



CITY OF KIRKLAND
CITY MANAGER'S OFFICE
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MEMORANDUM

To: Kurt Triplett, City Manager

From: Jim Lopez, Deputy City Manager
Darcey J Eilers, Assistant City Attorney
Jen Davis Hayes, Economic Development Manager

Date: December 1, 2025

Subject: Kraken Iceplex and Community Center Resolution

RECOMMENDATION:

Staff recommends that the City Council approves proposed Resolution R-5704 authorizing the City Manager to sign agreements with Seattle Hockey Partners (SHP), Slapshot, Inc. (SHP's parent company), and a subsidiary company of Slapshot, Inc. to be named prior to execution, in order to authorize the Kraken Iceplex and Community Center project as a public-private partnership.

EXECUTIVE SUMMARY:

- The City of Kirkland has been working for nearly two years to establish a private-public partnership to build the Kraken Iceplex and City Community Center on the City-owned Houghton Park and Ride property. The legal agreements attached to this memo set the terms for developing the Iceplex and community center facility on the City's property, establishing the ground and facility leases, and managing operations.
- At the November 18 City Council meeting, staff presented draft legal agreements, with the exception of the guaranty that lease obligations will be paid over the 34-year period of the lease. City staff and Kraken representatives have now agreed on proposed final agreements, including the guaranty, which are presented for Council consideration.
- The resolution authorizes the City Manager to sign the agreements.
- The agreements accomplish the objectives required for the partnership by the Council through approval of Resolution R5645 on September 17, 2024.
- The design of the facility continues to progress with City staff returning comments to the 60% design plans on Monday, November 25, 2025. No major issues are in dispute.
- Analysis of water system capacity and fire flow requirements is ongoing to identify an appropriate solution.
- The City has developed a strategy to address access from the property to 116th Ave NE.

This includes coordination with local WSDOT and FHWA staff, enlisting support from state and federal elected officials, and partnering with the Kraken to ensure a solution is implemented in a timely manner.

- Provided the final agreements are approved, Kraken representatives intend to submit permits at the end of January 2026.

BACKGROUND:

On September 17, 2024, the City Council approved Resolution R-5645, establishing a framework for negotiations between the City of Kirkland and the Seattle Hockey Partners for a Kraken Iceplex and City Community Center on the former Houghton Park and Ride site. The legal agreements submitted for approval accomplish the objective of R-5645.

On April 15, 2025,¹ staff provided City Council with a high-level summary of the Seattle Hockey Partners' proposal and the major components of the potential public-private partnership for the development of a new Iceplex facility in Kirkland. At the May 6, 2025 Council Meeting, Council adopted Resolution R-5682,² selecting a developer for the ice-skating facilities, restaurant, and community center. The resolution also directed the City Manager to engage in negotiations to advance the development of the project and to satisfy the public benefits as defined by Council. In a subsequent update for the August 6, 2025 Council Meeting,³ staff summarized early progress on legal documents that staff have been negotiating with the Seattle Kraken to develop the project in alignment with Resolution R-5645 and R5682..

Following that discussion, staff returned to the City Council on October 7, 2025,⁴ to present an updated overview of the partnership structure, project scope, and design progress. Since that time, the parties have continued negotiations, and the project has advanced into design development, infrastructure coordination, and detailed operational planning, reflecting direction provided by the Council during its most recent briefing. On November 18, 2025,⁵ staff provided City Council with draft legal agreements, with the exception of a draft guaranty, and provided an update on the facility design. At that time, key negotiation issues with the legal agreements included aspects of the guaranty, the capital reserve fund (cap-ex) calculation, parking, lease payment calculations, development standards, and Kraken's request for reduction in fees and costs. Key issues to resolve in permitting include fire truck access, water system capacity, as well as fire flow capacity for the facility. In addition, the lack of access from the property onto 116th Ave NE requires staff and the Kraken to work with WSDOT and FHWA.

For a detailed summary of the history of this project, please refer to the City's project webpage.⁶

¹ April 15, 2025 Council Meeting Discussion of Iceplex and Community Center Proposal Update: https://kirkland.granicus.com/player/clip/5075?meta_id=220152

² City of Kirkland Resolution R-5682: <https://docs.kirklandwa.gov/CMWebDrawer/RecordHtml/600225>

³ Recording of August 6, 2025 Council Meeting Discussion of Kraken Iceplex and Community Center Update: https://kirkland.granicus.com/player/clip/5112?meta_id=222834

⁴ October 7, 2025 Council Meeting Discussion of Iceplex and Community Center Proposal Update: https://kirkland.granicus.com/player/clip/5129?meta_id=224234

⁵ November 18, 2025 Council Meeting Discussion of Iceplex and Community Center Proposal Update: https://www.kirklandwa.gov/files/sharedassets/public/v/1/city-council/agenda-documents/2025/november-18-2025/111825_special-full-packet.pdf

⁶ City of Kirkland webpage for the Exploration of the Seattle Kraken's Iceplex Proposal: <https://www.kirklandwa.gov/Government/City-Managers-Office/Exploration-of-Seattle-Krakens-Iceplex-Proposal>

DISCUSSION/ANALYSIS:

Proposed Resolution R- 5704

Proposed Resolution R-5704 recites the history of the Kraken Iceplex partnership, outlines the substantial community benefits of the facility and community center, and approves five primary actions:

- Authorizes and directs the City Manager or his designee to execute on behalf of the City of Kirkland an Agreement to Lease for the Kraken Iceplex, Restaurant, and City Community Center project with the Seattle Hockey Partners, LLC, in substantially similar to that attached to the resolution as Attachment 1.
- Authorizes and directs the City Manager or his designee to execute on behalf of the City of Kirkland, upon the closing conditions being met, the Ground Lease with the Seattle Hockey Partners, LLC, or another qualified subsidiary of Slapshot, Inc., in substantially similar form to that attached to the Agreement to Lease as Exhibit C. The City Manager is also authorized to reasonably modify provisions in the event the lessee's construction financing lender requires modifications to the mortgage terms.
- Provides City Council approval of the Development Standards attached as Exhibit B to the Agreement to Lease as the applicable development standards for the development of the leased premises. The City Manager and the Parks and Community Services Director are also authorized to reasonably modify the Development Standards to facilitate construction of the facility prior to closing on the Ground Lease.
- Authorizes and directs the City Manager to execute on behalf of the City of Kirkland all additional agreements necessary to complete the transactions authorized by this resolution, including the Community Center Lease, a trademark or licensing agreement, necessary easements or dedications, and other agreements and documents contemplated or required under the terms of the Agreement to Lease or Ground Lease.
- Directs the City Manager is to return to Council prior to substantial completion of the facility for Council to evaluate whether the City of Kirkland will purchase the facility.

The legal documents the resolution authorizes the City Manager to sign are explained in more detail later in the memo.

Project Recap

The November 18, 2025 meeting materials provide a detailed summary of the various areas of interest and references to relevant provisions in the agreement. As a reminder about some of the highlights:

- *Costs of construction, including permits and associated fees*
Kraken has full responsibility for securing and paying for all permits, entitlements, approvals, and associated fees required for project development, construction, operation, maintenance, and any future alterations. The Kraken assumes full responsibility for all construction activities and costs, with contractual assurances guaranteeing that the project is completed. The City is able to leverage private capital and expertise and transfer development risk through this partnership.

- *Community Benefits*

The project will result in an approximately 12,500 sq. ft. City-operated community and recreation center, with several multi-use spaces and a weight room. This would become Kirkland's largest Community Center – all with no new taxes. In addition, Kraken will provide community-focused programs, events, and activities, including public skating opportunities, youth development offerings, community events, and seasonal programming. These activities promote health, wellness, inclusion and community. To ensure these benefits are available to all Kirkland residents, every resident will receive two hours of free open skate each month, ensuring broad community access. The Kraken will provide discounted programs for vulnerable and low-income populations to increase equitable access to ice sports. Kraken will also utilize the One Roof Foundation or equivalent to deliver community promotion and charitable services aligned with the One Roof Foundation's three pillars of youth homelessness, environmental justice, and access to play for disadvantaged communities, all in a manner designed to address identified needs in the Kirkland community.

- *Economic Benefits*

The project will generate jobs, stimulate spending at nearby businesses and bring additional revenue to the City through sales, admission and related taxes. The 2024 CAA Icon economic and fiscal impact analysis projected upwards of \$7 million annually in economic development benefits for the Kirkland and greater Eastside community. The project is expected to create 20-30 full-time staff positions and 60-80 part time positions directly employed by the Kraken and City for operations of the facility. Additional jobs will be created throughout the City based on economic impact.

As part of the CAA Icon analysis, a hotel inventory demonstrated the need for additional hospitality rooms within Kirkland to better serve visitors. This demand aligns with the City's recent rezoning of the NE 85th Street Station Area to create opportunities for redevelopment within a new walkable district linked by transit. Additional hotels, in turn, create demand for additional restaurants and services that benefit residents and visitors.

The presence of the Kraken and potentially the Seattle Torrent, the Professional Women's Hockey League team, helps build upon Kirkland's reputation for women and youth sports, building upon the City's history of hosting the Jr. League Softball World Series.

- *Restaurant*

The facility will host a full-service, first-floor restaurant open to both the public and Iceplex patrons, with minimum daily hours of 12 p.m. to 10 p.m. At minimum, the restaurant will serve beer and wine, offer hot food from a kitchen capable of baking, grilling, and deep-frying, and maintain a defined minimum seating capacity.

- *Construction Timeline*

The current target date for substantial completion of the project is no later than October 2027.

- **Facility Ownership**

Kraken will own the Facility during the Ground Lease term. If the City does not exercise its purchase option earlier, the Facility then reverts to City ownership at the end of the 34-year term. The City can exercise its unilateral option to purchase at any time, including immediately after construction completion, and Kraken is required to lease the Skating and Restaurant facilities from the City for the remainder of the 34-year term. The City's purchase price will be the equivalent of the costs of construction.

Legal Documents

The overall structure of the Kraken Iceplex and Community Center project is established through a coordinated set of five primary legal agreements, each serving a distinct but interconnected function within the public-private partnership framework.

The *Agreement to Lease* functions as the foundational document, similar in concept to a purchase and sale agreement. It sets forth the parties' shared intent and outlines prerequisites for executing the Ground Lease upon closing. The proposed Agreement to Lease is included as Attachment 1 to proposed Resolution R-5704. The remaining documents will be exhibits to the Agreement to Lease and will not be executed until conditions trigger execution.

Exhibit C to the Agreement to Lease is the Ground Lease. The *Ground Lease* provides Seattle Kraken with long-term site control to construct and operate the Iceplex on City-owned property for a 34-year term, unless the City elects to exercise its unilateral option to purchase the facility. This document establishes key rights and responsibilities, including Kraken's construction obligations and Kraken's maintenance obligations, public access expectations, community programming requirements, and operational standards. Following completion of the construction of the Facility, one of two possible leases will be executed:

1. If the City does not exercise its purchase option, the City Community Center Sublease from the Kraken will instead define the City's tenancy within the community center space, including rent, operating protocols, and shared-use responsibilities. The City Community Center Sublease is included as Exhibit D to the Agreement to Lease. Notably, in the event the City does not exercise its purchase option, the Ground Lease provides end-of-term reversion to the City for the premises and improvements.
2. If the City chooses to exercise its option to purchase the facility under the provisions of Section 37 of the Ground Lease, the Facility Operations and Lease Agreement ("Kraken Operating Lease") will govern the Kraken's tenancy within the Facility. The Kraken Operating Lease is included as Exhibit E to the Agreement to Lease. This Kraken Operating Lease would govern rent, maintenance obligations, public access expectations, community programming requirements, and operational standards. Many of these provisions mirror the Kraken's responsibilities under the Ground Lease.

Under both the Ground Lease and the Kraken Operating Lease, if applicable, SHP and its parent company, Slapshot LLC, are required to provide the City with a *Guaranty* providing the City with assurances that the Kraken will meet its obligations under the agreements. In the guaranty, both SHP and Slapshot LLC provide an unconditional guaranty to the City of the Kraken's performance of all monetary and non-monetary obligations under the Ground Lease or Kraken Operating Lease (as applicable), including construction completion and prompt lease payments. The Guaranty is included as Exhibit K to the Agreement to Lease. The guaranty is described in more detail in the next section on the resolution of outstanding issues.

In addition to these key documents, there are several associated documents that are attached to ensure all interests are met. These include:

Project Development Standards

The property is zoned as Park (P), as that designation allows parks and/or recreational facility uses and enables development in a manner to maximize community benefits. Because this property is zoned for Parks use, there are not the standard detailed zoning regulations that typically regulate uses of property. Instead, pursuant to KZC 45.40.090 of the Kirkland Zoning Code, "Development standards will be determined on a case-by-case basis," subject to approval by the Parks and Community Services Director as provided in KZC 45.50 ("Any development or use of a park must be reviewed by the Parks and Community Services Director"). However, given the project's public significance, staff desires to present limited development standards for Council review and approval, in addition to the Parks Director approval. The proposed Development Standards are included as Exhibit L to the Agreement to Lease. The proposed resolution provides some flexibility to the City Manager and the Parks and Community Services Director to modify the Development Standards as necessary to facility the project. All generally applicable development regulations not tied to specific zones and not inconsistent with the Development Standards still apply to the project.

Trademark/Licensing Agreement

The Agreement to Lease contemplates that with the Ground Lease, or subsequently with the Kraken Operating Lease if the City exercises its option to purchase, the Kraken will provide the City with a licensing agreement to utilize the Kraken brand for information and marketing related to the Facility. This document is not included as an attachment in the suite of documents approved under the Agreement to Lease, but the terms of that agreement were previously provided to Council on November 18, 2025, and it is required to be executed and delivered prior to closing on the ground lease.

Notably, there are several exhibits that are awaiting final approval by the parties, including Exhibit B (Conceptual Design); Exhibit F (Delivery Schedule); Exhibit H (Community Center Plans & Specifications); Exhibit K (Guaranty); and Exhibit L (Development Standards). In the documents attached to the resolution, there are notes indicating where final approval is pending. Staff anticipate that these will be finalized prior to December 9, 2025, and intend to bring final versions of those documents to Council, in the event anything was modified, at Tuesday's December 9 Council Meeting.

Outstanding Issues in the Legal Documents

In the November 18, 2025 meeting materials, staff outlined several outstanding topics remaining between the City and the Kraken. The negotiation teams have now finalized discussions on those outstanding items. The final agreement on those topics is outlined below.

- *Guaranty*

Under the guaranty, in addition to the unconditional guaranty of performance, SHP will also provide a financial covenant to ensure the unencumbered equity value of SHP is sufficient to cover all monetary obligations under the lease, namely full payment of all remaining lease obligations, should the Kraken lessee default on any lease obligations under either the Ground Lease or the Operations Lease, as applicable. Annually, a third-party financial advisor will facilitate ensuring that the City has sufficient information—without exposing SHP's sensitive valuation and financial details publicly—to confidently determine that SHP's fair market equity value meets or exceeds the remaining lease obligations and that SHP is satisfying its financial covenant. In the event that SHP falls below the threshold of the financial covenant, the remedy will be that, within 10 business days, the guarantors will deposit into a segregated account an amount of cash and/or a letter of credit in an aggregate amount equal to 2 years of rent under the Lease. The City had originally requested bridge funding in the event litigation became necessary, but Slapshot and SHP instead offered to have the cash or letter of credit funding available in the event of default.

To establish SHP's fair market enterprise value for purposes of the guaranty, the City will rely on NHL team valuations published by independent financial media outlets, specifically Forbes, Sportico, and other nationally recognized publications. If there has been a recent arms' length acquisition by an independent third party of equity interests in Slapshot or there has been a recent independent appraisal by Slapshot or its affiliate, that will also be provided to the City. According to SHP, these NHL team valuations are published by independent financial media outlets, not by the NHL, and these independent valuations are the industry standard widely used by lenders, potential investors, and buyers and analysts to assess a team's worth. The third-party valuations are estimates of fair market value and make up one component of an NHL valuation. When a team sells, the buyer (or investor or lender) would perform due diligence and conduct its own valuation. Recent prior hockey transactions have sold above the Forbes valuation floor. Under the guaranty, an officer of the guarantor will certify whether the fair market enterprise value of SHP as reasonably determined by the guarantor is greater than or less than the financial media outlet valuation, providing additional assurance that the financial media outlet valuation can be reasonably relied upon by the City.

The fair market enterprise value will then be compared with the aggregate principal amount of SHP's and Slapshot's indebtedness for borrowed money. This will be indicated on a certification provided by an officer of the guarantor. The certification will be accompanied by the most recent balance sheet of SHP and Slapshot provided to the NHL, Slapshot's investors, or any lender to SHP or Slapshot. The balance sheet, if not audited, will also be accompanied by a certification from SHP's or Slapshot's third-party accountants that the certified outstanding aggregate principal amount of SHP's and Slapshot's indebtedness for borrowed money is true and correct in all material respects. The guarantor's officer will further certify whether any impairment of assets was recently identified in an audit of SHP or Slapshot. Finally, the officer will certify whether the outstanding aggregate principal amount of SHP's and Slapshot's indebtedness for borrowed money complies with the limitations on indebtedness under NHL rules.

To determine whether SHP has met its financial covenant to ensure the unencumbered equity value of SHP is sufficient to cover full payment of all remaining lease obligations, the amount of equity will be compared with the amount of indebtedness for borrowed money. This amount will then compared with the remaining amount of lease payment obligations, which is known as the “financial calculation.” Provided that financial calculation results in a number more than zero, SHP is meeting its financial covenant. The City’s third-party financial advisor will review the officer’s certificate and accompanying information and will then disclose to the City whether the financial calculation is (i) in the opinion of advisor, accurate, and (ii) less than zero. The City’s financial advisor will be operating under a confidentiality agreement with SHP and Slapshot and will not disclose to the City any of the guarantors’ financial details or information, except to the extent such information is publicly available.

- *Cap-Ex Calculation*

Regarding the Cap-Ex (major maintenance) calculation, the Kraken will annually pay approximately \$1.60 per square foot of the facility into the capital reserve fund, which will amount to \$100,000 per year. For reference, Kraken capital costs to maintain the 172,000 square foot Kraken Community Iceplex in Northgate total approximately \$160,000 per year, which is approximately \$.93 cents per square foot. The Kirkland facility (not counting the community center) is estimated at 62,500 square feet, so less annual capital funding will be necessary to maintain the Kirkland facility. For additional reference, the City’s average capital reserve fund averages approximately \$4/square foot across the City’s buildings other than City Hall. The lower cost per square foot is because much of the Iceplex Facility is comprised of the sheets of ice and open-air space. Most importantly, in addition to contributing an annual amount to the capital reserve fund, Kraken is responsible for maintenance and replacement of all equipment under the lease terms.

- *Parking*

The agreements allow the City to charge for parking, at a rate no higher than other City-owned parking lots. In addition, the agreements allow for special event parking fee program which includes splitting the revenue between the City and Kraken. The parties mutually agree to provide notice to one another when large attendance events are scheduled and will work together to address parking options for such events.

The City agrees to maximize the available parking on the north lot and that 25 parking spaces will be reserved primarily for staff parking spaces for staff of the facility, the restaurant and the Community Center. The City will maintain ownership and operation of the north lot and be responsible for parking lot improvements other than the ADA required infrastructure, which will be constructed by Kraken. The facility parking will be addressed in more detail during the permitting process. As part of the submittal documents, the Kraken will be asked to provide a parking demand memo that outlines the parking needs and uses. That memo will be reviewed and approved administratively.

- *Lease Payment Calculations*

In the event the City exercises its option to purchase, the agreements contain the formula for determining the actual dollar amount of the Kraken’s lease payments, which will be calculated at the time of the City’s purchase. As provided in the agreement to lease, the rental rate will be based upon the following:

for thirty (30) years not to exceed 135% of the City’s annual debt service on the portion of the Bond Financing allocable to the Skating Facility and the Restaurant, plus contributions to a major maintenance fund, and then

plus annual payments at the same repayment rate for an additional four (4) years, all as provided in and in accordance with the Facility Operations and Lease Agreement; provided, that the present value of such payments will not exceed the present value of the rights to use the Skating Facility and the Restaurant.

Nothing prohibits the lease payment from being predicated on the taxable portion of the City's bond issuance, but federal tax law requires that the lease paid by the private party not be more than fair market value.

- *Development Standards*

As explained previously, the zoning code does not incorporate specific development standards for Parks property. Instead, any development or use of a park must be reviewed by the Parks and Community Services Director, and the development standards are determined by the director on a case-by-case basis. In this instance, to ensure Council concurrence with the proposed Development Standards for this facility, draft Development Standards for the facility have been provided as Exhibit B to the proposed resolution, while the resolution still provides the City Manager and Parks and Community Services Director to make reasonable modifications as necessary to facilitate the project. Some standards that are adjusted for this unique use include authorizing zero lot lines, approving lighted and digital signage elements, providing flexibility in the blank wall treatment requirements to provide an option for the City to install public art in lieu of treatment on some portion of the exterior, and incorporating dark sky and glare requirements for lighting on the site. The digital signage authorization is in response to Kraken's request for a digital sign; notably, that signage will be located on the northwestern side of the facility, not directly facing any residential properties.

- *Permitting and Construction Cost Concerns*

As noted in the November 18, 2025 materials, Kraken has indicated that the estimated Community Center project costs are exceeding Kraken's project budget by approximately \$720,000. Kraken has requested that the City partner with Kraken to offset or reduce overall project costs by approximately \$360,000. In order to ensure that the Community Center space has the desired functionality and fit and finishes expected by the Council, staff, and the community, the City has been evaluating options to offset or reduce the overall project costs. To ensure compliance with the lease-leaseback statutory provisions governing this public-private partnership, no part of the cost of construction of the building can ever become an obligation of the City, and no cost of Kraken's construction project can be executed at the cost of the City without triggering public works requirements. The parties are considering having the City perform site preparation for the property, but have not yet determined the details of that work. In lieu of providing specific details in the Agreement to Lease, the parties have added the following provision (in Section 4.4):

Additionally, prior to Closing, the City shall perform certain work on the Premises to prepare the Premises for Developer's construction of the Improvements (the "City Pre-Closing Work"). The City and Developer shall jointly determine the scope and nature of the City Pre-Closing Work. In no event shall the City Pre-Closing Work exceed \$360,000. The City will keep Developer informed as to progress of the City Pre-Closing Work, including keeping Developer informed of the costs and expenses related thereto.

In addition, in order to address cost concerns, the parties have discussed options for reducing or eliminating development and permitting fees. To provide City staff with flexibility to continue exploring those options, the parties have added the following provision to the Agreement to Lease (in Section 4.6.3):

The City shall work in good faith to eliminate or reduce as many permitting and development fees as possible, consisting with Applicable Law and the City's auditing principles.

Facility Update

Design & Permitting

The City returned comments on Generator Studio's Design Development set on November 24, 2025. The City's Design Review Team—supported by Opsis Architecture—continues to review design quality, material standards, community center layout, and overall facility functionality. Attachment 7 provides an overview of the updated exterior and interior floor plans as per this level of design.

Several key items that have been flagged for Kraken by City staff and that continue to be reviewed include:

- **Fire Truck Access:** A practical solution is available. Staff proposes installing a wall hydrant along the eastern edge of the property. Assuming Fire personnel can walk behind the building, this will address the access concerns. This approach effectively resolves the current lack of sufficient fire truck access on that side.
- **Water system capacity and fire-flow improvements:** The City continues to work with its water modeling consultant, RH2 Engineering, Inc., to assess the water system capacity for the Iceplex and determine the water system improvements needed to provide the required fire flow. Depending on the planned water usage for the sheets of ice and other factors, the project may require a waterline extension and installation of additional hydrants, potentially resulting in significant costs.
- **Timing:** SEPA and geotechnical submissions are expected in December or early January, with initial building permit submittals planned for late January.
- **Fit and Finish:** The design documents have not yet included the product selection and details that will allow the City to assess if the facility's fit and finish is in alignment with expectations.

WSDOT Right-of-Way Coordination

There are three design elements that require coordination with WSDOT to review and approve. The City and Kraken have collaboratively met with WSDOT staff to develop a predictable process for these items.

- Access from the property via existing access road to 116th Ave NE
WSDOT has informed the City that it may not use the existing access road from the property to 116th Ave NE, which is located across from the I-405 NB off and onramps. This is due to a limited access area established by the Federal Highway Administration. Before the City purchased the Houghton Park and Ride lot, the park and ride had a limited access "break" to allow access directly to I-405 NB off and onramps. WSDOT asserts that restricted access to I-405 was a condition of the sale of the Houghton Park and Ride lot.

Previously, the City understood that it must undertake a process to receive approval from both WSDOT and FHWA to allow a “break” in limited access. WSDOT no longer believes that this is a viable option. The process does not allow the City of Kirkland to reach the step of seeking FHWA’s approval without WSDOT’s support.

City leadership have begun outreach to local WSDOT and FHWA staff, state and federal elected officials and the Kraken government relations staff to develop a process to reinstate the “break” in the limited access and allow access to 116th Ave NE.

- Bicycle Lane

The City’s development standards require the development of bicycle lanes on 116th Ave NE adjacent to the property being developed for the Facility, namely the southern half of the Houghton Park and Ride property, to improve the connectivity within the City. There is a portion of the future bike lanes that are within WSDOT’s limited access right-of-way. Any construction or use within this area must be approved by WSDOT. There does not appear to be a concern with this request. The process to receive approval from WSDOT and FHWA may require construction timeline separate from the facility timeline.

- Curb Movement

The Kraken are exploring moving the curb on the facility property 1’ to the north to allow for larger sidewalks and outdoor seating area for the restaurant. Adjusting the access road will re-align the exit from the property to 116th Ave NE, which may require some intersection or signal improvements. There does not appear to be a concern with the concept; however, the timing to receive the approval through WSDOT and potentially FHWA may not align with the project schedule.

Regional Stormwater Vault

Staff continue to coordinate with the Department of Ecology to finalize the forgivable loan agreement for the City’s regional stormwater vault project. The design RFQ was publicly advertised on November 19, 2025, with design commencing in February 2026.

NEXT STEPS:

Legal Documents

Upon adoption of Resolution R-5704, the City Manager will execute the Agreement to Lease. The parties anticipate that closing on the Ground Lease will occur no later than June 1, 2026. To ensure compliance with the Agreement to Lease, the City Manager will execute the Ground Lease to facilitate closing once other conditions are met.

Design & Permitting

The Kraken will submit 90% design documents in December for review prior to permit submittals at the end of January. Staff continue to problem-solve regarding outstanding issues.

Right-of-Way & Easements

In 2026, City staff will present City Council with recommendations to vacate right-of-way and provide easements to align with the final facility design.

WSDOT and FHWA

The City will continue to collaborate with the Kraken to meet with WSDOT regional and state officials as well as FHWA regional and federal representatives to address the project's proposal in a timely manner. The Kraken will develop traffic analyses for several design scenarios so that future decision-making can proceed without delay.

ATTACHMENTS:

Resolution R-5704, Authorizing Development of the Houghton Park and Ride Property into a First-Class Iceplex, Restaurant, and Community Center, Including Design, Construction, Lease, and Future Operation, in Partnership with the Seattle Hockey Partners, Which Owns the Kraken Hockey Franchise, and Authorizing the City Manager to Execute Agreements to Facilitate Said Development

Attachment 1 – Agreement to Lease

Exhibit A – Legal Description

Exhibit A-1 – Depiction of Land

Exhibit B – Project Conceptual Design

Exhibit C – Ground Lease

Exhibit D – City Community Center Sublease

Exhibit E – Kraken Facility Operations and Lease Agreement

Exhibit F – Delivery Schedule

Exhibit G – Reserved

Exhibit H – Community Center Plans and Specifications

Exhibit I – Memorandum of Lease

Exhibit J – General Assignment

Exhibit K – Guaranty

Exhibit L – Development Standards