

ADMINISTRATIVE REPORT

TO: Board of Directors

FROM: J. Zaffino, Chief Administrative Officer

DATE: April 17, 2025

RE: **Frank Venables Theatre – Lease, Sub-Lease & Operating Agreement**

Administrative Recommendation:

THAT the Board of Directors authorize the Chair and Chief Administrative Officer to execute the Frank Venables Theatre Lease Renewal between the Regional District of Okanagan-Similkameen and School District 53,

THAT the Board of Directors authorize the Chair and Chief Administrative Officer to execute the Frank Venables Theatre Sub-Lease Renewal between the Regional District of Okanagan-Similkameen and School District 53,

AND THAT the Board of Directors authorize the Chair and Chief Administrative Officer to execute the Frank Venables Theatre Operating Agreement Renewal between the Regional District of Okanagan Similkameen and the Oliver Community Theatre Society.

Reference:

Frank Venables Theatre Lease, Sub-Lease, and Operating Agreement

Strategic Plan (2023-2026) Objectives:

Goal 1.1 To be an effective, fiscally responsible organization.

Goal 2.2 To meet public needs through the continuous improvement of key services.

Background:

The Frank Venables Theatre, located at 6100 Gala Street in Oliver, is a vital cultural asset owned by School District No. 53 (Okanagan Similkameen) (SD53). The theatre has been operating under a series of agreements that are due for renewal. These existing agreements facilitate the theatre's operation as a community resource while maintaining SD53's ownership and access for educational purposes.

The key agreements and parties involved are:

1. Lease Agreement: SD53 (Landlord) leases the theatre to the Regional District of Okanagan Similkameen (RDOS) (Tenant).
2. Sublease Agreement: RDOS subleases the theatre to the Oliver Community Theatre Society (Theatre Operator).
3. Theatre Operating Agreement: This tripartite agreement between SD53, RDOS, and the Theatre Operator outlines the responsibilities and terms for managing and operating the theatre.

The current agreements are set to expire on May 31 and June 23, 2025. The proposed renewal would extend these arrangements for a further term of ten years, from June 1, 2025, to May 31, 2035.

Key aspects of the agreements include:

- SD53 retains ownership of the theatre and Specialized Theatre Equipment.
- The Theatre Operator is responsible for day-to-day management, including bookings, maintenance, and promotion.
- A Joint Use Advisory Committee, comprising representatives from SD53 and RDOS, oversees the theatre's operation and makes key decisions.
- SD53 maintains priority booking access and a set number of free booking blocks for school use.
- A Capital Reserve Fund, owned and administered by SD53, is established for future improvements and equipment purchases.

The renewal of these agreements is key to ensuring the continued operation of the Frank Venables Theatre as a community resource. The Frank Venables Auditorium Service is shared between the Town of Oliver and Area “C”, with the 2025 Budget having an amount of \$124,200 allocated for Contract Services for this purpose. It balances the broader community’s cultural interests with both the RDOS’s needs, and the school district’s ownership needs, providing a framework for the theatre's sustainable management and use over the next decade.

Key Features

The key features of the Lease, Sub-Lease, and Operating Agreement are:

Lease Agreement

- Term: 10 years, from June 1, 2025, to May 30, 2035.
- Parties Involved: School District No. 53 (SD53) as Landlord and Regional District of the Okanagan Similkameen (RDOS) as Tenant.
- Ownership: SD53 remains the legal and beneficial owner of the Frank Venables Theatre and Specialized Theatre Equipment.
- Capital Reserve Fund: Provides more detailed provisions for a fund owned and administered by SD53 for future improvements and equipment purchases.
- Termination Clause: Includes a termination clause, allowing for action in case of non-compliance.
- Renewal: Does not include an automatic right of renewal but mandates discussions about potential renewal one year before the term's end.
- Compliance with SD53 Policies: Explicitly requires compliance with SD53 policies, including those related to facility naming.
- Specialized Theatre Equipment: Clarifies that any new equipment acquired during the term will be owned by SD53.

Sub-Lease

- Parties Involved: Oliver Community Theatre Society (Theatre Operator), RDOS, and SD53.
- Term: June 1, 2025, to May 29, 2035.
- Head Lease: The Sublease is subject to a Head Lease between SD53 and the RDOS.

- Premises: Sublease of the Leased Premises as defined in the Head Lease, located in the Town of Oliver.
- Basic Rent: \$10.00 payable on the commencement date.
- Additional Rent: Encompasses all additional rent or payments as stipulated, including expenses and taxes related to the Leased Premises.
- Theatre Operator Responsibilities: Includes performing RDOS's obligations under the Head Lease, abiding by SD53's rules, paying taxes, and indemnifying the RDOS.
- Utilities: Assigns responsibility for all utility charges related to the Leased Premises to the Theatre Operator.
- Net Sublease: sublease is a "carefree net Sublease" for the RDOS, with the Theatre Operator covering all charges and costs.
- RDOS Covenants: Includes quiet enjoyment, enforcing Head Landlord obligations, and performing RDOS obligations under both the Sublease and Head Lease.
- Use of Premises: Restricts the use of the Leased Premises solely to that of a theatre, as per the Theatre Operating Agreement.
- Insurance: Mandates insurance coverage by the Theatre Operator, naming the RDOS and SD53 as insured.
- Breach: Stipulates that the RDOS retains all remedies against the Theatre Operator as the Head Landlord would have under the Head Lease.
- Assignment/Subletting: Prohibits assignment or further subletting by the Theatre Operator.
- Head Lease Paramountcy: Reinforces that the Sublease is subject to and cannot contravene the Head Lease.
- Dispute Resolution: Establishes a structured dispute resolution process.
- "As Is" Condition: The Theatre Operator accepts the Leased Premises on an "as is" basis.
- Head Landlord's Consent: Makes the Sublease conditional upon SD53's consent.
- Governing Law: Specifies that the Sublease is governed by the laws of British Columbia.
- Cross Default: Stipulates that a default under the Theatre Operating Agreement also constitutes a default under this Sublease.

Operating Agreement

- Parties Involved: Oliver Community Theatre Society (Theatre Operator), RDOS, and SD53.
- Term: June 1, 2025, to May 31, 2035.
- Joint Use Advisory Committee: Establishes a committee comprising representatives from SD53 and RDOS to oversee operations and make key decisions.
- Theatre Operator Responsibilities: Includes managing bookings, marketing, maintenance, financial reporting, and ensuring qualified technicians operate equipment.
- SD53 Priority Access: Maintains SD53's priority booking access and a set number of free booking blocks for school use.
- Financial Arrangements: Outlines RDOS's operating contribution and the establishment of a joint, local service fee for funding.
- Dispute Resolution: Provides a detailed process for resolving disputes between parties.
- Capital Reserve Fund: Specifies the establishment and management of a fund for future improvements to the Theatre.

- **Insurance and Liability:** Outlines insurance requirements and indemnification clauses for the Theatre Operator.
- **Booking Policies:** Establishes detailed guidelines for theatre bookings, including priority access for SD53 and local arts groups.

Analysis

The renewal of the Frank Venables Theatre Lease and Operating Agreement presents an opportunity to ensure the continued operation of this cultural asset in Oliver. Several key points should be highlighted:

Term and Stability

The proposed 2025 Lease Agreement offers a term of 10 years, from June 1, 2025, to May 31, 2035. This period provides stability for all parties involved and allows for long-term planning and investment in the theatre's operations and programming.

Clarified Ownership and Responsibilities

The agreements maintain the fundamental structure of SD53 as the owner, RDOS as the tenant, and Oliver Community Theatre Society as the theatre operator. However, they provide more detailed provisions regarding:

1. Ownership of equipment acquired during the term, which will belong to SD53.
2. The Capital Reserve Fund, to be owned and administered by SD53 for future improvements and equipment purchases.

These clarifications help prevent potential conflicts and ensure proper maintenance and upgrading of the facility over time.

Governance and Oversight

The proposed Operating Agreement strengthens the role of the Joint Use Advisory Committee, comprising representatives from SD53 and RDOS. This committee will have responsibilities, including:

1. Overseeing the annual appraisal of the Theatre Operator.
2. Reviewing and approving changes to rental policies, fees, and operational procedures.
3. Providing recommendations on naming rights and sponsorships.

This governance structure will lead to more effective decision-making and accountability.

Financial Considerations

While the basic financial structure remains similar, with the Theatre Operator responsible for day-to-day operations and revenue generation, the new agreements provide for:

1. More detailed budgeting and financial reporting requirements.
2. Clearer guidelines on revenue sources and fundraising activities.

These provisions should contribute to improved financial management and transparency.

Alignment with SD53 Policies

The 2025 Operating Agreement explicitly requires compliance with SD53 policies, including those related to facility naming. This alignment ensures that the theatre's operations remain consistent with the broader educational and community objectives of the school district.

Termination and Renewal Provisions

The new agreements include specific termination clauses, allowing for quicker action in case of non-compliance. Additionally, while there is no automatic right of renewal, the agreements mandate discussions about potential renewal one year before the term's end, ensuring continuity of planning.

In conclusion, the proposed 2025 Lease and Operating Agreements for the Frank Venables Theatre represent a continuation of the existing arrangements. They provide a foundation for the continued success of this important community asset while addressing potential areas of concern from previous agreements.

Communication Strategy:

To ensure effective communication and stakeholder engagement regarding the renewal of the Frank Venables Theatre Lease and Operating Agreement, the following strategies are recommended:

1. **Stakeholder Identification:** Identify key stakeholders, including SD53, RDOS, Oliver Community Theatre Society, local arts groups, and the general public.
2. **Clear Messaging:** Develop clear, concise messaging that highlights the community benefits of renewing the agreements, including:
 - Continued community access to a valuable cultural asset
 - Long-term stability for theatre operations
 - Enhanced governance and oversight through the Joint Use Advisory Committee
3. **Multi-Channel Approach:** Utilize various communication channels to reach different stakeholder groups:
 - Press releases to local media outlets
 - Updates on RDOS and SD53 websites
 - Social media posts on official accounts
 - Direct communication with key user groups
4. **Post-Renewal Communication:** Once the agreements are renewed, issue a public announcement detailing the key terms and benefits to the community.

By implementing clear communication strategies, we can ensure transparency and maintain positive relationships with all stakeholders involved in the Frank Venables Theatre operation.

Respectfully submitted:

M. Koch

Managing Director, Community and Environmental Services