



## **REQUEST FOR ACTION**

### **Chateau Theater Operating Agreement Renewal Addendum**

**MEETING DATE:**

February 3, 2025

**ORIGINATING DEPT:**

City Administration

**AGENDA SECTION:**

Reports and Recommendations

**PRESENTER:**

Josh Johnsen

**Action Requested:**

Authorizing the Chateau Theater Operating Agreement Renewal Addendum effective May 19, 2025 - May 18, 2026.

**Report Narrative:**

On May 16, 2022, the City Council approved an operations agreement with Threshold Arts LLC for the management and operation of the historic Chateau Theater. The agreement was set for a three-year term from May 18, 2022, to May 18, 2025, with an option for renewal. Threshold Arts was selected as the preferred operator through a competitive Request for Proposals (RFP) process, based on their comprehensive proposals to meet the City's priorities for the theater. The RFP outlined five key operational priorities for the management of the Chateau:

1. Efficient and high-quality management of day-to-day building operations.
2. Achievement of high-level activation of the venue.
3. Creation of a vibrant entertainment, education, and cultural hub in the heart of the City.
4. Development of strategies to engage with existing community groups while attracting new partners and events.
5. Maintenance and preservation of the historic theater to support the City's investment.

Since the agreements' inception, Threshold Arts has successfully met these priorities, effectively managing the theater, driving community engagement, and facilitating key capital improvement projects that have contributed to the buildings preservation and functionality.

During the course of Threshold's management, several significant capital improvement projects have been completed at the Chateau enhancing its operational capacity and ensuring the venue remains a safe and inviting space for community use. Threshold Arts has worked closely with the City and contractors to manage and execute these important improvements in a timely and cost-effective manner. These upgrades include:

- Full replacement of the HVAC system, improving climate control and energy efficiency.
- Extensive electrical upgrades to support the growing demands of events.
- Renovation of existing bathrooms and the construction of new bathroom in the lobby and mezzanine to improve accessibility and experience.

City staff is recommending a one-year extension of the current Operations Agreement with Threshold Arts, from May 19, 2025, to May 18, 2026. This extension will allow the City and Threshold Arts

additional time to plan for remaining capital improvement projects, finalize the scope and phasing for the projects, and align operational strategies for the theater's long-term sustainability. The additional time also allows the City to complete an operations assessment to inform future programming opportunities and maximize use of the facility to increase revenues from attracting private, event clients, promoters, talent and the public.

#### Rationale for the Extension:

1. **Ongoing Facilities Report:** the City is currently working on a comprehensive facilities report to evaluate the remaining capital improvements needed to stabilize and enhance the Chateau Theater for the long term. This report will outline the scope, scale, and timing of the necessary upgrades, and the one-year extension will provide the time needed for Threshold Arts to actively participate in these discussions and help inform the planning process.
2. **Operations Assessment:** The City is conducting an analysis of other historic theaters' operating models to understand best practices and inform the development to programming strategies for the Chateau. This assessment will focus on identifying successful event types, areas of improvement in visitor experience, and potential new revenue-generation opportunities while maintaining affordability for community events. Threshold Art's intimate knowledge of the theater's operations over the last three years will be invaluable in guiding this analysis.
3. **Collaborative Planning:** The extension will allow the City and Threshold Arts to collaborate on the timing and phasing the construction projects, ensuring that improvements align with ongoing programming needs and that the Theater remains operational during essential upgrades. Threshold's experience in managing the venue during its recent capital improvements will provide critical insights into how future work can be effectively phased and executed.
4. **Community-Centered Programming:** A key goal of this extension is to identify how the Chateau Theater can be further optimized as a flexible, community-centered entertainment venue. This includes determining the types of events that have been most successful, understanding visitor feedback, and making the necessary adjustments to enhance the theater's offerings.
5. **Financial and Operational Stability:** The proposed extension ensures that the operations of the theater continue seamlessly, providing the City and the community with stability during a critical period of planning and improvement. It also allows Threshold Arts to maintain its role as a trusted operator while supporting the City's vision for the theater's future.

The seven-month extension of the operations agreement with Threshold Arts is a crucial step in ensuring the continued success and sustainability of the Chateau Theater. This extension will allow the City to complete the necessary assessments, plan for future capital improvements, and optimize the theater's operations for the long term. Threshold Arts has proven to be a reliable and dedicated operator, and their continued involvement in the planning and implementation of future improvements will be vital to maximizing the theater's potential as a cultural and community asset.

Additionally, recommendations from the upcoming operations assessment may result in further addendums to the agreement, a new RFP process, or other operating model considerations to inform future decisions. City staff will present an update to the City Council in the coming months based on the results of this analysis. City staff will also return in the fall to consider and review potential operational options moving forward.

#### **Priorities & Foundational Principles:**

Economic Vibrancy & Growth Management  
Quality Services

#### **Policy Considerations & DEI Impact:**

The extension of the operations agreement with Threshold Arts for the Chateau Theater reinforces the City's commitment to public access to arts and culture while preserving the historic venue and ensuring it remains a vibrant community asset. This partnership supports the City's policy of fostering inclusive

cultural programming, engaging diverse groups, and maintaining the theater as a flexible space for a variety of events. The extension also aligns with Diversity, Equity, and Inclusion (DEI) goals by providing equitable access to the arts, promoting inclusive programming that reflects the community's diversity, and ensuring the theater is a welcoming space for all residents, including underserved populations.

### **Prior Legislative Actions & Community Engagement:**

August 16, 2021: Chateau Operator Request for Proposals approved for release.

October 25, 2021: Chateau Operator Proposals presented at study session.

November 11, 2021: Chateau Preferred Operator presented at council meeting - Tabled.

January 19, 2022: Chateau Preferred Operator Presented, approved for contracting.

May 16, 2022: Contract with Threshold Arts Executed.

June 26, 2023: Contract awarded for Chateau Theater restroom renovations.

July 10, 2023: Contract for design of Chateau Theater heating, ventilation and cooling.

November 6, 2023: Contract award for heating, ventilation, and cooling.

### **Fiscal & Resource Impact:**

Long-term facility improvements will be funded through the CIP process, while Threshold will cover all staffing and daily operational expenses for activation of the theatre.

### **Alternative Action(s):**

No alternative action is suggested at this time.

### **Prepared By:**

Joshua Johnsen

### **Attachments:**

[Contract - Chateau Operating Renewal Addendum](#)

[Contract - Current Threshold Arts Chateau Operating Agreement](#)

[2024 Chateau Community Report](#)