

RESOLUTION R-5645

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF KIRKLAND ESTABLISHING A GUIDING FRAMEWORK FOR NEGOTIATIONS BETWEEN THE CITY OF KIRKLAND AND THE SEATTLE KRAKEN PROFESSIONAL ICE HOCKEY TEAM RELATED TO A KRAKEN ICEPLEX AND CITY COMMUNITY CENTER AT THE FORMER HOUGHTON PARK AND RIDE SITE.

1 WHEREAS, the City of Kirkland ("City") adopted a Parks,
2 Recreation & Open Space Plan ("PROS Plan") in 2022, which provides
3 a framework for future parks and recreation planning efforts, identifies
4 seven goals, including enhanced and improved access to athletics and
5 sports opportunities and the continued provision of a variety of
6 recreation services, facilities, and programs that promote the health and
7 well-being of community members of all ages and abilities; and
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9 WHEREAS, Resolution R-5606 authorized the City to purchase
10 the Houghton Park and Ride property from the Washington State
11 Department of Transportation ("WSDOT") for possible use by the City
12 as a new aquatics and recreation facility provided Kirkland Proposition
13 1 was approved by the Kirkland voters at the November 7, 2023, general
14 election or for other parks and public purposes to advance goals
15 identified in the PROS Plan; and
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17 WHEREAS, Kirkland Proposition 1 was not approved by the
18 Kirkland voters at the November 7, 2023, general election; and
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20 WHEREAS, the City Council ("Council") received an unsolicited
21 proposal from the Seattle Kraken professional ice hockey team ("Seattle
22 Kraken") on December 15, 2023, to develop a Kirkland Iceplex facility at
23 the former Houghton Park and Ride site, which proposal was presented
24 to the Council at the March 1, 2024, Council Retreat and their March 5,
25 2024 regular meeting and following the Council's decision not to pursue
26 a new aquatics center at that location in view of the rejected ballot
27 measure; and
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29 WHEREAS, staff has provided multiple briefings to Council on
30 staff's initial evaluation of the Seattle Kraken proposal and potential
31 community benefits, together with subsequent economic analysis of the
32 proposal conducted by an external consultant; and
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34 WHEREAS, seeing significant potential community benefits and
35 opportunities to advance the PROS Plan at the conclusion of a
36 successful negotiation with the Seattle Kraken related to its initial
37 proposal, the Council requested that staff return with a proposed guiding
38 framework for the City to begin formal negotiations with the Seattle
39 Kraken related to the financing, design and construction, and ownership
40 and operation of a Seattle Kraken Iceplex and City Community Center
41 on the former Houghton Park and Ride site in Kirkland that responds to
42 the Kraken proposal and creates significant public benefits to the
43 community.

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NOW, THEREFORE, be it resolved by the City Council of the City of Kirkland as follows:

The City Manager is hereby authorized and directed to utilize the following framework for the City of Kirkland to begin formal negotiations with the Seattle Kraken professional ice hockey team. Any negotiated agreement shall provide for the financing, design and construction, and ownership and operation of a Seattle Kraken Iceplex and City Community Center on the former Houghton Park and Ride site in Kirkland that responds to the Seattle Kraken proposal and creates public benefits to the community. That framework is set forth below and is intended as a guide and policy direction to staff while recognizing that any final agreement(s) would be subject to additional public outreach, a public Council hearing, and formal approval by the Council and Seattle Kraken:

1. Overview of Agreement:

a. The City of Kirkland and the Seattle Kraken organization are exploring an agreement for the development of an iceplex and community center that provides mutual benefits. This framework outlines the key terms and conditions to be addressed in a formal agreement. Nothing in this framework limits the Council from identifying additional terms and conditions that may arise as the partnership continues to be developed.

2. Community Benefit Requirement

a. The Seattle Kraken's initial proposal was offered in good faith for the mutual benefit of both the Kraken and the City but requires changes to ensure sufficient community benefit is defined and delivered. All investments made as part of this project must result in a measurable and direct benefit to the community.

3. Zoning and Development Regulations

a. The City will take all legal zoning, development regulation and permit actions necessary to ensure the facility can be built to the size and specifications required by the Seattle Kraken to accommodate all the necessary operations of the iceplex and the community center.

4. City Financing and Facility Ownership

a. The City is willing to explore publicly financing the project should the resulting savings allow the City to receive the proposed community center space with no net capital costs to the City, plus other community benefits. The resulting payments should also be approximately equivalent to what the Seattle Kraken intended to spend for debt service with private funding. Under this arrangement, the City would own the facility and bonds would be backed by the full faith and credit of the City.

b. Seattle Kraken Lease Payments: The Seattle Kraken will make lease payments that are greater than or equal to the debt service on the public bonds, and that are also sufficient to fund major maintenance costs described in Section 7.

98 c. The parties will agree to the total cost of the project and the Seattle
99 Kraken will be responsible for any costs incurred above that amount
100 except for City designated additions.
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102 5. Facility Design

103 a. The community center space must meet the City's community
104 benefit requirements and be included in the facility design.
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106 b. Any savings realized through the City's financing of the facility may
107 be used by the City to expand the community center or invest in
108 additional community benefits.
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110 6. Additional City Investments

111 a. The City reserves the right to include expanded community center
112 space or an additional floor of community space as part of the project
113 at the City's cost.
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115 b. The City reserves the right to include a regional stormwater
116 detention vault on-site at the City's cost.
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118 c. The City reserves the right to design and program the use of the
119 portion of roof of the facility above the community center at the City's
120 cost.
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122 7. Competitive Procurement Process

123 a. The Seattle Kraken acknowledges that the City will utilize a
124 competitive procurement process for the design and construction of
125 the facility.
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127 8. Lease Terms

128 a. Reversion of Facility Operation: Upon the expiration of the lease,
129 the facility will revert to City operation.
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131 b. Kraken Brand: The Seattle Kraken will maintain the Kraken name
132 and logo on the facility, and the Kraken brand throughout the facility,
133 for the full term of the lease agreement, unless there is mutual
134 agreement to change this provision of the lease.
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136 c. Guaranteed Lease Payments: The Seattle Kraken and the City will
137 enter into a lease agreement that provides guaranteed security for
138 the full term of the debt service. The lease may not be reassigned
139 without the agreement of the City.
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141 d. Maintenance Obligations: The Seattle Kraken will fully fund all
142 required major and regular maintenance of the facility for the duration
143 of the lease.
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145 9. Facility Standards and Amenities

146 a. The Seattle Kraken facility will be constructed to high standards
147 and will include restaurant facilities that meet or exceed the standards
148 set at the Seattle Kraken's Northgate facility.
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150 10. One Roof Foundation Support

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a. The Seattle Kraken Foundation, One Roof, will invest in programs that ensure that local low-income and disadvantaged families can participate in the programs offered at the facility. This support will include providing free or subsidized access to the programs as well as the necessary equipment and other resources needed to participate. The Seattle Kraken will also provide low cost and free ice time to be programmed by the City.

11. Parking Rights and Revenues

a. The City retains authority over the decision to charge for parking and the retention of parking revenues.

12. Naming Rights for Iceplex Facility

a. The Seattle Kraken may sell naming rights for the Iceplex portion of the facility to generate additional revenue, subject to the following conditions:

i. The City reserves the right to deny a naming rights partner that does not align with City values.

ii. Any naming rights agreement must include provisions allowing the City to terminate or modify the agreement when the operation of the facility transfers to the City.

iii. The City may sell additional naming rights to the community center and retain the revenue.

13. NHL Team Practices and High-Profile Events

a. The Seattle Kraken will utilize the Kirkland Iceplex periodically for traveling NHL professional team practices and will prioritize the Kirkland facility for hosting high-profile ice hockey tournaments.

14. Community Participation and Support

a. The Seattle Kraken organization and team commit to participating in and supporting Kirkland community events and programs whenever possible.

Passed by majority vote of the Kirkland City Council in open meeting this 17th day of September, 2024.

Signed in authentication thereof this 17th day of September, 2024.



Kelli Curtis, Mayor

Attest:



Kathi Anderson, City Clerk