

BABCOCK THEATRE DISCUSSION

BILLINGS CITY COUNCIL WORK SESSION

2-17-2026

BABCOCK THEATRE & CITY PARTNERSHIP TIMELINE

- **Pre-2018:** City gains ownership of theater in 2018 as a condition of a 2008 TIF grant.
- **Jan 2018:** Staff memo recommends Art House for the lease.
- **May 2018:** City gains ownership.
- **Nov 2018:** Art House lease begins; a draft lease amendment proposes expense abatement (status unclear).
- **Mar 2024:** Staff memo outlines substantial maintenance needs and clarifies lease responsibilities.
- **Aug 2024:** DBP recommends against \$300k TIF funding for repairs; City Administrator calls for an alternative funding plan.
- **Late 2024:** City Council approves \$250k TIF for marquee repairs (ongoing project, separate from the Aug 2024 request).
- **May 2025:** Ceiling collapse forces temporary closure; Art House works with insurance on repairs.
- **Current:** Art House presents an LOI to purchase the theater for \$1, contingent on the City funding \$1.5M in repairs.

CEILING COLLAPSE OF MAY 2025



COLLAPSED CEILING REPAIR COST ESTIMATES

ITEM	LOW COST ESTIMATE	HIGH COST ESTIMATE
FULL CEILING REPLACEMENT	\$115,000	\$187,000
SCAFOLDING/SHORING, DEMO CEILING, GENERAL CONDITIONS, CLEANING	\$396,000	\$415,000
REMOVE SPRAY FOAM WALLS, MATCH NEW CEILING	\$52,000	\$90,000
BALCONY WIDEN AISLES, ADD RAILINGS, UPDATE CARPET	\$375,000	\$425,000
TOTAL	\$938,000	\$1,117,000

HIGH PRIORITY or CODE DEFICIENCIES ITEMS

	LOW	HIGH
EXTERIOR: Roof: Roofing Replacement (Red Single Ply)	\$ 275,000.00	\$ 350,000.00
EXTERIOR: Arch: Concrete Landings at Alley Exits (2)	\$ 4,000.00	\$ 6,000.00
EXTERIOR: Fire Protection: Missing Coverage	\$ 1,800.00	\$ 3,000.00
ALL: Fire Alarm System Upgrade (Triggered for major remodel)	\$ 120,000.00	\$ 125,000.00
STAGE: Struct: IMMEDIATE ACTION: Concrete Joist Repair Under Stage	\$ 2,400.00	\$ 2,600.00
STAGE: Arch: Proscenium Fire Curtain	\$ 85,000.00	\$ 95,000.00
STAGE: Arch: Modify Stage Alley Door for Egress Exit	\$ 4,000.00	\$ 5,000.00
STAGE: Arch: Stage West Door Thru Proscenium Replaced	\$ 2,500.00	\$ 3,500.00
STAGE: Arch: Add Handrails to Stage to Basement Stairs	\$ 1,500.00	\$ 2,000.00
THEATRE: Langlas: Full Ceiling Replacement	\$ 115,000.00	\$ 187,000.00
THEATRE: Langlas: Scaffolding/Shoring, Demo Ceiling, Gen. Conditions, Cleaning	\$ 396,000.00	\$ 415,000.00
THEATRE: Langlas: Remove Spray Foam Walls, Match New Ceiling	\$ 52,000.00	\$ 90,000.00
THEATRE: Arch: Add Stage Stair Railings	\$ 1,000.00	\$ 1,500.00
THEATRE: Arch: Major Renovation Triggers Elevator Add	unknown at this time	unknown at this time
THEATRE: Arch: Projection Booth Entry Door Replacement	\$ 2,000.00	\$ 2,500.00
THEATRE: Arch: Projection Booth Threshold Repair	\$ 500.00	\$ 1,000.00
THEATRE: Arch: Projection Storage Windows Replacement or Infill	\$ 1,500.00	\$ 2,000.00
THEATRE: Arch: Upper Projection Booth Asbestos Tile Abatement/Replace	\$ 1,500.00	\$ 3,000.00
THEATRE: Arch: Upper Projection Booth Door Replace	\$ 1,500.00	\$ 2,000.00
THEATRE: Arch: Upper Projection Booth Windows Replace or Infill	\$ 1,500.00	\$ 2,000.00
THEATRE: Arch: Mezzanine Restroom Toilet Stall Handrails	\$ 500.00	\$ 1,000.00
THEATRE: Fire Protection: Ceiling Collapse Damaged Items	\$ 700.00	\$ 1,000.00
THEATRE: Elec: Replace Exit Signs, Add Egress Illumination, Lighting Replace	\$ 40,000.00	\$ 50,000.00
THEATRE: Struct: Balcony Railings (const. cost only, no design fee)	\$ 17,000.00	\$ 19,000.00
LOBBY: Arch: Stair Hand Railings fr. Lobby to Balcony Replaced	\$ 12,000.00	\$ 24,000.00
LOBBY: Arch: Wider Entry Doors & Sidelites	\$ 20,000.00	\$ 26,000.00
LOBBY: Fire Protection: Missing Ceiling at Upper Lobby	\$ 1,000.00	\$ 2,000.00
LOBBY: Mech: Mezzanine Restroom/Janitor New Exhaust Syst.	\$ 4,000.00	\$ 6,000.00
LOBBY: Plumb: Mezzanine Restroom Sink Piping Insulation for ADA	\$ 700.00	\$ 900.00
LOBBY: Arch: Side Rooms Thresholds Modifications	\$ 1,000.00	\$ 2,000.00
BASEMENT: Arch: Basement North Stair Treads Replaced	\$ 1,500.00	\$ 2,000.00
BASEMENT: Struct: Postitive Connections at Wood Columns	\$ 1,900.00	\$ 2,100.00
BASEMENT: Elec: Emergency Panel Replace (not to code)	\$ 168,000.00	\$ 176,000.00
BASEMENT: Mech: Combustibles in Air Plenum (Add Ducted Path)	\$ 19,000.00	\$ 21,000.00
BASEMENT: Mech: Booster Fan for Boiler Room	\$ 4,000.00	\$ 6,000.00
BASEMENT: Plumb: Insultate Piping in Boiler Room (and more)	\$ 2,300.00	\$ 2,500.00
GREEN ROOM: Arch: Add Wheelchair Lift or Stair Climber for Accessibility	\$ 15,000.00	\$ 25,000.00
GREEN ROOM: Arch: North Bathroom Threshold Hazard, Repair	\$ 1,000.00	\$ 1,500.00
GREEN ROOM: Mech: Add Ventilation Air/Ductwork	\$ 29,000.00	\$ 31,000.00
GREEN ROOM: Fire Protection: Missing Coverage	\$ 4,200.00	\$ 6,000.00
Total High Priority Project Costs	\$ 1,411,500.00	\$ 1,703,100.00

MODERATE PRIORITY or DEFERRED MAINTENANCE ITEMS

	LOW	HIGH
EXTERIOR: Mech: Fluid Cooler Maintenance & Inspection	\$ 900.00	\$ 1,000.00
EXTERIOR: Envel: Wall Removal of Failing Concrete Skim Coat/Paint	\$ 100,000.00	\$ 110,000.00
ALL: Elec: Demo Existing Switchboard/Replace with New Switchboard	\$ 64,000.00	\$ 68,000.00
ALL: Mech: Scheduled Yearly Maint. of Filters, Rainwater, Glycol, Sump Pump	\$ 48,000.00	\$ 52,000.00
THEATRE: Langlas: Balcony Widen Aisles, Add Railings, Update Carpet	\$ 375,000.00	\$ 425,000.00
THEATRE: Arch: Plaster at Exit Door Heads Patched & Repainted	\$ 1,000.00	\$ 2,000.00
THEATRE: Arch: New Seating in Theatre (Main & Balcony)	\$ 275,000.00	\$ 375,000.00
THEATRE: Arch: Acoustic Treatment for Walls & Ceiling	\$ 55,000.00	\$ 75,000.00
THEATRE: Arch: Plaster Cove Repair	\$ 50,000.00	\$ 75,000.00
THEATRE: Arch: Plaster Repair at Air Diffuser/Return	\$ 900.00	\$ 1,100.00
THEATRE: Arch: Balcony Decking Replacement	\$ 8,000.00	\$ 20,000.00
THEATRE: Arch: Balcony Wall Plaster Patching	\$ 1,000.00	\$ 5,000.00
THEATRE: Arch: Projection Booth Landing Surface Replace	\$ 500.00	\$ 1,000.00
THEATRE: Arch: Projection Booth Wall Plaster Patching	\$ 1,000.00	\$ 1,500.00
THEATRE: Arch: Projection Booth Ceiling Plaster Patching	\$ 1,000.00	\$ 1,500.00
THEATRE: Arch: Projection Storage Floor Repair	\$ 1,500.00	\$ 2,000.00
THEATRE: Arch: Projection Storage Plaster Patching	\$ 1,000.00	\$ 1,500.00
THEATRE: Arch: Upper Projection Booth Restroom Update	\$ 2,500.00	\$ 3,500.00
THEATRE: Arch: Upper Projection Booth Plaster Patching	\$ 1,000.00	\$ 1,500.00
STAGE: Arch: Flooring Uneven, Repair/Replace	\$ 10,000.00	\$ 60,000.00
LOBBY: Arch: Canopy & Ticket Booth Insulation Reinstalled	\$ 800.00	\$ 1,200.00
LOBBY: Arch: Janitor Closet Floor Replacement	\$ 1,000.00	\$ 2,000.00
LOBBY: Arch: Mezzanine Restroom Floor Fastening	\$ 800.00	\$ 1,200.00
LOBBY: Arch: Mezzanine Restrooms Increased Widths, New Stalls	\$ 8,000.00	\$ 10,000.00
LOBBY: Arch: Mezzanine Restrooms New Finishes	\$ 15,000.00	\$ 20,000.00
LOBBY: Arch: Mezzanine Janitor Closet (Green) Plaster & Tile Patching	\$ 3,000.00	\$ 4,000.00
LOBBY: Arch: Mezzanine East Storage (Blue) Plaster Patching	\$ 1,500.00	\$ 3,000.00
BASEMENT: Arch: General Wall Repairs and Concrete Floor Patching	\$ 5,500.00	\$ 9,000.00
BASEMENT: Struct: Beam Notch Field Remediations	\$ 3,400.00	\$ 3,600.00
GREEN ROOM: Arch: Terrazzo Flooring Grinding, Reduce Hazard	\$ 500.00	\$ 1,000.00
ENTIRE INTERIOR SPACE CLEANING ALLOWANCE	\$ 5,500.00	\$ 8,500.00
Total Moderate Priority Project Costs	\$ 1,042,300.00	\$ 1,345,100.00

OPPORTUNITIES or FUTURE UPGRADES

	LOW	HIGH
EXTERIOR: Elec: Replace Exterior Lights w/ LEDs	\$ 6,000.00	\$ 8,000.00
TICKET BOOTH: Mech: Steam Heater Temperature Verification	\$ 900.00	\$ 1,100.00
ALL: Mech: Retro-Commissioning (Ensure all mech units optimal perform.)	\$ 14,000.00	\$ 16,000.00
THEATRE: Elec: Replace Lobby & Restroom Lights w/ LEDs	\$ 20,000.00	\$ 25,000.00
THEATRE: Elec: Replace Ceiling Cove Lights w/ LEDs	\$ 5,000.00	\$ 7,000.00
THEATRE: Struct: Speaker Support Framing	\$ 1,800.00	\$ 2,600.00
THEATRE: Interiors: Main Theatre Repaint Walls	= \$ 28,350.00	\$ 47,250.00
THEATRE: Interiors: Main Theatre New Flooring	\$ 22,600.00	\$ 30,000.00
THEATRE: Interiors: Balcony Repaint Walls	= \$ 12,060.00	\$ 20,100.00
THEATRE: Interiors: Balcony New Flooring	\$ 20,000.00	\$ 29,500.00
STAGE: Elec: Update Stage Lighting & Power for Live Performance	\$ 500,000.00	\$ 550,000.00
STAGE: Interiors: New Flooring	\$ 25,000.00	\$ 35,000.00
STAGE: Interiors: Repaint Walls	\$ 28,260.00	\$ 47,100.00
STAGE: Interiors: New Curtains	\$ 160,000.00	\$ 180,000.00
LOBBY: Interiors: Entry & Lobby Repaint Walls	\$ 7,905.00	\$ 13,175.00
LOBBY: Interiors: Entry & Lobby Restore Polish historic Terrazzo	\$ 2,700.00	\$ 4,500.00
LOBBY: Interiors: Entry & Lobby Add 3 Part Walk Off Entry Flooring System	\$ 12,500.00	\$ 17,000.00
LOBBY: Interiors: Entry & Lobby New Flooring Carpet at POS area	\$ 1,650.00	\$ 2,200.00
LOBBY: Interiors: Entry & Lobby FF&E Foyer Seating + storage solutions	\$ 5,500.00	\$ 7,000.00
LOBBY: Mech: Westinghouse Supplem. Air Handler Replacement	\$ 29,000.00	\$ 31,000.00
LOBBY: Mech: Radiant Heaters Temperature Verification	\$ 900.00	\$ 1,100.00
LOBBY: Plumb: Mezzanine Restroom Fixtures Replacement	\$ 10,000.00	\$ 12,000.00
BASEMENT: Interiors: Archival Shelving	\$ 4,800.00	\$ 7,800.00
BASEMENT: Plumb: Heat Pump Loop System Replacement	\$ 14,000.00	\$ 16,000.00
BASEMENT: Plumb: Boiler Circulation Pump Replacement	\$ 5,000.00	\$ 7,000.00
GREEN ROOM: Interiors: Update finishes/Accents	1,500 sf x \$ 55.00 / sf = \$ 82,500.00	1,500 sf x \$ 75.00 / sf = \$ 112,500.00
GREEN ROOM: Interiors: FF&E	\$ 20,000.00	\$ 28,000.00
GREEN ROOM: Elec: Update Power and Lighting	\$ 25,000.00	\$ 28,000.00
GREEN ROOM: Mech: Add Heating/Cooling Units as Needed (price per unit)	\$ 5,400.00	\$ 5,600.00
VARIOUS AREAS: Spec. Systems: New CAT6 Cable	\$ 27,000.00	\$ 31,000.00
Total Oppourtunities Project Costs	\$ 1,097,825.00	\$ 1,322,525.00

SUMMARY

	LOW	HIGH
HIGH PRIORITY or CODE DEFICIENCIES ITEMS	\$ 1,411,500.00	\$ 1,703,100.00
MODERATE PRIORITY or DEFERRED MAINTENANCE ITEMS	\$ 1,042,300.00	\$ 1,345,100.00
OPPORTUNITIES or FUTURE UPGRADES	\$ 1,097,825.00	\$ 1,322,525.00
Total Project Costs	\$ 3,551,625.00 **	\$ 4,370,725.00

****Not included:**

<i>Design Fees (Arch, Interiors, Roof/Envelope, Structural, MEP, Fire Protection, IT)</i>	<i>\$200,000</i>	<i>250,000</i>
<i>Acoustical Consultant</i>	<i>unknown at this time</i>	<i>unknown at this time</i>
<i>Insurance/Permit/GC Fee</i>	<i>unknown at this time</i>	<i>unknown at this time</i>
<i>Construction Contingency</i>	<i>unknown at this time</i>	<i>unknown at this time</i>
<i>Legal and Admin</i>	<i>unknown at this time</i>	<i>unknown at this time</i>

Building Assessment Report

BABCOCK THEATRE BUILDING

POTENTIAL PHASING FOR THIS WORK:

Here are some phasing options we've outlined, which can be adjusted to fit your priorities and timeline. We understand your goal was to gain a clear picture of everything that needs attention in the building—along with our design recommendations and associated pricing. This summary is intended as a starting point to guide decision-making and help you plan next steps effectively.

Potential Phase 1 – Address Life Safety & Code Compliance

Focus: Ceiling remediation, roof replacement, emergency electrical panel, fire alarm system.

Why: These items mitigate immediate risk and ensure compliance with life safety codes.

Investment: \$1.41M–\$1.70M (per assessment).

Action: Prioritize funding and schedule these first to stabilize the building and meet code.

Potential Phase 2 – Tackle Deferred Maintenance & Operational Improvements

Focus: Balcony/seating upgrades, envelope repairs, switchboard replacement, scheduled mechanical maintenance.

Why: Improves functionality, comfort, and longevity; can be sequenced during operational windows.

Investment: \$1.04M–\$1.34M.

Action: Plan these as a second wave after life safety work, bundling for efficiency and minimal disruption.

Potential Phase 3 – Bundle Enhancements with Future Remodel

Focus: LED lighting upgrades, lobby/interior refresh, stage systems, green room improvements.

Why: Enhances member experience, aesthetics, and energy performance; most are discretionary and align well with a full remodel.

Investment: \$1.09M–\$1.32M.

Action: Incorporate these into future remodel scope for cost savings and design cohesion.

Owner Guidance:

Immediate: Approve Phase 1 scope and budget to address critical safety/code issues.

Near Term: Develop a phased schedule for Phase 2 items that align with operational downtime.

Long Term: Integrate Phase 3 upgrades into the strategic remodel plan for maximum value.

AmTrust Insurance Estimate

Scope of Damage

The estimate covers extensive cleaning, repairs, and replacements across multiple areas of the theater, including:

- Ground Floor/Main Level:** Entry, Sub Lobby, Lobby, Theater Room, Stage
- Second Floor:** Balcony, stairwells, landings, and cross sections
- Special Systems:** Electrical repairs and fire suppression system
- General Conditions:** Emergency services, scaffolding, project management, and debris removal

AmTrust Insurance Estimate

Major Cost Drivers

- **Theater Room & Stage Repairs:** Acoustic plaster replacement, ceiling/wall restoration, painting, and curtain replacement
- **Balcony Repairs:** Carpet removal/replacement, painting, and theater seating replacement (340 seats)
- **General Conditions:** Scaffolding bid alone estimated at **\$202,300.80** before depreciation
- **Special Systems:** Electrical repairs (\$12,996) and fire suppression system (\$11,015.72)

AmTrust Insurance Estimate Financial Summary

- **Replacement Cost Value (RCV):** \$569,638.16
- **Depreciation:** \$182,094.93
- **Actual Cash Value (ACV):** \$387,543.23
- **Deductible:** \$100,000
- **Net Claim Payment:** \$287,543.23
- **Recoverable Depreciation (if claimed):** \$182,094.93
- **Potential Total Recovery:** \$469,638.16

AmTrust Insurance Estimate Key Observations

- The largest single expense category is general conditions and scaffolding, accounting for nearly \$226,068 before depreciation.
- Balcony seating replacement is a significant cost driver (\$198,900 before depreciation).
- The estimate does not include hidden damages that may be discovered later.

ARTHOUSE INVESTMENT INTO THE BABCOCK 2018-2025

Building Repairs	\$400,943
Building Equipment (Stays)	\$10,258
Architect & Assessment	\$24,330
Ceiling Collapse Repairs TD	\$3,436
TOTAL	\$438,967

This does not any include funds given by the city.
All funds shown earned through operations or donations.

This does not include operation or annual maintenance costs.

12-9-2025 Letter of Intent (LOI) Key Details

- **Proposed Purchase Price:** \$1.00 cash, with the deposit becoming non-refundable upon full execution of a Purchase and Sale Agreement (PSA) (p. 1).
- **Contingencies:** The agreement is highly contingent on several items, notably:
 - **City Council Approved Funds:** \$1.5 million (one million, five hundred thousand dollars) in funds to be allocated to the Buyer (Art House Management LLC) (p. 1).
 - **Funding Sources:** Funds to come from a combination of City general funds, CIP, TIF funds, and/or a new endowment, with exact allocation to be mutually agreed upon (p. 1).
 - **Due Diligence Period:** A 180-day due diligence/contingency period for the Buyer, with three optional 30-day extensions (p. 1).
- **Non-Binding:** The letter itself is a non-binding agreement, except for a clause that the Seller (City of Billings) will not consider other offers during the negotiation period (p. 2).

First Amendment to Agreement to Lease Abatement Period & Expense Relief

- Term:** Landlord (City) to grant the Tenant (Art House) up to three years of expense relief (the "Abatement Period") (p. 1).
- Conditions:** The Abatement Period begins on the execution date of the amendment and includes two one-year renewals, which require mutual approval from both Landlord and Tenant (p. 1).
- Updates:** The Tenant is required to provide biannual updates on its reopening and remodel project to City Staff and Council during this period (p. 1).
- Termination Right:** The Tenant has a one-time right to terminate the lease without penalty during the Abatement Period by providing 90 days' written notice (p. 1).

First Amendment to Agreement to Lease

Financial Responsibilities

During the entire Abatement Period or until the Tenant reopens normal operations (whichever is sooner), the Landlord is responsible for the following expenses:

- **Taxes and Assessments:** The Landlord is to pay all taxes and assessments named in Section 13 of the original lease (p. 1).
- **Utilities:** The Landlord is to pay all utilities and expenses, including common expenses, named in Section 14 (p. 1).
- **Insurance (Landlord):** Commencing March 1, 2026, the Landlord is responsible for all property insurance coverage and related premiums outlined in Section 16, Subsection A, and must name the Tenant as an additional insured (p. 1).
- **Insurance (Tenant):** The Tenant must maintain its own liability insurance, naming the Landlord as an additional insured (p. 1). The Tenant is also to remove the Lease Liquor liability insurance throughout the Abatement Period (p. 2).

