

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  
8

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  
16

17 WHEREAS, Kirkland Proposition 1 was not approved by the  
18 Kirkland voters at the November 7, 2023, general election; and  
19

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  
28

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  
33

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.

44  
45 NOW, THEREFORE, be it resolved by the City Council of the  
46 City of Kirkland as follows:  
47

48 The City Manager is hereby authorized and directed to utilize the  
49 following framework for the City of Kirkland to begin formal negotiations  
50 with the Seattle Kraken professional ice hockey team. Any negotiated  
51 agreement shall provide for the financing, design and construction, and  
52 ownership and operation of a Seattle Kraken Iceplex and City  
53 Community Center on the former Houghton Park and Ride site in  
54 Kirkland that responds to the Seattle Kraken proposal and creates public  
55 benefits to the community. That framework is set forth below and is  
56 intended as a guide and policy direction to staff while recognizing that  
57 any final agreement(s) would be subject to additional public outreach, a  
58 public Council hearing, and formal approval by the Council and Seattle  
59 Kraken:  
60

61 1. Overview of Agreement:

62 a. The City of Kirkland and the Seattle Kraken organization are  
63 exploring an agreement for the development of an iceplex and  
64 community center that provides mutual benefits. This framework  
65 outlines the key terms and conditions to be addressed in a formal  
66 agreement. Nothing in this framework limits the Council from  
67 identifying additional terms and conditions that may arise as the  
68 partnership continues to be developed.  
69

70 2. Community Benefit Requirement

71 a. The Seattle Kraken's initial proposal was offered in good faith for  
72 the mutual benefit of both the Kraken and the City but requires  
73 changes to ensure sufficient community benefit is defined and  
74 delivered. All investments made as part of this project must result in  
75 a measurable and direct benefit to the community.  
76

77 3. Zoning and Development Regulations

78 a. The City will take all legal zoning, development regulation and  
79 permit actions necessary to ensure the facility can be built to the size  
80 and specifications required by the Seattle Kraken to accommodate  
81 all the necessary operations of the iceplex and the community center.  
82

83 4. City Financing and Facility Ownership

84 a. The City is willing to explore publicly financing the project should  
85 the resulting savings allow the City to receive the proposed  
86 community center space with no net capital costs to the City, plus  
87 other community benefits. The resulting payments should also be  
88 approximately equivalent to what the Seattle Kraken intended to  
89 spend for debt service with private funding. Under this arrangement,  
90 the City would own the facility and bonds would be backed by the full  
91 faith and credit of the City.  
92

93 b. Seattle Kraken Lease Payments: The Seattle Kraken will make  
94 lease payments that are greater than or equal to the debt service on  
95 the public bonds, and that are also sufficient to fund major  
96 maintenance costs described in Section 7.  
97

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

5. Facility Design

a. The community center space must meet the City's community benefit requirements and be included in the facility design.

b. Any savings realized through the City's financing of the facility may be used by the City to expand the community center or invest in additional community benefits.

6. Additional City Investments

a. The City reserves the right to include expanded community center space or an additional floor of community space as part of the project at the City's cost.

b. The City reserves the right to include a regional stormwater detention vault on-site at the City's cost.

c. The City reserves the right to design and program the use of the portion of roof of the facility above the community center at the City's cost.

7. Competitive Procurement Process

a. The Seattle Kraken acknowledges that the City will utilize a competitive procurement process for the design and construction of the facility.

8. Lease Terms

a. Reversion of Facility Operation: Upon the expiration of the lease, the facility will revert to City operation.

b. Kraken Brand: The Seattle Kraken will maintain the Kraken name and logo on the facility, and the Kraken brand throughout the facility, for the full term of the lease agreement, unless there is mutual agreement to change this provision of the lease.

c. Guaranteed Lease Payments: The Seattle Kraken and the City will enter into a lease agreement that provides guaranteed security for the full term of the debt service. The lease may not be reassigned without the agreement of the City.

d. Maintenance Obligations: The Seattle Kraken will fully fund all required major and regular maintenance of the facility for the duration of the lease.

9. Facility Standards and Amenities

a. The Seattle Kraken facility will be constructed to high standards and will include restaurant facilities that meet or exceed the standards set at the Seattle Kraken's Northgate facility.

10. One Roof Foundation Support

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 17<sup>th</sup> day of September, 2024.

Signed in authentication thereof this 17<sup>th</sup> day of September, 2024.

  
Kelli Curtis, Mayor

Attest:

  
Kathi Anderson, City Clerk