

DATE OF MEETING DECEMBER 17, 2018

AUTHORED BY BILL CORSAN, DEPUTY DIRECTOR, COMMUNITY DEVELOPMENT

SUBJECT VANCOUVER ISLAND EXHIBITION – APPROVAL OF LEASE FOR EXHIBITION GROUNDS

OVERVIEW

Purpose of Report

To obtain Council approval to issue a 25-year lease to the Vancouver Island Exhibition Association for 8,466 sq. m. (2.09 acres) of land at Beban Park to accommodate a new multi-purpose building and public space.

Recommendation

That Council:

1. approve a 25-year lease to the Vancouver Island Exhibition Association based on the terms and conditions outlined in the Staff report; and
2. authorize the Mayor and Corporate Officer to execute the lease agreement.

BACKGROUND

There has been an annual agricultural exhibition in Nanaimo since 1894. Since 1953, the annual August Fair has been called the Vancouver Island Exhibition (the “VIE”) and operated as a Society.

In 1955, the VIE entered into its first lease with the City to develop facilities and host the annual exhibition at Beban Park. They have maintained a presence at Beban Park since that time. In the 1970s, VIE built eight barns for use during the fair. The barns are used by other groups during the year for equestrian and livestock shows. The barns have been physically deteriorating and are now at the end of their service life.

In 2011, the City and the VIE contracted Cannon Design Consultants to undertake a feasibility study to replace the barns with a single facility appropriate for year-round use. The study included input from several community sport and special interest groups. The recommendation was to construct a new multi-purpose facility. The building will host the annual exhibition and provide space for new, year round, VIE agricultural programs. The building will be surrounded by an improved outdoor public space. The facility will also be made available for short-term rentals by community groups.

In 2012, Council requested the Beban Park Master Plan be updated to ensure proper consideration be given prior to any new development. A comprehensive master planning process was undertaken though 2013-2014, and in May 2015, City Council adopted the plan.

VIE has requested a long-term lease from the City to enable the Society to amortize the capital cost of constructing the new building and public space. A draft lease has been prepared and is presented in this Staff report for Council’s consideration (Attachment A).

VIEx Lease Agreement – Key Terms:

- Address of Property: Beban Park, 2300 Bowen Road
- Lessee: Vancouver Island Exhibition Association
- Lease Area: 8,466 sq. m. (2.09 acres)
- Form of Lease: Unregistered
- Term: 25 years
- Commencement Date: 2019-JAN-01
- Termination Date: 2043-DEC-31
- Rent for term: \$1.00 plus GST

VIEx Responsibilities:

- VIEx will be responsible for the construction of the new building and will remove four barns from the lease area.
- Three barns may remain, providing that a professional engineer, licensed to practice in British Columbia, provides written certification that confirms to the satisfaction of the City that any of the remaining barns are structurally sound and safe for use as temporary storage facilities.
- On or before the three-year anniversary of the first day of the Term, VIEx will have to have started construction of the main building and be issued from the City an occupancy certificate for the main building within one year of the construction start date.
- Within 120 days of occupancy, VIEx shall demolish and completely remove from the existing office structure, the storage structure and the 4H building.
- All future operating costs (including utilities) and management of the building.
- Commercial general liability insurance against claims for bodily injury, death, or property damage arising out of the use and occupancy of the lease area and buildings in the amount of not less than \$5,000,000.
- Property taxes: VIEx is responsible for property taxes (unless approved for a property tax exemption bylaw).

OPTIONS

A. That Council:

1. approve a 25-year lease to the Vancouver Island Exhibition Association based on the terms and conditions outlined in the Staff report; and
2. authorize the Mayor and Corporate Officer to execute the lease.
 - **Budget Implication:** There are no direct budget implications to the City.
 - **Legal Implication:** The City's solicitor has prepared the Lease Agreement. Staff have published a Notice of Disposition as required under Sections 24 and 26 of the *Community Charter*.
 - **Policy Implication:** Approval of the lease aligns with the Beban Park Facilities Re-Development Master Plan, the Official Community Plan, and is one of Council's Key Capital Projects within the 2016-2019 Strategic Plan.

- **Engagement Implication:** The Beban Park Master Plan involved extensive consultation with the Beban Park user groups as well as the wider public.
 - **Strategic Priorities Implication:** The redevelopment of Beban Park is one of the five Key Capital Projects identified in the 2016-2019 Strategic Plan.
 - **Political Implication:** Support for the VIEx will be well received from the general public and the removal of the existing barns will show progress with the overall redevelopment of Beban Park.
- B. That Council not approve a 25-year lease to the Vancouver Island Exhibition Association.
- **Legal Implication:** Without a lease, Staff will need to either terminate the existing VIEx agreement or prepare a new short-term agreement.
 - **Engagement Implication:** Considerable time has been spent working with the VIEx on this lease agreement and the new facility.
 - **Strategic Priorities Implication:** Not providing approval to the lease would be inconsistent with the Beban Park Facilities Re-Development Master Plan, the Official Community Plan, and as one of Council's Key Capital Projects within the 2016-2019 Strategic Plan.
 - **Political Implication:** The VIEx may be disappointed by Council's decision to not endorse the long-term lease.

SUMMARY POINTS

- The Vancouver Island Exhibition (VIEx) has occupied a portion of Beban Park since 1955. In the 1970s, eight barns were constructed at Beban Park to host the annual Exhibition. The barns are used by equestrian and community groups outside of the August Fair.
- In May of 2015, the Beban Park Master Plan was adopted by Council. The Plan sets out a long-term vision for the redevelopment of the park. The current VIEx area was identified as a suitable location for a new purpose-built building that could host the VIEx.
- The VIEx has requested a long-term (25-year) lease to amortize the costs associated with the construction of the new VIEx building. Under the agreement, VIEx has to meet a set of conditions including the removal of the existing barns in a phased manner and construction of a new building within three years of the commencement of the lease.
- A Notice of Disposition has been placed in the local newspaper and Council is in a position to approve the lease.

ATTACHMENTS

ATTACHMENT A: VIEx Lease Agreement |

Submitted by:

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Concurrence by:

Dale Lindsay
Director, Community Development

Submitted by:

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