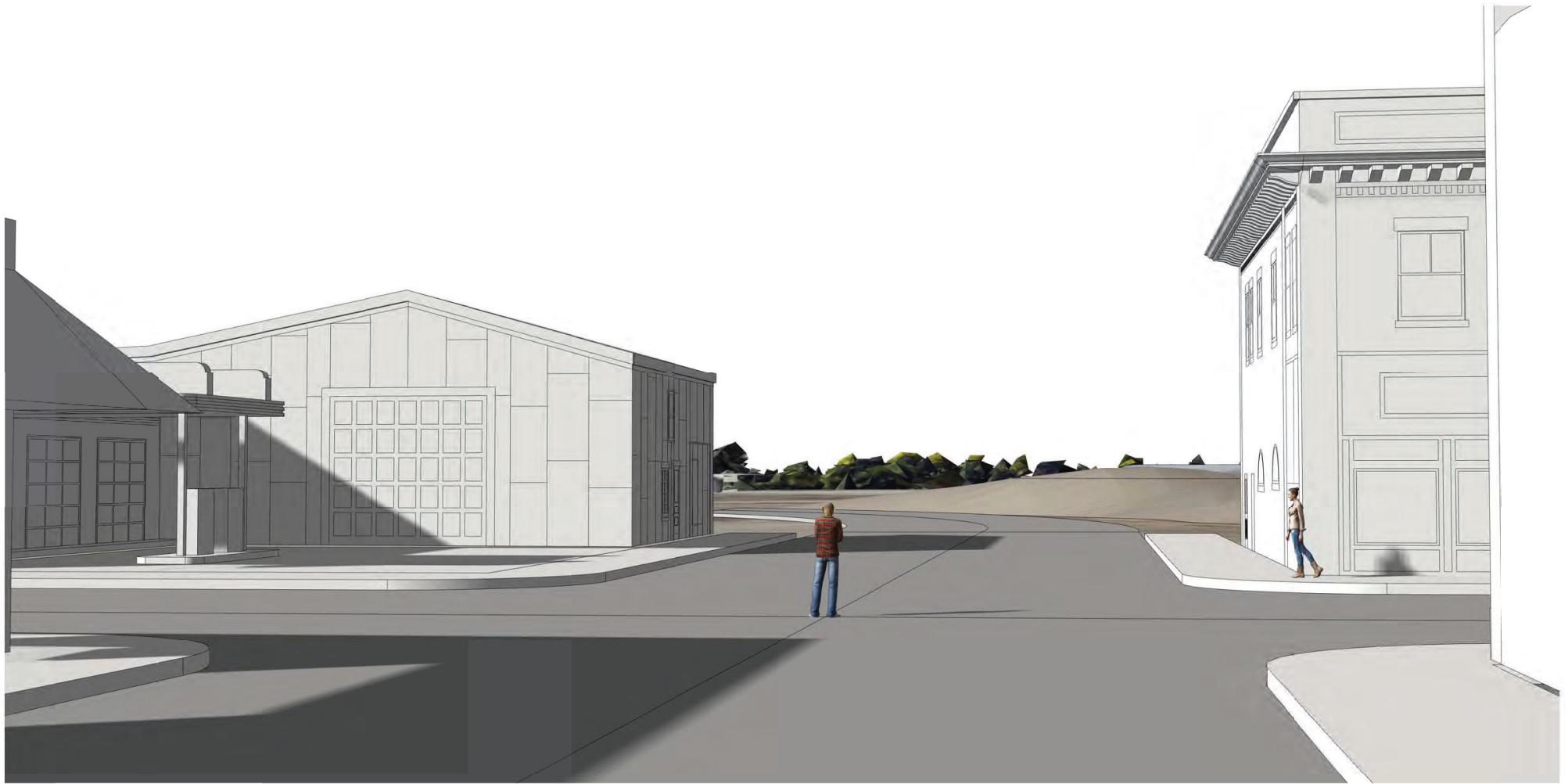


VIEW EAST ACROSS MAIN ST. @ BANK
38mm LENS - Super35
No VFX Set Extension
Sun @ 10am October 15

EXT SMALLVILLE MAIN STREET - 800' version

July 15/20





VIEW WEST ACROSS MAIN ST. @ Gas Station
38mm LENS - Super35
Possibly No VFX Set Extension
Sun @ 10am October 15

EXT SMALLVILLE MAIN STREET - 800' version

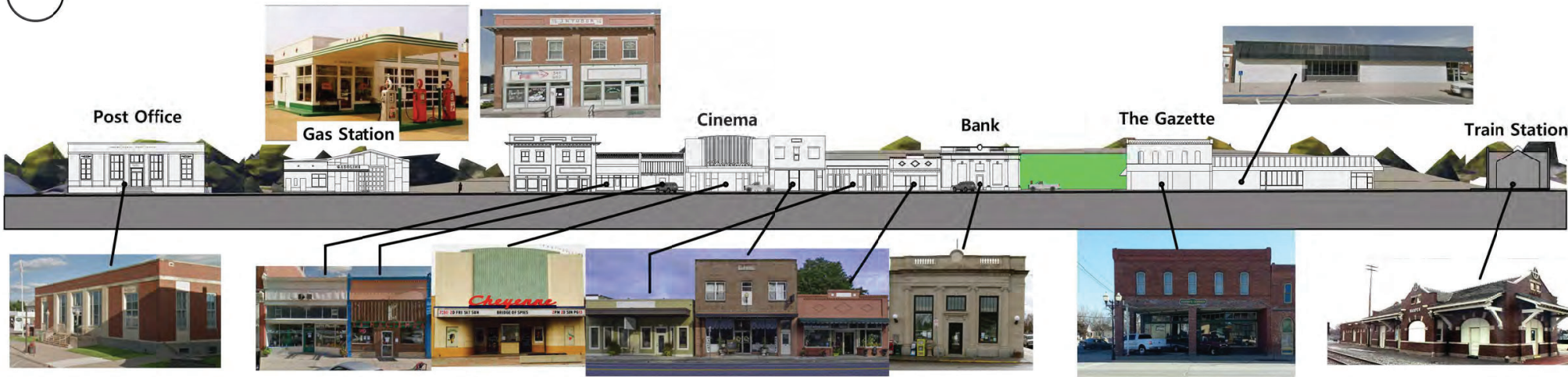
July 15/20





EAST STREET ELEVATION

SCALE: 1:600



WEST STREET ELEVATION

SCALE: 1:600



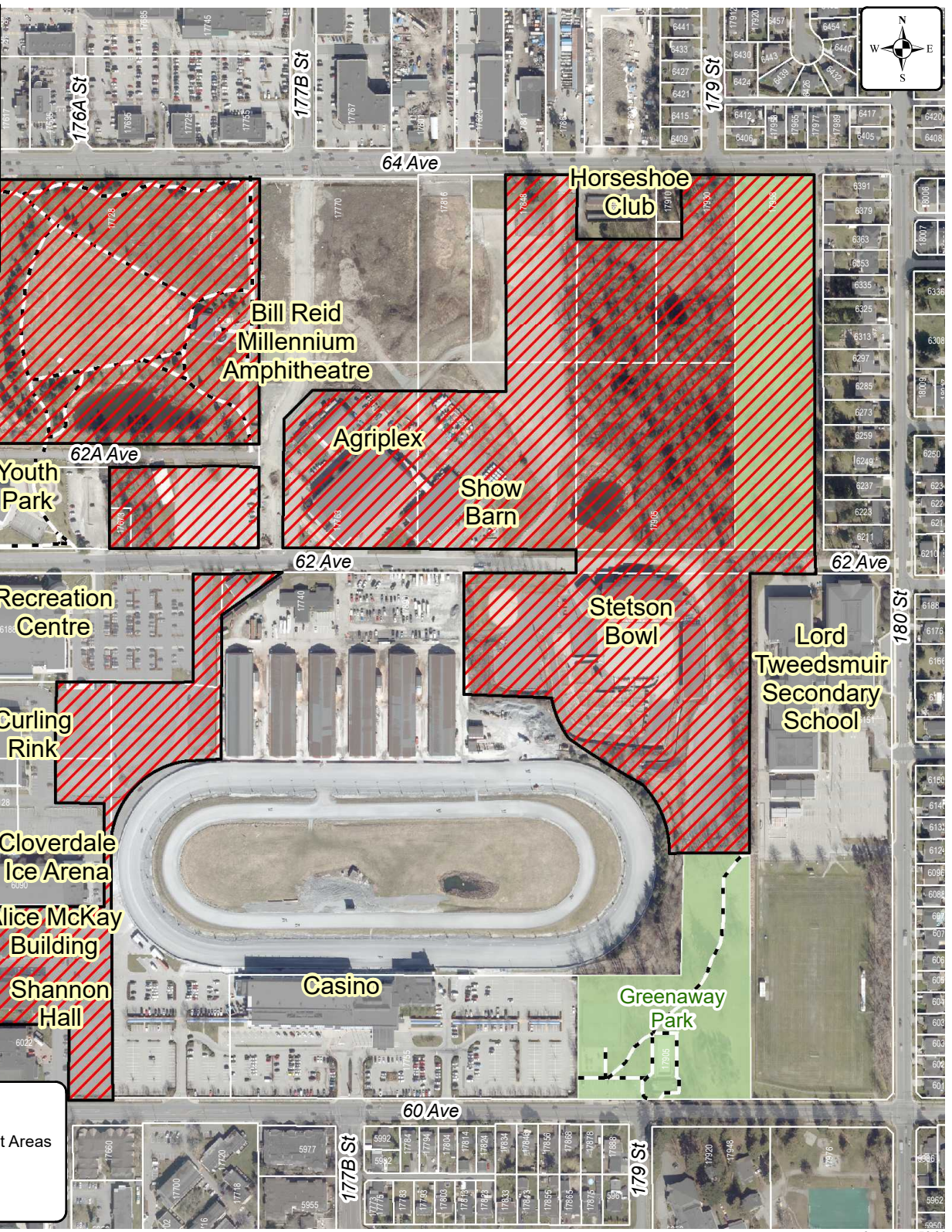
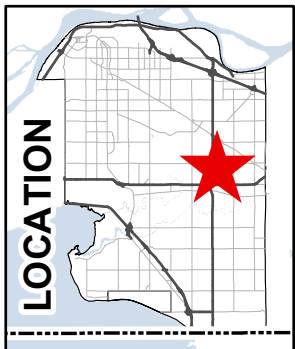
EXT SMALLVILLE MAIN STREET - 800' version

ELEVATIONS WITH REFERENCE
July 15/20



APPENDIX "III"

AERIAL PHOTOGRAPH OF SITE



LEGEND

- Operating Agreement Areas
- Parks
- Park Paths

Produced by GIS Section: 02-Sep-2020, JJR

Date of Aerial Photograph: March 2019

Scale: 1:5,000 0 50 M



Map of Cloverdale Fairgrounds

**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.

CORPORATE REPORT

NO: *R176*

COUNCIL DATE: *September 16, 2019*

REGULAR COUNCIL

TO: **Mayor & Council** DATE: **September 12, 2019**
FROM: **General Manager, Parks, Recreation & Culture** FILE: **2240-20/C**
General Manager, Finance
SUBJECT: **Renewal of the Cloverdale Fairgrounds Operating Agreement with the Lower Fraser Valley Exhibition Association**

RECOMMENDATION

The Parks, Recreation & 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 Operating Agreement (the "Agreement") between the City of Surrey (the "City") and the Lower Fraser Valley Exhibition Association (the "Association"), attached as Appendix "I", for the operation of the Cloverdale Fairgrounds during the three-year period from January 1, 2020 to December 31, 2022.

INTENT

The purpose of this report is to provide an overview of a proposed Operating Agreement between the City of Surrey and the Lower Fraser Valley Exhibition Association for the operation of the Cloverdale Fairgrounds for the years 2020 through 2022, inclusive, and to obtain approval to execute the Agreement.

BACKGROUND

The three-year operating agreement between the City and the Association covering the period from January 1, 2017 to December 31, 2019 is nearing expiry.

In May 2018, Council approved a proposed extension to the Agreement and a proposed Tennant Improvement Agreement (the "TI Agreement") for the operation of a ball hockey league at the Show Barn Building through Corporate Report No. R119; 2018, attached as Appendix "II". Despite several months of discussion, the parties did not mutually agree on the proposed budget to proceed. In November 2018, the association advised City staff that they no longer wish to proceed with the TI Agreement. As a result, execution of the extension to the Agreement and execution of the TI Agreement did not occur.

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 City-owned Cloverdale Fairgrounds.

DISCUSSION

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: Bill Reid 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 “III” of this report and illustrated in Schedule ‘A’ of the Agreement.
- 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. **Fees** – Under the 2017-2019 Agreement, the City provided an annual base payment of \$380,000 to the Association, adjusted for CPI in 2018 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 fees are 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, in advance. The Association is responsible for paying down any amounts used from the line of credit at the end of each year.

Under the proposed 2020-2022 Agreement, the City will provide an annual base payment of \$407,000 to the Association in 2020 and will adjust this payment in each of 2021 and 2022 by the change in the CPI for the Vancouver area 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 whose use must be again approved by the City’s General Manager Finance. In addition to the amounts listed above, the Association also receives a grant of \$225,000 to stage the annual Rodeo and Exhibition. This ongoing community grant has been in place since 2008.

It should be noted that given the success of the Cloverdale Fairgrounds operation, the Association has not required the line of credit since July 2017.

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, Bill Reid 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. Lands previously managed by the City that fall within the proposed footprint of the twin-sheet ice arena and future parking areas have been added back into the agreement for management by the Association.
- 2. The following house-keeping changes have been made:
 - Schedule 'C', the Capital Equipment List, has been removed and will be replaced by an annual equipment list that the Association will produce for insurance renewal purposes;
 - 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. This venue supports the objectives of the City's Sustainability Charter 2.0. In particular, it supports the Sustainability Charter themes of Economic Prosperity and Livelihoods and Health and Wellness. Specifically, this supports 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 and Recreation - DO6: Residents participate in a wide range of recreation and leisure opportunities.
- Wellness and Recreation - SD8: Promote greater participation in all forms of recreation.

FUNDING

Funding for the agreement is available within the On-going Community Grants budget of the City Grants Program.

CONCLUSION

Based on the above discussion, it is recommended that Council approve the execution by the City Manager and the City Clerk of the proposed Operating Agreement between the City of Surrey and the Lower Fraser Valley Exhibition Association (the "Association") for the operation of the **Cloverdale Fairgrounds** during the three-year period from January 1, 2020 to December 31, 2022.



Laurie Cavan
General Manager,
Parks, Recreation and Culture



Kam Grewal, CMA
General Manager,
Finance

Appendix "I" – Proposed Operating Agreement (2020 – 2022)

Appendix "II" – Corporate Report No. R119; 2018

Appendix "III" – Map of the Cloverdale Fairgrounds

Note: Appendices available upon request