Attachment 1

CAAICON

City of Kirkland

Iceplex Proposal Evaluation

August 1, 2024

The information in this presentation is proprietary and confidential.

Preliminary Draft – Subject to Revision

CITY OF KIRKLAND WASHINGTON

TABLE OF CONTENTS

This report has been prepared for the City of Kirkland (Kirkland or City) and is subject to the attached Limiting Conditions and Assumptions. Our reports may not be used, in whole or in part, in any financing or marketing documents.

Although the findings included herein appear reasonable based on the current and anticipated market conditions, actual results depend on the actions of management and other factors both internal and external to the City.

It is important to note that because events and circumstances may not occur as expected, there may be significant differences between the actual results and those estimated in the analysis, and those differences may be material.

This report is valid only when presented in its entirety and only for the purpose stated therein.

Our performance of the tasks completed does not constitute an opinion of value or appraisal or a projection of financial performance or audit in accordance with generally accepted audit standards. Estimates of value (ranges) have been prepared to illustrate current and possible future market conditions.

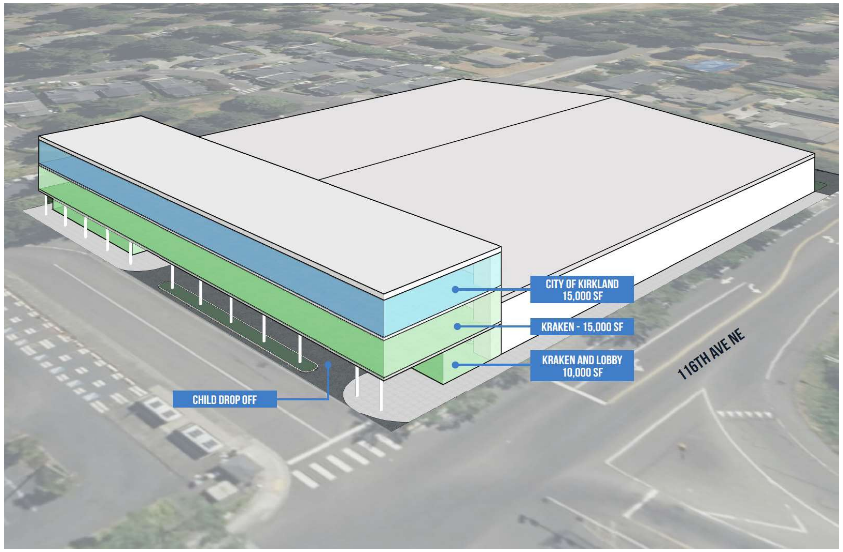
Our work has been based in part on review and analysis of information provided by unrelated sources that are believed accurate, but cannot be assured to be accurate. No audit or other verification has been completed.

I. Executive Summary

Executive Summary | Introduction

Project Overview

- The City of Kirkland (City or Kirkland) has been presented with a proposal from the Seattle Kraken to develop a two-sheet community ice complex (Iceplex) on City-owned land at the site of the former Houghton Park-and-Ride (Project). The site is adjacent to I-405, which provides strong visibility and ideal accessibility.
  - Key terms in the proposal are summarized on the following pages
- The proposed Project would be the Kraken's second community iceplex in the region; Kraken Community Iceplex (KCI) in Northgate opened in 2021 and will continue to serve as the team's headquarters and practice facility
- The Kraken intend to operate the facility and expand their youth hockey programs to the proposed Project. It is also anticipated that visiting NHL teams will use the facility for practices.
- CAA ICON completed a market demand analysis to evaluate demand for the Project, reviewed the Kraken's estimates of financial performance for the Project, and estimated potential economic and fiscal impacts to be generated by the Project



Courtesy: Generator Studio / Seattle Kraken.

Please refer to Appendix A for additional detail on the project concept.

Executive Summary | Project Proposal

Summary

- Key elements of the Kraken's initial proposal to the City are summarized below – **proposal has not been agreed to and is subject to negotiation**
  - **Program Statement**
    - **General Facility Description**: By September 2026, the Kraken propose building two regulation NHL ice rinks and ancillary support facilities, including ice plant, locker rooms, skate shop, concessions, lobby, fitness/training, offices, and viewing areas
    - **Facility Size:** The Kraken will build and operate a 75,000 square foot first floor and a 15,000 square feet second floor for its hockey programming and viewing areas
    - **Community Center:** The City will retain 15,000 square feet on the third floor that the Kraken will build as warm shell and designated for City to program with FF&E as it desires at its cost
  - **Key Terms**
    - **Ownership:** City would own the entire facility at expiration of lease
    - **Lease term:** 35-year lease with a 5-year option at $1 per year
    - **Budget:** Total project budget of $52.5 million, including $7.5 million for community center
    - **Permits and fees:** Waiver of development and permit fees and City portion of construction sales tax
      - The City of Kirkland has indicated that such waivers cannot be provided per statutory law. The impact on the financial feasibility of the project is unclear.

Executive Summary | Project Proposal

Summary (Cont.)

- **Key terms (Cont.)**
  - **Financing (not finalized – subject to change):** City would serve as conduit to borrow $40M in short term (2 years) construction loan financing from King County, with interest expense and loan guarantee paid by the Kraken and paid off six months after completion of construction
    - Please note the $40 million was a previous estimate; the Kraken's responsibility of the project cost has increased to approximately $45 million
      - The City's current bond ratings are Aaa (Moody's) and AAA (Standard and Poor's) and have been since 2018 and 2008, respectively
  - **Maintenance and Operation:** Kraken would take the risk for financing, design, construction, completion, and long-term maintenance of the facility and would sign a lease for a 35-year term, plus a five-year extension. The Kraken would lease back the community center for $1 per year plus expenses (utilities, etc.) and City would receive full control of that space.
    - Please note that revenue sharing was not addressed in the proposal, but generally assumed that the Kraken would retain revenue for potential debt service payments for take-out financing
    - Although not stated in the proposal, it is generally contemplated the facility will be used for visiting NHL team practices
  - **Naming Rights:** Kraken would retain ability to sell naming rights to the facility for the lease term
  - **Parking:** City would ensure at least 210 parking spaces are available during the term of the lease and that a minimum of 160 are reserved for Kraken facility use

Executive Summary | Summary of Tasks Completed

Summary of Tasks Completed

- Completed a site visit and held discussions with City of Kirkland and Seattle Kraken
- Reviewed and summarized previous recreation needs assessments completed by the City
- Evaluated demographics in the local and regional market areas
- Evaluated competitive facilities in the local market area
- Completed a limited scope participation analysis and identified local user groups
- Compared the Seattle market's inventory and pricing structure for ice sheets to comparable markets
- Developed case studies on comparable facilities throughout the U.S.
- Reviewed Kraken financial estimates for the proposed Project
- Compared the estimates with actual performance at comparable facilities to provide a review and commentary on the reasonableness of the Kraken's estimates
- Estimated potential economic and fiscal impacts generated by construction and operations
- Developed a list of key considerations for the City to evaluate as it evaluates the Project

Executive Summary | Parks and Recreation (Existing Assets)

Existing Conditions and Other Relevant Information

This proposed 15,000 square foot community center will address a shortage in community recreation space that was identified in several previously completed needs assessments accomplished by the City. The Project could also help catalyze the Station Area, which is an area designated by the City for redevelopment. These are intangible benefits generated by the Project but align with City strategic goals and objectives.

<u>Existing Indoor Community Recreation Assets</u>

The Parks, Recreation, and Open Space Plan (PROS Plan) developed in September 2022 identified the development of an aquatic or recreation center and/or the development of smaller community centers as action items. A ballot measure to develop an aquatics center on the proposed site failed in 2023. Staff indicated the City is currently undersupplied in gym and general recreation space.

<u>Station Area</u>

The proposed Project site (shown in red) is located approximately one-half mile from the southern edge of the 85th Street Station Area (Station Area), a key redevelopment area for the City. The area is envisioned as a thriving, new walkable mixed-use development district linked by transit. In addition to abundant new housing, plans for the development may also include new hotel properties as well as new inventory of retail and restaurant properties. The Station Area may have potential synergies with the proposed Project. The Project may help activate development interest in the area and preliminary plans for new hotel, retail, and restaurant space may alleviate some of the spending leakage challenges, detailed later herein.

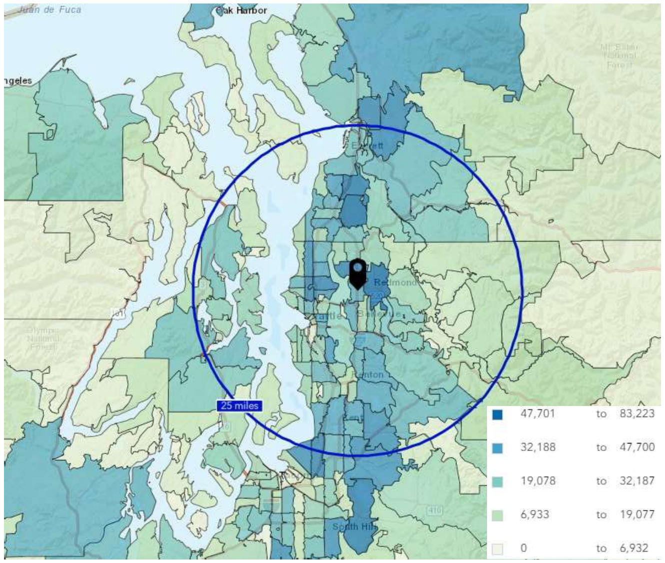
CAA ICON

Executive Summary | Local Demographics

Population Size

Weekday demand for ice time will primarily originate from within 25 miles of the site. The target market area for ice can be broader depending on supply of ice, though CAA ICON generally considers 25 miles as the target market given the significant inventory of ice in the market (discussed later). Presently, there is an estimated 3.1 million people within 25 miles and 4.6 million within 50 miles.

- Kirkland currently has a population of 96,000 and has grown by nearly 20% since 2010 – Esri historical population data (prior to 2011) is adjusted for 2011 annexations which added approximately 31,000 residents to Kirkland
- All geographic designations have grown significantly since 2000; in the 25-mile geographic ring the market grew by over 900,000 people, and within 50 miles it grew by 1.3 million people
- Although not shown, household income levels throughout the region and Kirkland, in particular, are a significant advantage for the project. Participation in ice activities is heavily correlated with household income levels.



	City of Kirkland	King County	CBSA	Geographic Rings 25 Miles	Geographic Rings 50 Miles	Drive Time 60 Minutes
Population						
2028 Projection	98,350	2,414,039	4,275,319	3,175,119	4,738,731	3,764,783
2023 Estimate	96,280	2,344,852	4,152,259	3,082,534	4,606,687	3,651,695
2020 Census	92,175	2,269,675	4,018,762	2,985,912	4,461,050	3,535,499
2010 Census	80,312	1,931,269	3,439,809	2,555,713	3,835,214	3,029,522
2000 Census	76,549	1,737,322	3,043,878	2,272,045	3,397,377	2,686,045
Growth 2023-2028	2.1%	3.0%	3.0%	3.0%	2.9%	3.1%
Growth 2020-2023	4.5%	3.3%	3.3%	3.2%	3.3%	3.3%
Growth 2010-2020	14.8%	17.5%	16.8%	16.8%	16.3%	16.7%
Growth 2000-2010	4.9%	11.2%	13.0%	12.5%	12.9%	12.8%

Source: Esri 2023.

Please refer to Appendix B for additional demographic comparisons and participation data.

Executive Summary | Local Infrastructure

Hotel Inventory

Kirkland has seven hotel properties with a total of 706 rooms, though three properties (Courtyard, Comfort Inn, Baymont – 351 rooms in total) are what event organizers consider most suitable for tournaments, showcases, etc. Tournament organizers generally prefer Upper Midscale or Upscale properties (as classified by Smith Travel Research (STR)) with two beds and breakfast included in the rate. The limited inventory of suitable hotel rooms will likely result in a significant portion of tournament visitors staying outside of Kirkland. Absent development of additional hotels (which are a potential use for the Station Area), this may limit the Project's economic and fiscal impacts by reducing direct spending from visitors. The City and Kraken could consider partnering with local hotel(s) in Kirkland to serve as official hotel partners to ensure hotel room nights are retained within Kirkland (the Kraken have such a partnership at KCI with the Marriott Courtyard).

City of Kirkland Hotel Inventory

Property	STR Chain Scale	Location	Guest Rooms
Courtyard by Marriott Seattle Kirkland	Upscale	Totem Lake	150
Motel 6 Kirkland	Economy	Totem Lake	123
The Woodmark Hotel and Still Spa	Luxury	Carillon Point	121
Baymont by Wyndham Seattle / Kirkland	Midscale	Totem Lake / North Rose Hill	104
Comfort Inn Kirkland	Upper Midscale	Totem Lake	97
The Heathman Hotel Kirkland	Upper Upscale	Downtown	91
Lakeview Boutique Hotel Kirkland	NA	Houghton	20
Total			**706**

Source: City of Kirkland.

Executive Summary | Regional Demographics

Population and Income

Tournament participants will originate from a broader market area. Within 200 miles of the site, there is an estimated U.S. population of 9.8 million people (demographics do not include Canada). Income metrics in the 200-mile designation are significantly lower than the Combined Statistical Area (CSA). While income levels in the local market area are a positive for the Project, the cost of living in Seattle is 45% above the national average. Higher costs for hotel, retail, etc. are generally viewed as a negative by event organizers.

- Regional metropolitan areas located within the 200-mile ring that have a Core Based Statistical Area (CBSA) population greater than 300,000 include Portland, OR (2.6 million), Salem, OR (445,000), Kennewick-Richland, WA (318,000), and Olympia, WA (306,000)
    - Canadian metropolitan areas of Vancouver, BC (2.8 million) and Victoria, BC (424,000) are also located within the 200-mile ring. Facility users interviewed indicated that it is not uncommon for U.S. / Canadian citizens to use each other's facilities

		Geographic Ring
	CSA	200 Miles
Population		
2028 Projection	5,262,566	10,087,869
2023 Estimate	5,115,062	9,828,790
2020 Census	4,953,421	9,535,431
2010 Census	4,274,767	8,372,062
2000 Census	3,775,744	7,341,194
Growth 2023-2028	2.9%	2.6%
Growth 2020-2023	3.3%	3.1%
Growth 2010-2020	15.9%	13.9%
Growth 2000-2010	13.2%	14.0%
Income		
2023 Est. Per Capita Income	$56,327	$49,764
2023 Est. Average HH Income	$143,722	$128,097
2023 Est. Median HH Income	$102,220	$89,658
HHs w/ Income $100,000+	1,026,493	1,735,511
2023 Est. Average Disposable HH Income	$105,455	$93,720
2023 Est. Median Disposable HH Income	$84,033	$72,971
HHs w/ Disposable Income $100,000+	858,466	1,370,940

Source: Esri 2023.

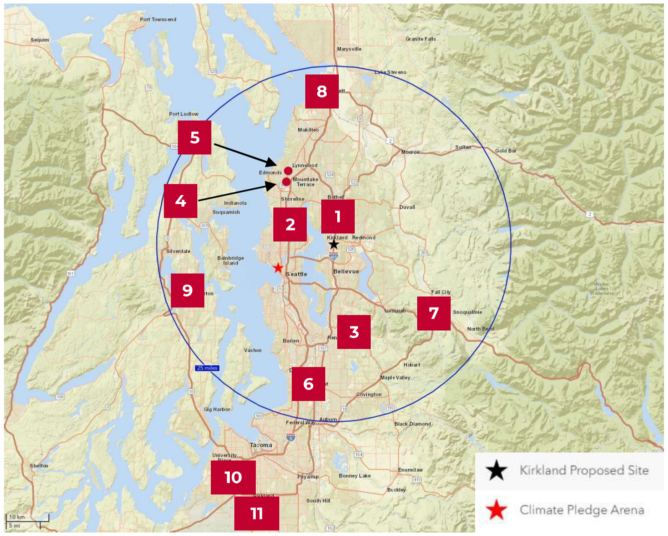
Executive Summary | Market Competition

Local Ice Facilities

There are 12 ice sheets within 25 miles of the Project site and 16 sheets within 50 miles. Rates at regional venues range from $395 per hour to $550 per hour (excluding Sno-King facilities). The inventory of ice creates significant competition and likely shrinks the Project's target market area for weekday ice time.

- There are approximately 257,000 persons per ice sheet within 25 miles of the Project site, and 277,000 persons per ice sheet within the CBSA. The ratio of population per sheet is generally lower than comparable markets evaluated herein (discussed later in report)

- When including the Project's two proposed ice sheets, there are approximately 220,000 persons per ice sheet within 25 miles and 244,000 persons per ice sheet within the CBSA. Comparisons to other comparable markets (discussed herein) were based on current conditions and do not account for ice complexes in proposal or planning stages.



Local Ice Facilities (Within 50 Miles)						
Number	Facility	Location (City)	Distance from Proposed Site (Miles)	Square Feet	Ice Sheets	Rental Rate Per Hour
1	Sno-King Ice Arena - Kirkland	Kirkland	5	TBC	1	$450
2	Kraken Community Iceplex - (1)	Seattle	14	172,000	3	$500-$550
3	Sno-King Ice Arena - Renton	Renton	15	46,000	2	$400-$600
4	Olympicview Arena	Mountlake Terrace	18	44,000	1	$395
5	Lynnwood Ice Center	Lynnwood	18	TBC	1	$400-$500
6	Kent Valley Ice Centre - (2)	Kent	23	64,227	1	$525
7	Sno-King Ice Arena - Snoqualmie	Snoqualmie	24	72,500	2	TBC
8	Everett Community Rink - (3)	Everett	24	275,000	1	$445-$550
9	Bremerton Ice Center	Bremerton	44	40,000	1	$400
10	Tacoma Twin Rinks	Tacoma	44	51,840	2	$395
11	Sprinker Recreation Center Ice Arena	Tacoma	49	TBC	1	$450

Note: CAA ICON provided case studies for facilities highlighted gray.
(1) - Facility includes Kraken team headquarters.
(2) - Venue expected to add second ice sheet (reportedly expected to cost between $5 million and $6 million - timeline TBD as of June 2024.
(3) - Everett Community Ice Rink is located inside Angel of the Winds Arena. Hourly ice rental rates range between $445 and $550.
Sources: Esri 2024, Loopnet, industry research.

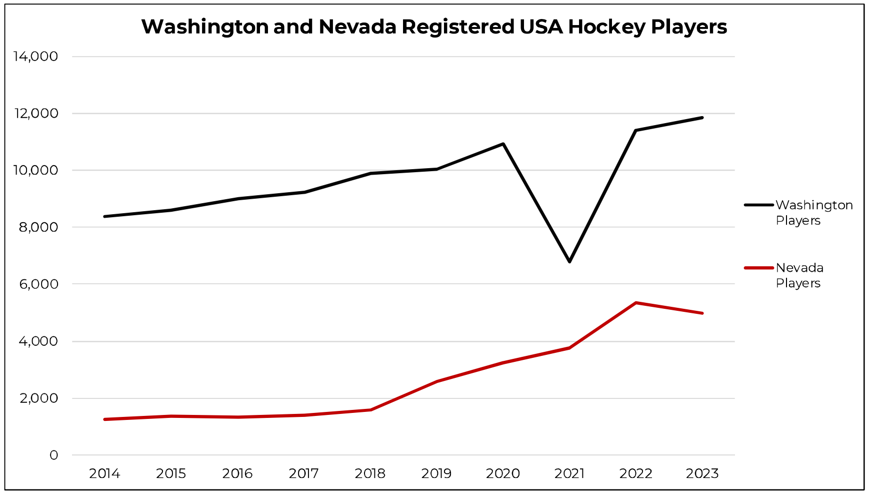
Executive Summary | Participation Analysis

Summary

Ice hockey and figure skating are two activities most suitable for the Project. The number of registered participants with the national organizing body in each activity is limited at 564,000 and 222,000 for ice hockey and figure skating, respectively, due to their cost and the limited supply of ice in many areas. Participation growth in each has also been limited; 10-year CAGRs for hockey and figure skating have been .9% and 3.4%, respectively.

- The State of Nevada had 1,400 registered hockey players in 2015 when the Golden Knights NHL franchise was announced, which increased to nearly 5,000 in 2023 (300% increase). By comparison, when the Kraken was announced in 2018, there were 9,900 registered players in Washington, which has increased to 11,900 in 2023 (20% growth). CAA ICON anticipates there will be continued growth in Washington, though at more measured levels in relation to Nevada.

- According to Kraken team representatives, the Kraken will use the Project to supplement their current junior and youth hockey program at KCI as well as host visiting NHL team practice sessions. Kraken programming will be supplemented by learn-to-skate, learn-to-play, and adult leagues, among other programs.



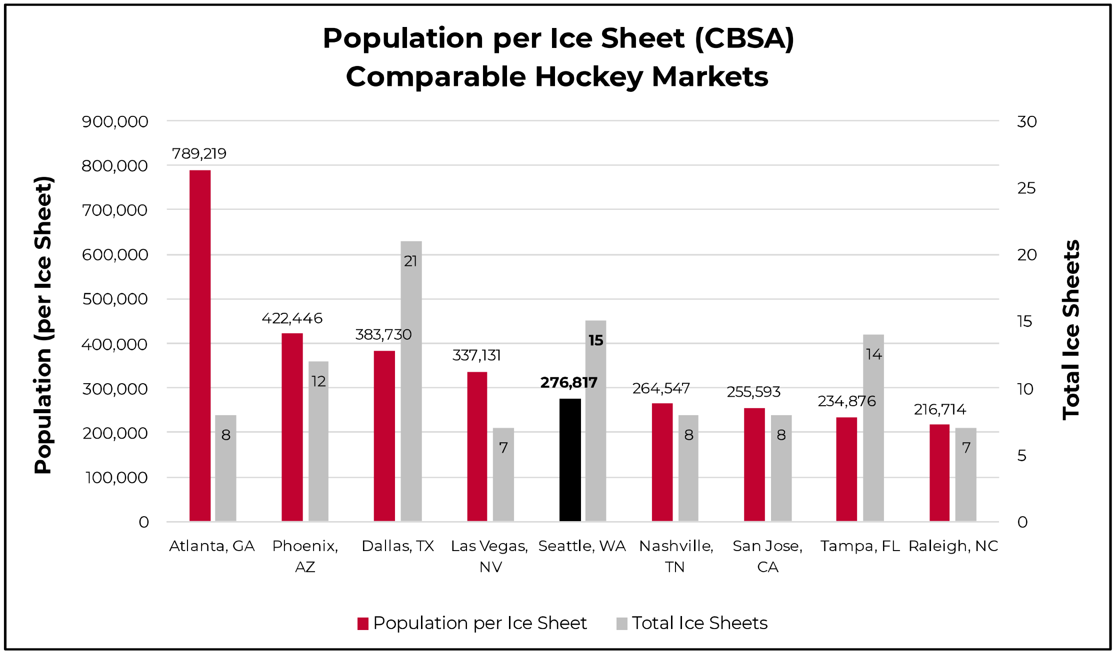
Source: USA Hockey, Inc.

Executive Summary | Comparable Market Benchmarking

Population per Ice Sheet

CAA ICON compared the number of ice sheets in the Seattle CBSA on a per capita basis with eight other "non-traditional" hockey markets (Minneapolis would be considered a "traditional" market). The ratio of population per sheet in the Seattle market ranks fifth of nine markets. Seattle has the second most ice sheets among comparable markets with 15; only Dallas (21) has more ice rinks but has a higher number of residents per sheet. The analysis suggests that, notwithstanding high income levels and certain other factors (e.g., participation), Seattle has greater competition levels that could negatively impact rates and fees.

- Ice rental rates in Seattle range from $395 to $550 per hour, which is generally higher than comparable markets, excluding San Jose ($570-$625) and Dallas ($550 – most are controlled by the Dallas Stars)



Note: Ice sheet inventories for each market reflect current conditions. Seattle does not include two sheets from the proposed Project.
Source: Industry research.

Please refer to Appendix C for additional benchmarking comparisons

Executive Summary | Participation Analysis

Primary Research Findings

- CAA ICON completed interviews with user groups to understand their perspectives on local and regional participation and the need for the Project, among a range of other topics. Key findings are summarized below:

  - Interviewees highlighted the growth in hockey participation and awareness throughout Seattle led by the announcement of Seattle as an NHL expansion market (2018) and the arrival of the Kraken in 2021

  - Interviewees had mixed opinions on the market's ability to accommodate additional ice. Organizations who would compete most directly with the Project indicated that additional ice could negatively impact program registrations and their venue's financial performance. Other interviewees, who stood to be less impacted by the Project, were more optimistic and spoke to the need for additional peak ice time

  - Local ice availability is very scarce at peak hours from 4 PM to 10 PM during the fall, winter, and to a lesser extent, spring. These times are usually reserved for youth hockey, which can lead to sub-optimal hours for other groups such as adult leagues and recreational organizations (learn-to-play, learn-to-skate, etc.)

  - Organizations indicated that mid-day programming of ice was challenging and that aggressive strategies had to be used to monetize the ice, which includes specialty programming, corporate outings, and other events

  - The Project could attract events that local rinks cannot currently accommodate due to scheduling constraints, such as regional / national youth tournaments, non-hockey ice events (e.g., figure skating), and other competitions

Executive Summary | Comparable Facilities

Facility Characteristics

Nine comparable facilities were selected to perform benchmarking comparisons. All nine facilities were opened in 2014 or later and, except for St. Louis (non-profit model), are operated by an NHL team. Facilities have an average of 2.8 rinks and measure approximately 165,000 square feet. Hourly ice rental rates range from $375 (Nashville) to $625 (San Jose). CAA ICON has reviewed financial performance of seven facilities on a confidential basis and has used these records to assist with evaluating the Kraken's projections. Although not shown, Kirkland has a strong 25-mile demographic profile in relation to markets that comparable facilities are located in – particularly regarding population and income.

Venue	Location	Year Opened	Operator	Capacity - (1)	Hourly Ice Rental Rate	Ice Sheets	Square Feet	Primary Tenant
Proposed Kirkland Iceplex	**Kirkland, WA**	**TBD**	**Seattle Kraken (Proposed)**	**TBD**	**$500-$550**	**2**	**120,000**	**NA**
Kraken Community Iceplex	**Seattle, WA**	**2021**	**Seattle Kraken**	**650**	**$500-$550**	**3**	**172,000**	**NHL**
Baptist Health Iceplex	Fort Lauderdale, FL	2024	Florida Panthers	1,000	TBC	2	140,000	NHL
Tech CU Arena / Sharks Ice at San Jose - (2)	San Jose, CA	2022	San Jose Sports & Entertainment Enterprises	4,200	$625	6	385,000	AHL
Invisalign Arena at WCC	Morrisville, NC	2020	Polar Ice NC	850	TBC	2	115,000	NHL
America First Center	Henderson, NV	2020	Foley Entertainment Group	TBC	$400	2	120,000	AHL
Great Park Ice & FivePoint Arena	Irvine, CA	2019	Anaheim Ducks / Irvine Ice Foundation	2,500	$525	4	280,000	NHL
Centene Community Ice Center	Maryland Heights, MO	2019	St. Louis Legacy Ice Foundation / Oak View Group	2,500	$400	3	277,000	NHL
Ford Ice Center Bellevue	Nashville, TN	2019	Sabretooth Sports & Entertainment, LLC	1,000	$375	2	110,000	NA
UPMC Lemieux Sports Complex	Cranberry Township, PA	2015	Pittsburgh Penguins	1,000	$400	2	185,000	NHL
Ford Ice Center Antioch	Antioch, TN	2014	Sabretooth Sports & Entertainment, LLC	900	$375	2	90,000	NA
Minimum				**850**	**$375**	**2.0**	**90,000**	
Average				**1,393**	**$443**	**2.8**	**164,625**	
Maximum				**2,500**	**$625**	**6.0**	**280,000**	

(1) - Kirkland facility capacity is to-be-determined but assumed to be able to accommodate tournaments. Capacity refers to the seating capacity for the main ice sheet or event floor.

(2) - Excluded from capacity and square foot averages due to including a 4,200-seat traditional arena (205,000 square feet).

Source: Industry research.

Executive Summary | Comparable Facilities

Demographic Comparisons

Kirkland has a strong 25-mile demographic profile in relation to markets that comparable facilities are located in. It ranks third in terms of population, has significantly higher income levels, and a larger corporate base. In relation to comparable facilities, Kirkland ranks above average in all demographic measurements and is below the median in only one, median age.

Comparable Ice Facilities Summary - 25 Mile Ring Designation Overview			
Statistical Measure	Proposed Site (Kirkland, WA)	Rank of 10	Comparable Average - (1)
2023 Population (000s)	3,082.5	3	2,384.6
2028 Population (000s)	3,175.1	3	2,436.6
Est. % Growth 2023-2028	3.00%	4	2.74%
2023 Households (000s)	1,235.1	3	898.4
2028 Households (000s)	1,279.4	3	926.7
Est. % Growth 2023-2028	3.60%	5	3.70%
Per Capita Income	$64,607	2	$47,355
Average Household Income	$161,001	2	$123,956
Median Household Income	$112,745	2	$86,038
HHs w/ Income $100,000+ (000s)	696.7	2	383.4
Average Disposable Income	$115,614	2	$89,854
Median Disposable Income	$95,161	2	$69,352
HHs w/ Disposable Income $100,000+ (000s)	594.9	2	311.7
Median Age	39.0	7	39.1
Companies w/ $20mm Sales	1,581	4	1,399
Companies w/ $50mm Sales	729	4	643
Companies w/ 500+ Employees	263	3	225
Fortune 1000 Companies	15	2	14

(1) - Average excludes the Proposed Site (Kirkland, WA).
Sources: Esri 2024, Hoovers 2024.

Executive Summary | Key Findings

Summary of Market Demand Analysis Key Findings

- The Seattle market and Kirkland have an ideal profile for participation in ice activities given the correlation between income and participation levels. The challenges associated with a comparatively higher level of ice supply are somewhat mitigated by local and regional income levels. The accessibility of the site is also an advantage of the Project in relation to other local facilities.
- There has been material growth in hockey participation and interest levels resulting from the Kraken's arrival in the market as an NHL expansion team. Participation growth has led to a lack of available ice at peak hours according to local and regional user groups.
- The lack of peak ice availability (4 to 10 PM weekdays in the fall, winter, and spring) suggests there is unaccommodated demand for ice at current demand levels. Peak ice time is generally reserved for youth hockey programming, games, and practices. As a result, participation in adult leagues, beginner programs, and other ice sports such as figure skating could increase if more ice was made available at more desirable times. This, combined with the Kraken's continued maturation in the market, suggests demand levels could increase in the future.
- Despite the clear demand for peak ice time, the Project is likely to face challenges with programming weekday daytime ice. These challenges are faced by most facilities nationwide and are not unique to the Project. The Kraken's brand and operational experience in the market likely provides an advantage by implementing proven strategies and leveraging its brand to host corporate outings, charity outings, etc.
- The hotel inventory and composition in the local market is a challenge to the Project for hosting tournaments. The inventory of suitable properties is limited within Kirkland, so tournament participants will likely be forced to stay outside of Kirkland in the Seattle region, which is still an expensive market. As a result, economic impact from the Project will be limited due to initial spending occurring outside Kirkland.
- Local and regional operators / users indicated Vancouver has a positive impact on hockey demand and fandom levels. A high supply of ice sheets and teams in Canada provide regional competitors and cross border activity for tournaments.

Executive Summary | Review of Financial Projections

Overview and Methodology

- CAA ICON's scope included providing review and commentary on the Kraken's estimate of annual financial performance for the Project
- The Kraken's estimates were based, in part, on financial performance at the KCI with adjustments for considerations such as size, operating model, tenants, etc. CAA ICON was allowed to review KCI's financial information for comparative purposes on a confidential basis.
- The Kraken's estimates assume they would operate the facility, which the Kraken have assumed would generate significant shared savings with KCI. In the absence of such an arrangement, expenses would increase and lower the Project's net operating income. This is a material assumption.
- CAA ICON utilized its database of financial performance for comparable facilities to evaluate the reasonableness of estimates using several methods:
    - Net operating income
    - Gross and net revenue and expenses
    - Revenue per rink
    - Programming revenue per rink
    - Gross sponsorship revenue
    - Expenses per rink
- Due to confidentiality considerations, CAA ICON cannot share confidential information on a randomized / anonymous basis due to the direct correlation between number of sheets and revenue
- CAA ICON has characterized the Kraken's revenue and expense estimates as either conservative, slightly conservative, reasonable, slightly aggressive, or aggressive

Executive Summary | Review of Financial Projections

Income Statement

The Kraken estimated the Project's net operating income (NOI) to be $3.1 million in year 1 and $3.5 million in year 5. CAA ICON found the Kraken's revenue, expense, and NOI estimates to be reasonable in consideration of performance at comparable facilities, with few immaterial exceptions discussed herein. These exceptions do not warrant recommended adjustments to the Kraken's estimates.

- The Kraken's NOI estimates for the Project would be in the upper half of comparable facilities, though the Kraken indicated that KCI would provide approximately $1.5 million in annual savings from shared staffing. The Kraken's NOI estimates for the Project would be in general alignment with comparable facilities if these savings were not realized (NOI would decrease to $1.6 million and $2.0 million).
  - A stabilization period often occurs between year 1 and years 3-5 of operation; CAA ICON gave primary consideration to evaluating mature year projections
- The Kraken's estimates do not include capital expenditures or debt service. Due to the capital-intensive nature of ice facilities, CAA ICON recommends establishing a dedicated fund for future capital expenditures.

Kirkland IcePlex - Pro-Forma Income Statement	Year 1 Forecast	Year 5 Forecast
Gross Revenues		
Sponsorship Revenue	$1,000,000	$1,082,432
Restaurant Revenue	$1,700,000	$1,800,000
Programming Revenues	$4,730,510	$5,231,688
Total Revenues	**$7,430,510**	**$8,114,120**
Cost of Revenues		
Sponsorship	($100,000)	($108,243)
Restaurant	($1,450,000)	($1,529,392)
Programming	($235,611)	($264,729)
Total Cost of Revenues	**($1,785,611)**	**($1,902,364)**
Gross Profit	**$5,644,899**	**$6,211,756**
Indirect Expenses		
Operating Expenses	($1,392,463)	($1,445,920)
Staffing	($1,141,421)	($1,235,511)
Total Indirect Expenses	**($2,533,884)**	**($2,681,431)**
Net Operating Income	**$3,111,015**	**$3,530,325**
Capital Expenditures - (1)	TBD	TBD
Debt Service - (1)	TBD	TBD
Free Cash Flow	**TBD**	**TBD**

(1) - Net operating income could be made available for capital expenditures and debt service though amounts are subject to final agreement terms.
Source: Seattle Kraken (restated by CAA ICON).

Please refer to Appendix D for detailed discussion on the Kraken's financial estimates, including revenue and expenses.

Executive Summary | Review of Financial Projections

Revenue Estimates

The Kraken's revenue estimates are in alignment with comparable facilities in terms of gross and net revenue per sheet. Direct expenses for programming are lower on a percentage basis due to shared staffing and other synergies with KCI. Sponsorship revenue is slightly above comparable facilities due to market size and site visibility, which could result in a larger naming rights deal. Nonetheless, CAA ICON has characterized sponsorship revenue as slightly aggressive.

- Additional due diligence is required on restaurant revenue estimates. However, given its limited contribution to NOI ($271,000), CAA ICON has accepted this figure as reasonable in its review of NOI. Based on a review of concessions and food and beverage revenue at comparable facilities, the estimate for gross profit may be conservative.

Kirkland IcePlex - Revenue Estimate Review (Year 5 Projection)				
Revenues	Gross Revenue	Direct Expenses	Gross Profit	CAA ICON Feedback
Total Programming Revenue	$5,231,688	($264,729)	$4,966,959	Reasonable
Sponsorship Revenue	$1,082,432	($108,243)	$974,189	Slightly Aggressive
Restaurant Revenue	$1,800,000	($1,529,392)	$270,608	(1)

Note: Figures represent the mature year (year 5) forecast, so general comparisons to comparable facilities could be made. Ice complexes typically go through a maturation period that can take three to five years.
(1) - Additional due diligence required. Estimates are accepted for purpose of evaluating the Kraken's estimated NOI for the facility.

Executive Summary | Review of Financial Projections

Expense Estimates

The Kraken's estimates for indirect operating expenses estimates are in general alignment with comparable facilities on a per sheet and per square foot basis when shared staffing is accounted for; expenses would otherwise be higher. Utility expenses which constitute a large portion of annual operating expenses are lower than comparable facilities, though the Kraken indicated that this was due to a heavy emphasis on energy-efficient building systems and planned utilization of solar panels. General Rink Expenses and Taxes could be slightly aggressive, but do not warrant adjustments to the Kraken's estimates.

Kirkland IcePlex - Expense Estimate Review (Year 5 Projection)		
Expenses	**Expense Estimate**	**CAA ICON Feedback**
Total Operating Expenses	**($1,445,921)**	**Reasonable**
Office Administration	($584,219)	Reasonable
Utilities	($374,734)	Reasonable
General Rink Expense	($77,842)	Slightly Aggressive
Taxes	($409,126)	Slightly Aggressive
Staffing Expense	**($1,235,511)**	**Reasonable after Consideration of Shared Staffing with KCI**

Executive Summary | Economic and Fiscal Impact Analysis

Overview

- Construction and operation of the Project will generate one-time and annual economic and fiscal impacts to the City of Kirkland

- Economic and fiscal impacts are measured by:

  - Output
  - Employment impacts
  - Labor income impacts
  - Public tax revenues (fiscal)

- Economic impacts are reported in terms of direct, indirect, and induced impacts, which result in total impacts attributable to the Project; fiscal impacts include only direct impacts generated by initial spending

- A detailed discussion of economic and fiscal impact methodology and assumptions are provided in *Appendix E*.

Executive Summary | Economic and Fiscal Impact Analysis

Approach

- Gross expenditure and economic multiplier approach was used to quantify economic impacts
- Gross spending is adjusted (reduced) to estimate net new direct spending generated by the Project (additional discussion herein):
  - **Initial leakage:** Operational or visitor spending occurring outside the City of Kirkland
  - **Displacement or substitution spending**: Spending by visitors that would occur without the presence of the Project
- A portion of each "direct" dollar spent is re-spent, generating additional or "indirect" economic benefits
- Result of process is that $1 in direct spending increases final demand by more than $1 – "multiplier effect"
- Analysis utilizes the IMPLAN Type SAM multiplier
  - Accounts for the social security and income tax leakage
  - Institution savings
  - Commuting
- Tax impacts were estimated based on current statutory rates and direct spending

Executive Summary | Economic and Fiscal Impact Analysis

Economic Impact Reporting and Types

- There are three types of economic impacts that sum into total impacts:
  - **Direct Impacts:** Represents the initial change in an economy
  - **Indirect Impacts:** Subsequent rounds of economic activity generated by the initial change
  - **Induced Impacts:** Spending patterns from the labor income that is supported by the initial change
- Economic impacts are reported in terms of three categories:
  - **Output:** The total value of goods and services produced by a final demand industry
  - **Employment:** The total number of jobs supported by direct spending
  - **Labor Income:** Earnings that are supported by the initial change; sum of compensation (wages and benefits) and proprietor income
- Multipliers used in this analysis are summarized in the table; due to the City of Kirkland's economy size, output multipliers are small and are essentially equal to direct spending

City of Kirkland Type SAM Multipliers

Industry Code	Description	Output Multiplier	Employment Multiplier	Labor Income Multiplier
55	Construction of new commercial structures, including amusement, social and recreational buildings	1.0052	6.59	0.63
60	Maintenance and repair of non-residential structures	1.0086	3.24	0.31
408	Retail - gasoline stores	1.0085	3.37	0.35
409	Retail - clothing and clothing accessories stores	1.0097	5.13	0.33
418	Transit and ground passenger transportation	1.0082	15.15	0.62
470	Office administrative services	1.0212	12.70	1.40
505	Fitness and recreational sports centers	1.0106	17.44	0.48
507	Hotels and motels, including casino hotels	1.0060	5.57	0.31
509	Full-service restaurants	1.0088	8.19	0.40

Note: Employment and labor income multipliers are reported per million of output.
Source: IMPLAN.

Executive Summary | Economic and Fiscal Impact Analysis

Fiscal Impacts

- The following taxes are applicable to the proposed Project. Rates shown reflect the City's portion of sales tax, utility tax, etc.
- Fiscal impacts are calculated only for direct spending; indirect and induced spending will generate a nominal amount of spending given the small multipliers
- Most purchases are subject to applicable taxes, though groceries and rideshare services are exempt from sales taxes

Fiscal Impact Categories			
	Base Rate	County Admin Fee	Net
Sales Tax			
General	1.000%	0.150%	0.850%
Prop 1 Sales Tax (Police & Human Services)	0.100%	0.015%	0.085%
Total Direct Sales Tax	**1.100%**	**0.165%**	**0.935%**
Utility Taxes			
Surface Water	7.500%	N/A	**7.500%**
Solid Waste	10.500%	N/A	**10.500%**
Sewer	10.500%	N/A	**10.500%**
Water	13.380%	N/A	**13.380%**
Electric	6.000%	N/A	**6.000%**
Gas	6.000%	N/A	**6.000%**
Hotel Tax	1.000%	N/A	**1.000%**
Leasehold Excise Tax			
Percentage Due of Fair Market Rent - (1)	4.000%	N/A	**4.000%**

Note: County-wide Criminal Justice Sales Tax revenue is nominal and not included.
(1) - The site is City-owned and not subject to property tax. Leasehold Excise Tax is due in its place.

Executive Summary | Economic and Fiscal Impact Analysis

Construction Period – Spending Assumptions

CAA ICON has apportioned the $52.5 million project cost into materials, labor, and soft cost services based on its professional experience. CAA ICON has further assumed that roughly 5% of materials and 15% of labor hours and soft cost services could be sourced within Kirkland, resulting in 90% of construction expenditures being subject to initial leakage. Direct spending, which is the basis for application of multipliers, is estimated at $5.2 million.

Construction Period Assumptions ($ Millions)	City of Kirkland	% of Gross
Spending (Gross)		
Materials	$26.7	
Labor	$17.8	
Soft Costs	$8.0	
Total Spending	$52.5	
Excluded / Non-Local Spending		
Materials	$25.4	95%
Labor	$15.1	85%
Soft Costs	$6.8	85%
Total Excluded / Non-Local Spending		
Net New Direct Spending		
Materials	$1.3	5%
Labor	$2.7	15%
Soft Costs	$1.2	15%
Total Net New Direct Spending	**$5.2**	**10%**

Executive Summary | Economic and Fiscal Impact Analysis

Construction Period – Economic and Fiscal Impact Results

Direct spending of $5.2 million will support approximately $5.2 million in total economic output, 35 jobs, and $3.3 million in labor income during the construction period. Again, the modest impacts are reflective of the limited amount of materials, labor, and soft cost services that can be procured in the City of Kirkland. Although the Kraken's proposal included a sales tax exemption on construction materials, City officials indicated that such an exemption was not possible and that sales or use tax would be due on the full amount of materials.

Construction Period Impact Summary	City of Kirkland
Direct Spending - (1)	$5.20
Economic Impacts	
Output - (1)	$5.23
Employment	35
Labor Income - (1, 2)	$3.27
Fiscal Impacts	
Sales Tax - (3)	$250,000

(1) - reported in millions.

(2) - Includes all forms of employment income, including employee compensation (wages/benefits) and proprietor income.

(3) - Assumes sales and use tax is collected on all construction materials.

Recurring Operations – Spending Assumptions

Recurring operations will support an estimated $25.2 million in gross spending from roughly 480,000 visitors and facility operations. Gross spending is adjusted for both displacement (minimal) and non-local spending (significant). Due to Kirkland's small geographic boundaries, both out-of-venue and in-venue spending will occur primarily outside the City of Kirkland in neighboring areas. As a result, the City of Kirkland realizes just $7.8 million in net new direct spending or 31% of the gross total. For a full break-out of spending assumptions and an overview of the location of retail, restaurant, and hotel establishments in the market, please refer to *Appendix E*.

Out-of-Venue Visitor Spending ($) Millions	City of Kirkland	% of Gross
Total Spending (Gross)	$21.14	
Excluded Spending		
Residents	$0.59	3%
Spending Outside Market Area	$13.69	67%
Total Excluded Spending	$14.28	68%
Total Net New Direct Spending	**$6.86**	**32%**

In-Venue Spending Assumptions ($ Millions)	City of Kirkland	% of Gross
Total Spending (Gross)	$4.07	
Total Excluded/Non-Local Spending	$3.14	77%
Total Net New Direct Spending	**$0.92**	**23%**

Recurring Operations Assumptions ($ Millions)	City of Kirkland	% of Gross
Spending (Gross)		
Out-of-Venue Spending	$21.14	
In-Venue Operational Spending	$4.07	
Total Spending (Gross)	$25.21	
Excluded/Non-Local Spending		
Out-of-Venue Spending	$14.28	68%
In-Venue Operational Spending	$3.14	77%
Total Excluded/Non-Local Spending	$17.42	69%
Total Net New Direct Spending		
Out-of-Venue Spending	**$6.86**	**32%**
In-Venue Operational Spending	**$0.92**	**23%**
Total Net New Direct Spending	**$7.78**	**31%**

Recurring Operations – Economic and Fiscal Impact Results

Direct spending of $7.8 million from operations and visitor spending will support approximately $7.1 million in total economic output, 62 jobs, and $2.8 million in labor income during the construction period. Output is smaller than direct spending due to retail margins, which are not considered economic impacts. Fiscal impacts are estimated at approximately $250,000 and includes Sales Tax, Hotel Occupancy Tax, Leasehold Excise Tax, and Utility Taxes.

- Recurring economic impacts could increase if the Station Area were to develop and result in more gross spending occurring within Kirkland

Recurring Impact Summary	City of Kirkland
Direct Spending - (1)	**$7.78**
Economic Impacts	
Output - (1, 2)	$7.13
Employment	62
Labor Income - (1, 3)	$2.78
Fiscal Impacts	
Sales Tax	$103,000
Hotel Occupancy Tax	$25,000
Leasehold Excise Tax - (4)	$96,000
Utility Tax	$28,000
Total	**$252,000**

(1) - Reported in millions.
(2) - Direct economic output is lower than net new direct spending because retail margins are not considered a direct impact.
(3) - Includes all forms of employment income, including employee compensation (wages/benefits) and proprietor income.
(4) - City-provided assumption. Assumes the City will continue to own the site.

Executive Summary | Key Considerations

Summary

- CAA ICON has compiled a series of key considerations for the City as it evaluates next steps related to the Project

  - The Project will help address shortages in recreational (ice sheets) and community gathering space (community center) offerings. The proposed community center would be the largest City-owned indoor community gathering space. The facility could also help catalyze the Station Area, which is a key area designated for redevelopment by the City. Although these benefits are largely incidental to the proposal, they align with the City's stated priorities and goals and objectives.

  - A potential public-private partnership with the Kraken offers the City a unique and potentially generational opportunity for several reasons:

    - In CAA ICON's experience, it is somewhat rare to have the opportunity to partner with a professional sports team on capital funding and / or operation of a community recreation project.
    - The Project likely represents the City's best opportunity to partner with a professional sports franchise for development of a spectator or training venue (a potential training facility for an NBA expansion or relocation franchise could be a possibility – dependent on many factors). The partnership with an NHL team offers the Project a certain level of visibility that is difficult to duplicate with other community recreation projects the City could consider to address its shortfall.
    - The presence of KCI and the savings it generates from shared staffing results in meaningful improvements in net operating income over what the City would realize if it were to operate the facility on its own. Based on the initial project proposal, the Kraken could be negatively or positively impacted if NOI were to be higher or lower than its financial estimates.

Executive Summary | Key Considerations

Summary (Cont.)

- Between the Project's alignment with City needs and objectives and the Kraken's ability to potentially enhance facility operations, value is created for both the City and Kraken. The City may also be able to leverage its AAA credit rating to obtain a lower cost of capital (City representatives indicated non-taxable debt can be as low as 3.5%). Such value creation is, in part, why public-private partnerships are pursued and are a popular economic development tool nationwide.

- The City should ensure that the facility has an adequate capital expenditure funding mechanism in place to address long-term capital needs. This is particularly important given that the initial proposal returned ownership to the City at the conclusion of the term.

- Although the Project's economic and fiscal impacts are somewhat limited (primarily due to a significant portion of spending occurring outside the City of Kirkland), such impacts are only one reason why cities nationwide aggressively pursue development of community recreation and professional venue spectator and / or training venues. In addition to benefits already discussed herein, non-quantifiable benefits also include:

  - By serving as a practice facility for visiting teams, Kirkland residents can see marquee players practice in an intimate environment. Given the transient nature of the Seattle population and the newness of the Kraken, it is reasonable to assume that visiting teams may be a significant draw for the Project.
  - Offers residents an entertainment venue similar or better than those offered by neighboring cities (Bellevue, Redmond, etc.)
  - Regional exposure
  - Business / recruitment and retention
  - Civic / community pride and identity
  - Improved quality of life / additional entertainment alternatives

Appendix A - Project Overview

Project Overview | Proposal

Summary

- Key elements of the Kraken's initial proposal to the City are summarized below – **proposal has not been agreed to and is subject to negotiation**
  - **Program Statement**
    - **General Facility Description**: By September 2026, the Kraken propose building two regulation NHL ice rinks and ancillary support facilities, including ice plant, locker rooms, skate shop, concessions, lobby, fitness/training, offices, and viewing areas
    - **Facility Size:** The Kraken will build and operate a 75,000 square foot first floor and a 15,000 square feet second floor for its hockey programming and viewing areas
    - **Community Center:** The City will retain 15,000 square feet on the third floor that the Kraken will build as warm shell and designated for City to program with FF&E as it desires at its cost
  - **Key Terms**
    - **Ownership:** City would own the entire facility at expiration of lease
    - **Lease term:** 35-year lease with a 5-year option at $1 per year
    - **Budget:** Total project budget of $52.5 million, including $7.5 million for community center
    - **Permits and fees:** Waiver of development and permit fees and City portion of construction sales tax
      - The City of Kirkland has indicated that such waivers cannot be provided per statutory law. The impact on the financial feasibility of the project is unclear.

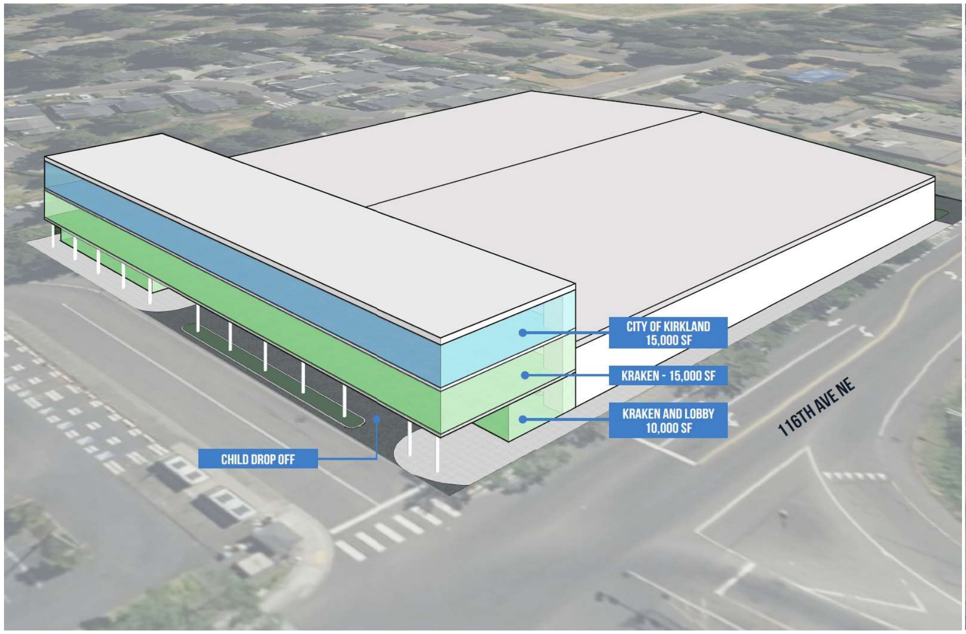
Project Overview | Proposal

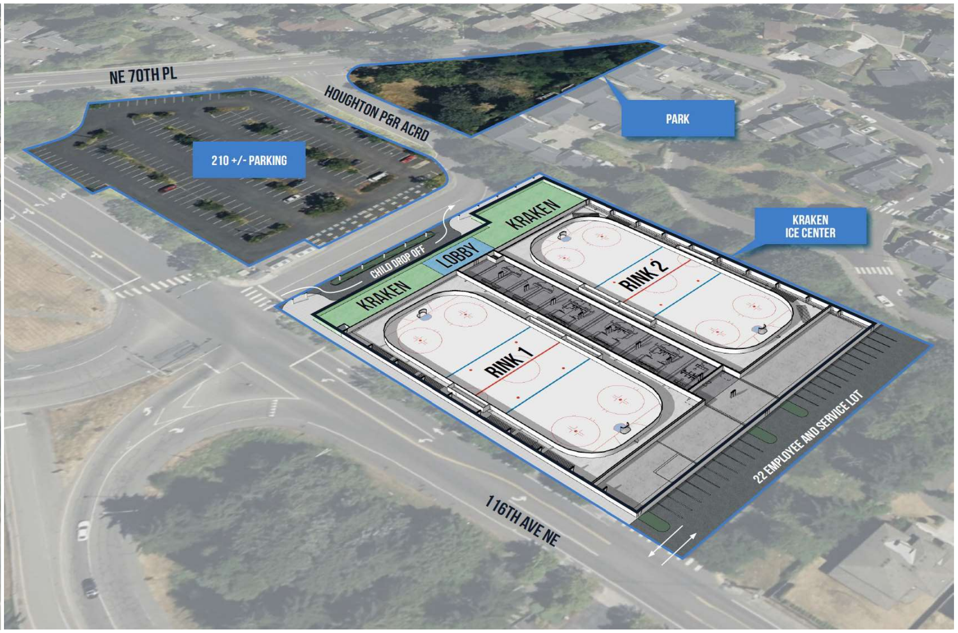
Summary (Cont.)

- **Key terms (Cont.)**
  - **Financing (not finalized – subject to change):** City would serve as conduit to borrow $40M in short term (2 years) construction loan financing from King County, with interest expense and loan guarantee paid by the Kraken and paid off six months after completion of construction
    - Please note the $40 million was a previous estimate; the Kraken's responsibility of the project cost has increased to approximately $45 million
      - The City's current bond ratings are Aaa (Moody's) and AAA (Standard and Poor's) and have been since 2018 and 2008, respectively
  - **Maintenance and Operation:** Kraken would take risk for financing, design, construction, completion, and long-term maintenance of the facility and would sign a lease for a 35-year term, plus a five-year extension. The Kraken would lease back the community center for $1 per year plus expenses (utilities, etc.) and City would receive full control of that space.
    - Please note that revenue sharing was not addressed in the proposal, but generally assumed that the Kraken would retain revenue for potential debt service payments for take-out financing
    - Although not stated in the proposal, it is generally contemplated the facility will be used for visiting NHL team practices
  - **Naming Rights:** Kraken would retain ability to sell naming rights to the facility for the lease term
  - **Parking:** City would ensure at least 210 parking spaces are available during the term of the lease and that a minimum of 160 are reserved for Kraken facility use

Project Overview | Concept

Renderings





Courtesy: Generator Studio / Seattle Kraken.

Project Overview | Programming

Summary

- Based on discussions with the Kraken, the facility will primarily serve ice hockey and other ice sports in the region
  - Youth ice hockey leagues
  - Youth ice hockey tournaments
  - Private lessons
  - Free skate / figure skating
  - Camps and instruction
  - Adult league ice hockey
  - Potential visiting NHL team practice(s)
- Kraken staff has indicated the operational model of the Project will be similar to KCI, except for visiting team practices occurring at the Kirkland facility. Such visiting team practices offers added appeal to the project by attracting teams and marquee players throughout the league.
- According to Kraken records, KCI reportedly hosts approximately 11 multi-day, weekend tournaments per year in addition to several camps and player / recruiting showcases – the Kraken presently promote tournaments internally as opposed to using a third party

Project Overview | Site

Overview

- The Station Area is a key redevelopment area for the City of Kirkland. The Station Area will be anchored by the Bus Rapid Transit (BRT) Station at NE 85th St and I-405.
    - The proposed Project site (in red) is located approximately one-half mile from the southern edge of the targeted redevelopment area
- The BRT Station and planned Stride BRT line, developed by Sound Transit and the Washington State Department of Transportation (WSDOT), will connect Kirkland to Link Light Rail service at stations in downtown Bellevue and the Lynnwood Transit Center with frequent bus service
- The Station Area is envisioned as a thriving, new walkable mixed-use development district with high tech and friendly wage jobs, abundant new housing, sustainable buildings, greenspace, and commercial and retail uses linked by transit

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Project Overview | Current Assets

Community Center Characteristics

- Existing City-owned indoor recreation facilities include the following:

  - North Kirkland Community Center (NKCC)
  - Peter Kirk Community Center (PKCC)
  - Heritage Hall and Centennial Gardens (event venue)

- City representatives indicated that the North Kirkland Community Center (6,550 square feet) is about half the size of Peter Kirk Community Center (13,310 square feet) but has 30% more programming and attendance

- City of Kirkland representatives indicated the City is short on the following space types:

  - Gym space
  - General programming space
    - Multi-purpose rooms
    - Activity rooms
    - Classroom

	North Kirkland Community Center	Peter Kirk Community Center
Net Revenue	$971,150	$673,668
Net Expense	$1,448,913	$947,910
Net Operating Cost	**($477,763)**	**($274,242)**

Source: City of Kirkland.

Project Overview | Community Recreation Needs

Parks, Recreation, and Open Space Plan

- CAA ICON reviewed the Parks, Recreation, and Open Space Plan (PROS Plan) from September 2022 and summarized key highlights below:
  - The City of Kirkland has spent nearly $40 million to enhance the park system and expand recreation programs since 2015
  - Qualitative input received from staff, the community, and leadership outlining goals, objectives, key issues, and action items is summarized below – additional input and detail can be found in the PROS Plan
    - The community indicated the need for an aquatics center and additional indoor recreation space
    - There is an insufficient number of rectangle, multi-use fields to meet community needs – synthetic turf fields were identified as a potential solution to meet needs and elevate existing service levels
    - Community seeks park restroom improvements and enhancements to maintenance / upkeep
    - Increase ADA access to parks in addition to replacing and upgrading aging playground equipment (ongoing)
  - The study recommended development of an aquatic/recreation center and smaller community centers in the short- to medium-term (0-3 years; 4-6 years)

Appendix B – Market Analysis

Market Analysis | Introduction

Overview

- The Market Analysis has multiple components given the operating focus of the proposed Project:

  - Analysis of **local** demographics and market characteristics (influences recreational demand)
  - Analysis of **regional** demographics and market characteristics (influences tournament demand)
  - A review of competitive ice complex facilities
  - A demand and participation analysis to broadly understand participation levels
  - Ice sheet benchmarking analysis of immature / growth-phase hockey markets

Market Analysis | Introduction

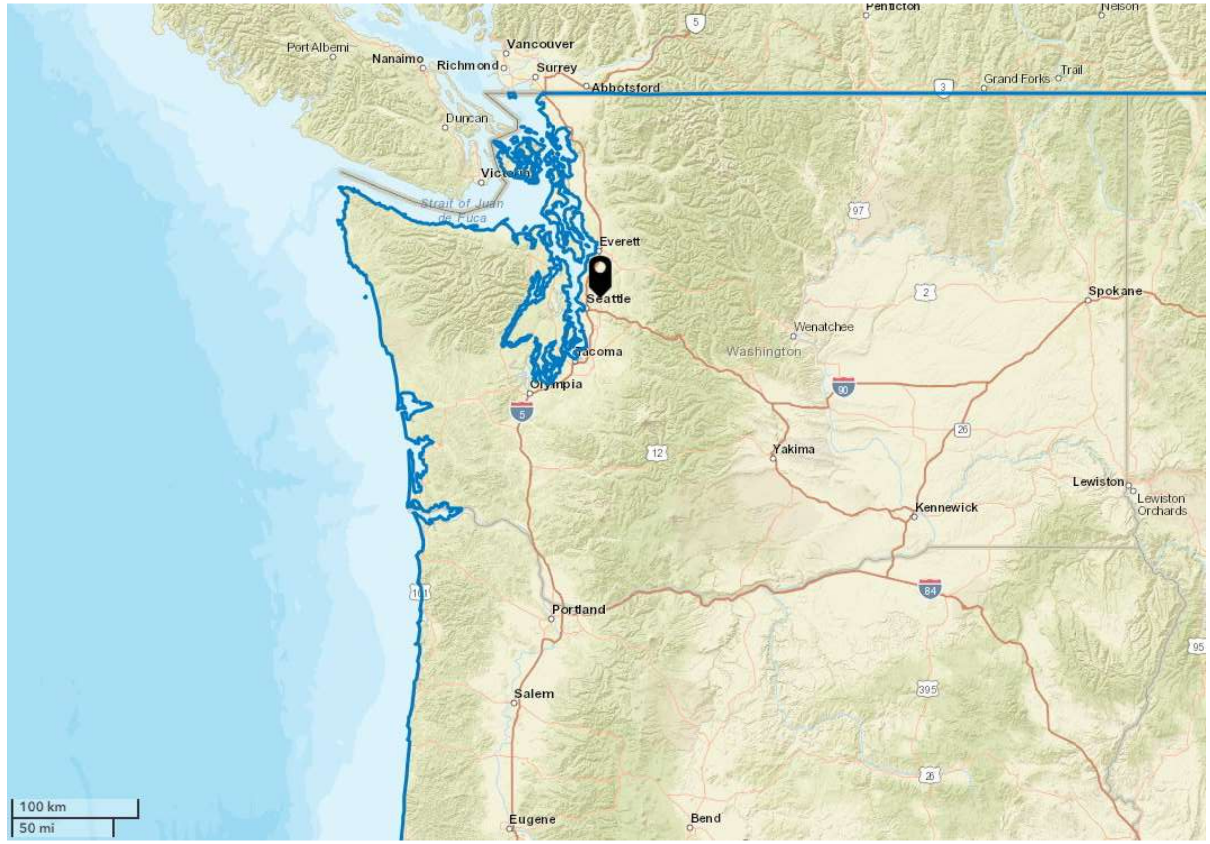
Esri Overview

- A core based statistical area (CBSA) is an area consisting of a conglomeration of counties that have social and economic ties. A CBSA is further defined as a metropolitan or micropolitan CBSA. A metropolitan CBSA consists of a geographic area with an urban core population of at least 50,000. A micropolitan CBSA consists of a geographic area with an urban core population of between 10,000 and 49,999. A CBSA, synonymous with metropolitan area, is often the most used demographic designation to approximate a market's size and other demographic characteristics.
  - **Kirkland, WA is part of the Seattle-Tacoma-Bellevue, WA CBSA**
- CAA ICON's primary source for demographic information is Esri
- Esri is an international supplier of geographic information system (GIS) software, web GIS and geodatabase management applications – utilizes U.S. Census Bureau data
- Esri has a team of demographers, statisticians, and economists who use a wide variety of public and private data sources to develop a uniquely accurate and detailed picture of local population, economic, housing, and business characteristics
- Ranked most accurate data in 2023 benchmarking study of major demographic vendors
-

Market Analysis | Introduction

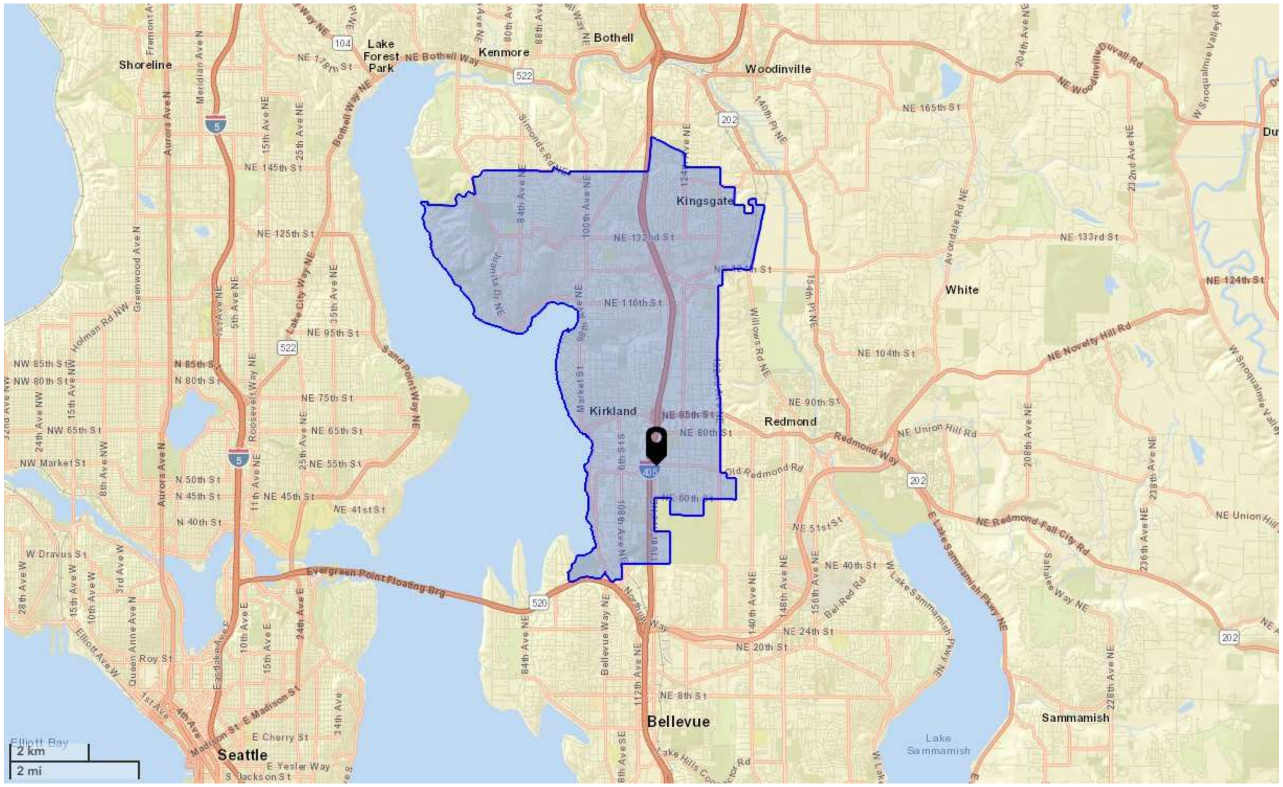
Kirkland, WA

- 5 miles to Bellevue, WA
- 12 miles to Seattle, WA
- 24 miles to Everett, WA
- 67 miles to Olympia, WA
- 140 miles to Vancouver, BC
- 180 miles to Portland, OR
- 280 miles to Spokane, WA



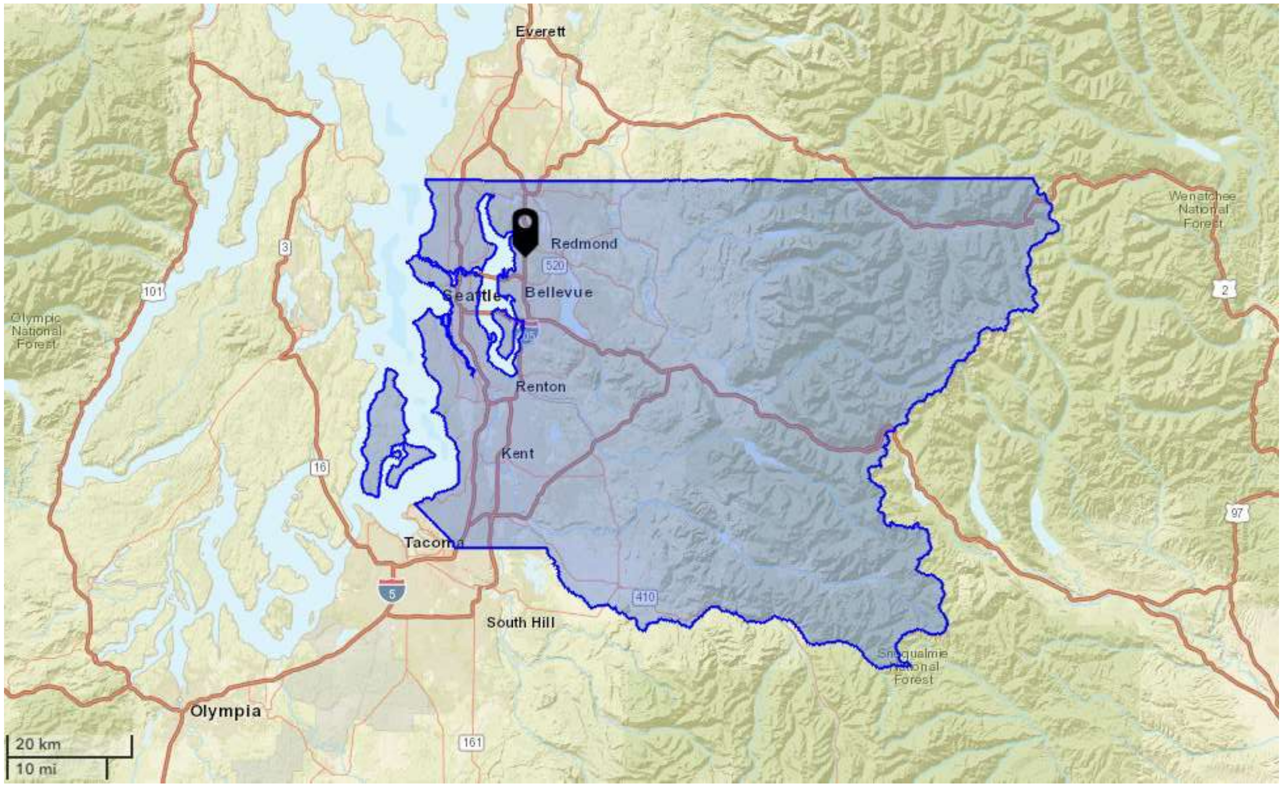
Appendix B1 - Local Market Demographics

City of Kirkland



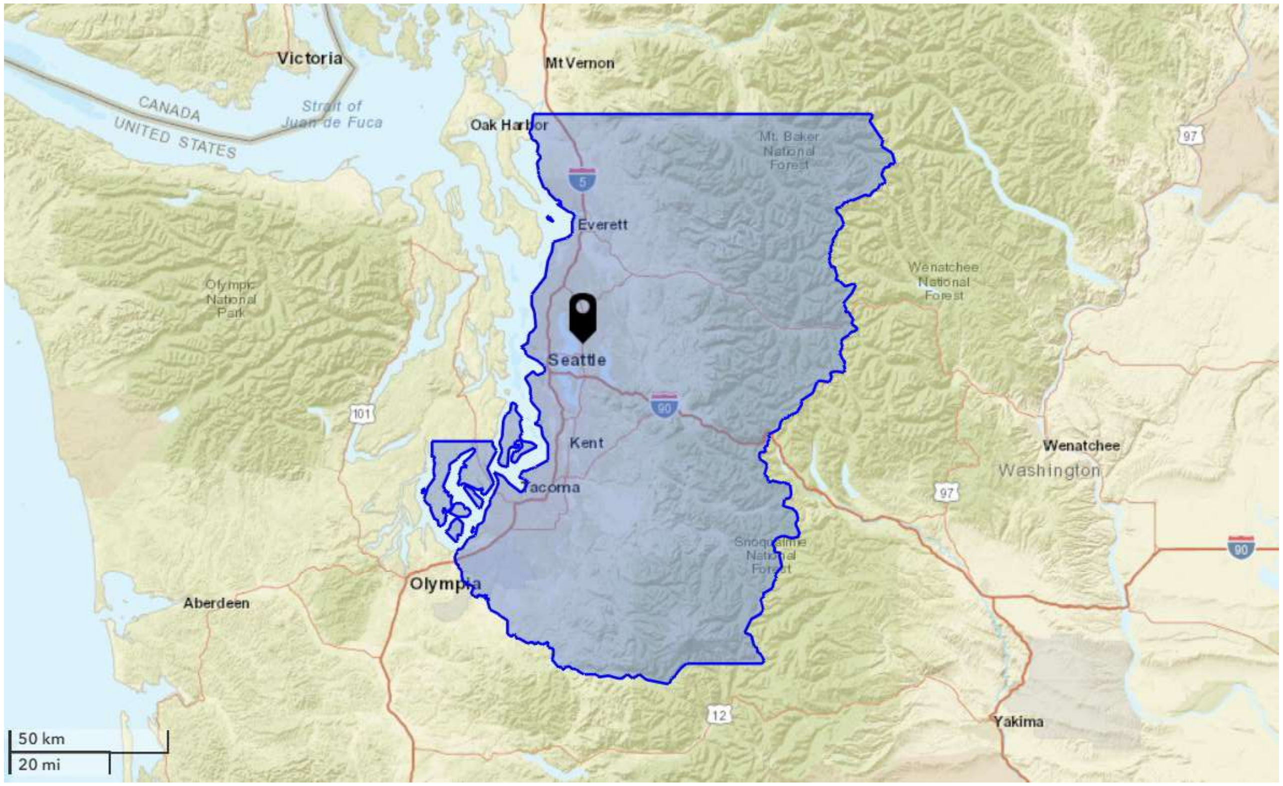
Market Analysis | Local Market Demographics

King County



Market Analysis | Local Market Demographics

Seattle-Tacoma-Bellevue, WA Core Based Statistical Area (CBSA)



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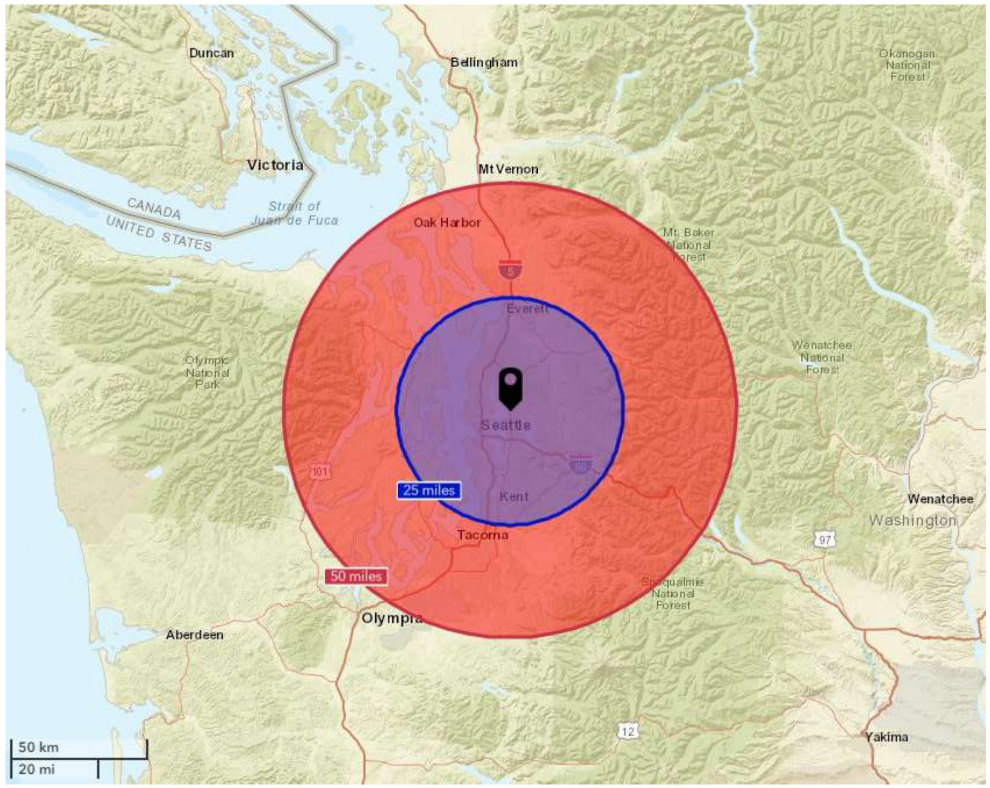
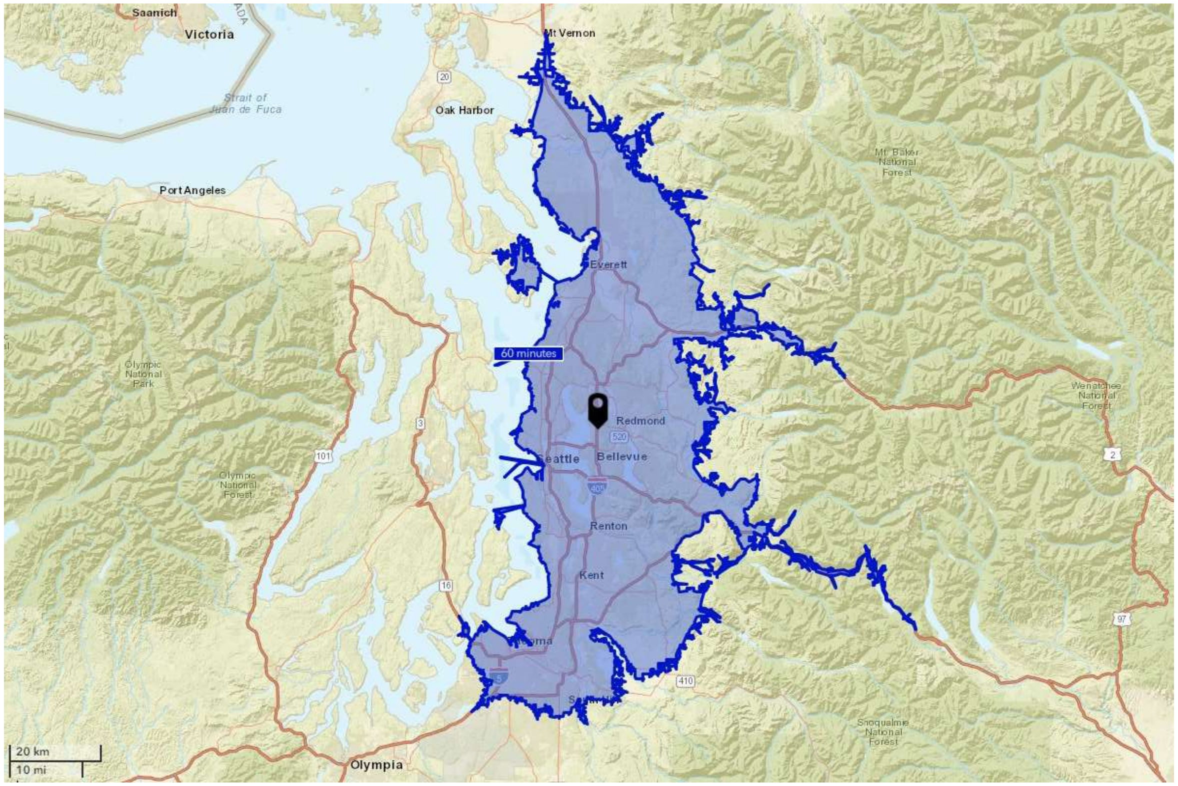
Market Analysis | Local Market Demographics

Geographic Ring Designations (25 / 50 Miles)



Market Analysis | Local Market Demographics

60-Minute Drive Designation



Market Analysis | Local Market Demographics

Population and Growth

- Recreational choices for weekdays are often determined based on proximity and convenience
- Due to the novelty / limited supply of ice in most markets the target market area is typically broader than many recreational uses (e.g., basketball, etc.)
- CAA ICON has focused on 25- and 50-mile rings and 60-minute drive time

	City of Kirkland	King County	CBSA	Geographic Rings 25 Miles	Geographic Rings 50 Miles	Drive Time 60 Minutes
Population						
2028 Projection	98,350	2,414,039	4,275,319	3,175,119	4,738,731	3,764,783
2023 Estimate	96,280	2,344,852	4,152,259	3,082,534	4,606,687	3,651,695
2020 Census	92,175	2,269,675	4,018,762	2,985,912	4,461,050	3,535,499
2010 Census	80,312	1,931,269	3,439,809	2,555,713	3,835,214	3,029,522
2000 Census	76,549	1,737,322	3,043,878	2,272,045	3,397,377	2,686,045
Growth 2023-2028	2.1%	3.0%	3.0%	3.0%	2.9%	3.1%
Growth 2020-2023	4.5%	3.3%	3.3%	3.2%	3.3%	3.3%
Growth 2010-2020	14.8%	17.5%	16.8%	16.8%	16.3%	16.7%
Growth 2000-2010	4.9%	11.2%	13.0%	12.5%	12.9%	12.8%

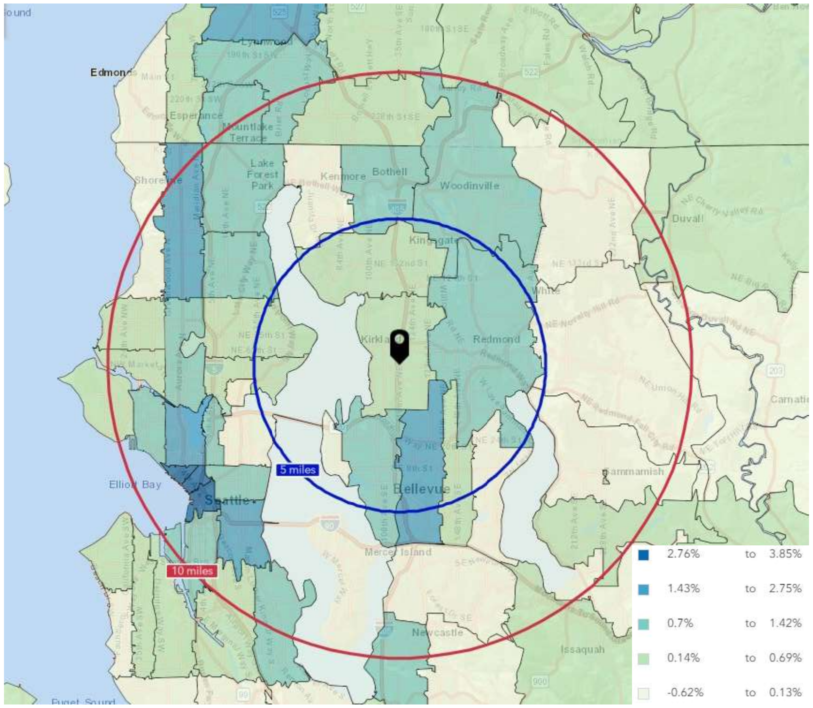
Source: Esri 2024.

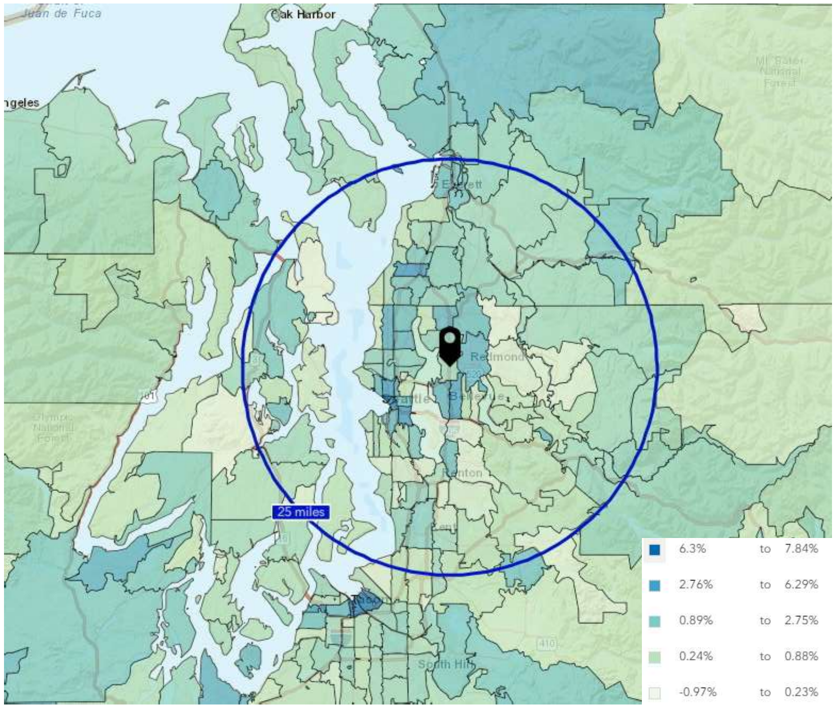
Note: Esri historical population data (prior to 2011) is adjusted for 2011 annexations which added approximately 31,000 residents to Kirkland.

Market Analysis | Local Market Demographics

Population Growth by ZIP Code

- Estimated population growth from 2023 to 2028 is highest where shading is darkest; areas of lower growth are lightest

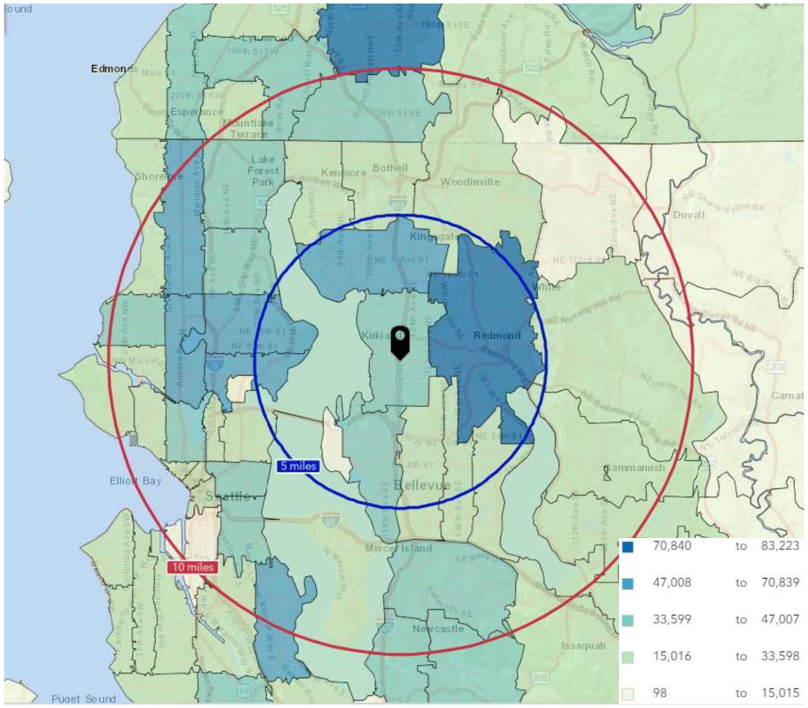


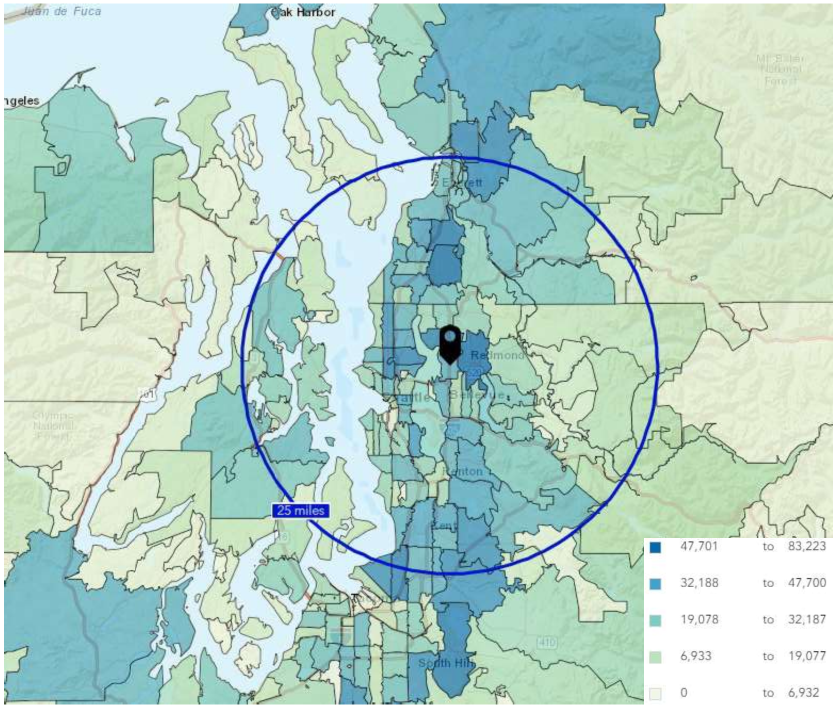


Market Analysis | Local Market Demographics

Total Population by ZIP Code

- Most populous ZIP codes are shaded the darkest; areas of lower total population are lightest





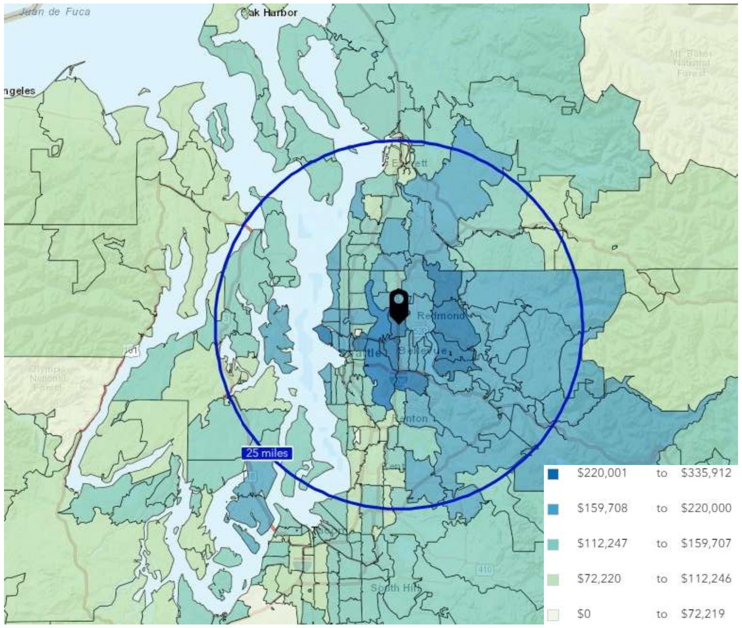
Market Analysis | Local Market Demographics

Income

- Household income levels are highest where shading is darkest; areas with lower levels of household income are lighter

	City of Kirkland	King County	CBSA	Geographic Rings 25 Miles	Geographic Rings 50 Miles	Drive Time 60 Minutes
Income						
2023 Est. Per Capita Income	$79,414	$67,884	$59,146	$64,607	$58,144	$60,910
2023 Est. Average HH Income	$191,494	$167,074	$151,084	$161,001	$147,989	$153,725
2023 Est. Median HH Income	$142,240	$116,050	$106,985	$112,745	$104,834	$108,300
HHs w/ Income $100,000+	26,212	547,282	874,429	696,728	952,926	786,989
2023 Est. Average Disposable HH Income	$134,111	$118,815	$109,951	$115,614	$108,063	$111,386
2023 Est. Median Disposable HH Income	$113,453	$98,628	$89,008	$95,161	$86,760	$90,357
HHs w/ Disposable Income $100,000+	23,133	471,166	736,917	594,932	800,840	665,990

Source: Esri 2024.



CAA ICON

Largest Employers – City of Kirkland

City of Kirland Largest Employers (2023)			
	Employer	Industry	Total Employees
1	Evergreen Healthcare	Healthcare	3,924
2	Google, Inc.	Technology	3,265
3	Lake Washington School District	Education	1,196
4	Fred Meyer Stores, Inc.	Retail	867
5	City of Kirkland	Government	710
6	Kenworth Truck Co.	Manufacturing	600
7	Astronics Advanced Electronic Systems	Manufacturing	526
8	Salesforce, Inc.	Technology	508
9	Lake Washington Institute of Technology	Education	380
10	ServiceNow Inc.	Technology	371

Source: City of Kirkland.

Top Industries	
Technology	3
Education	2
Manufacturing	2
Healthcare	1
Retail	1
Government	1

Market Analysis | Local Market Demographics

City Tourism

- Kirkland, located near the edge of Lake Washington, is well-known for its abundance of parks, trails, and lake-front beaches
- Major attractions in Kirkland include:
  - Juanita Bay & Beach Park, 132 acres in combined park space that provides shelter to a variety of small mammals and birds
  - Marina Park, home to many of Kirkland's special events as well as features a beach, public art, and an open-air pavilion
  - Cross Kirkland Corridor, a 5.75-mile corridor that brings visitors through the heart of Kirkland
- Seattle Metropolitan Area Attractions:
  - Pike Place Market, home to the gum wall and over 240 shops, is Seattle's most popular destination, with 10 million annual visitors each year
  - Space Needle, a 605-ft tall attraction iconic to Seattle that draws in approximately 1.3 million people each year
  - Woodinville Winery hosts over 200,000 visitors annually and features over 100 wineries / tasting rooms (located approximately 30 minutes from downtown Seattle)
  - Seattle Great Wheel, constructed in 2012, is an iconic staple along the Seattle skyline and waterfront
- Kirkland Hotel / Motel Excise Tax: 1% excise tax collected on charges for lodging and motel room fees used primarily for tourism
  - The tax generated $295,224 in 2023 – City of Kirkland Tourism Development Committee (TDC) allocated these revenues to grants and local marketing campaigns to support organizations dedicated to increasing tourism

Pike Place Market

Marina Park

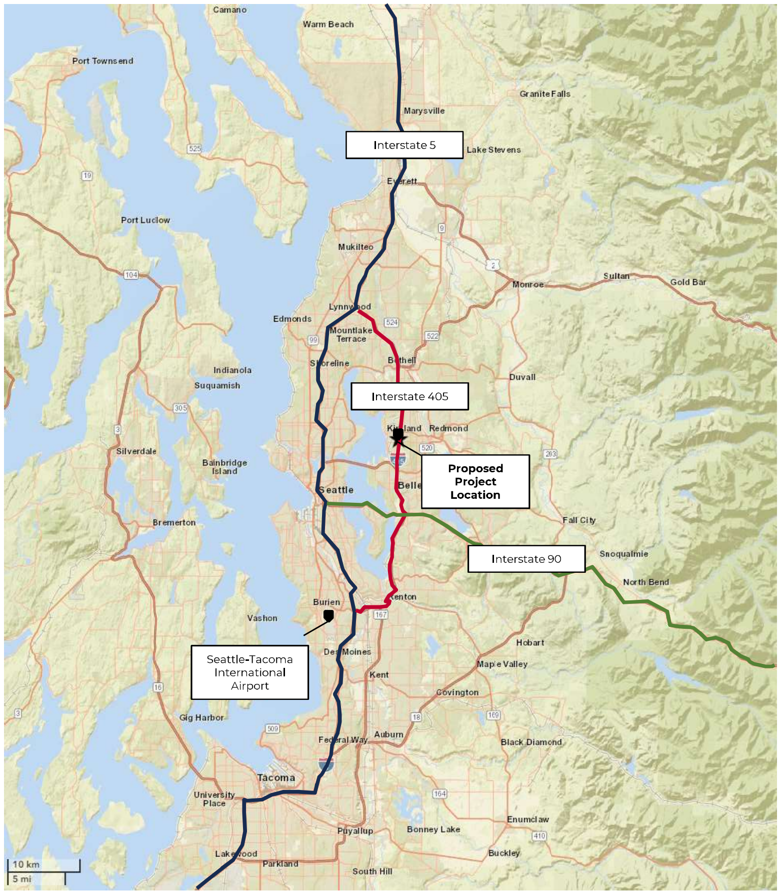
Market Analysis | Local Market Demographics

Transportation Systems

- **Air Access**
  - Seattle-Tacoma International Airport (SEA) is the region's primary airport situated 13 miles south of downtown Seattle and 21 miles southwest of Kirkland
  - SEA has service to all major cities throughout the U.S. as well as internationally
  - SEA has grown from servicing 34.8 million passengers in 2013 to servicing 50.9 million in 2023
  - Seattle Paine Field International Airport (PAE) located in Everett and situated 19 miles north of Kirkland offers direct flights to 10 regional destinations

- **Road Access**
  - Interstate 405 path travels directly through Kirkland
    - The proposed Project site is located immediately off Interstate 405 off exit 17 (116th Ave)
  - King County is served by multiple bus systems, such as RapidRide, DART, and Night Owl
    - Plans to include a RapidRide stop in Kirkland in 2030

- **Train Access**
  - The Seattle Metropolitan area is connected by the Link Light Rail, which features stops in Bellevue and Redmond



Source: Esri 2024.

Market Analysis | Local Market Demographics

STR Chain Scales

- STR Chain Scales group hotel brands / chains into categories based on average daily rates – eight example brands / chains are provided for each category (list is not exhaustive and excludes many other hotel brands / chains)

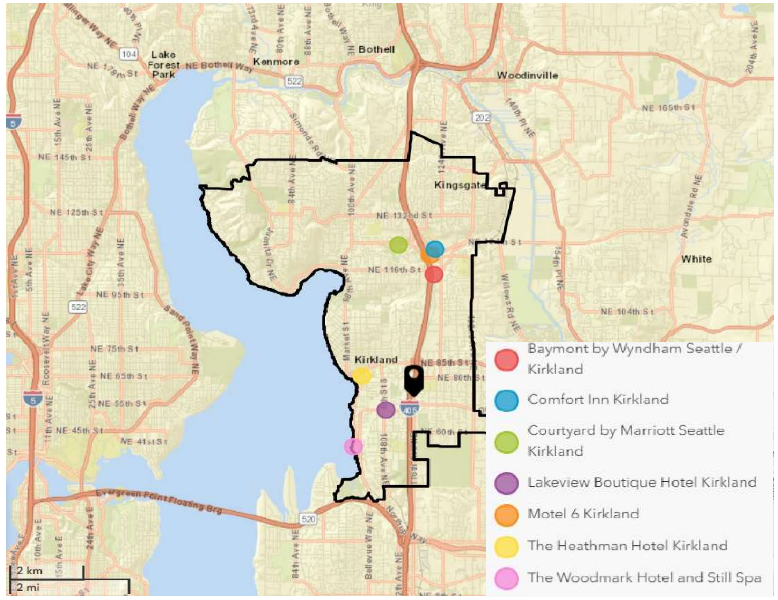
STR Chain Scales - North America and Carribbean
Summary of Brands / Chains by Category

Luxury	Upscale	Midscale
Aman	AC Hotels by Marriott	3 Palms
Dreams Resorts & Spas	aloft Hotel	Baymont
Edition	Courtyard	Best Western
Fairmont	Crowne Plaza	City Express Suites
Four Seasons	DoubleTree	Hawthorn Suites by Wyndham
Grand Hyatt	Hilton Garden Inn	La Quinta Inn & Suites
JW Marriott	Homewood Suites	Quality Inn
Montage	Springhill Suites	Ramada
Upper Upscale	**Upper Midscale**	**Economy**
Ace Hotel	Ayres	Days Inn
Autograph Collection	Best Western Plus	Downtowner Inn
Hard Rock	Comfort Inn	Econo Lodge
Hilton	Fairfield Inn	Extended Stay America
Hyatt	Hampton	Good Nite Inn
Kimpton	Holiday Inn	Motel 6
Marriott	TownePlace Suites	Red Roof Inn
Westin	Wyndham Garden Hotel	Select Inn

Note: Brands / chains are slotted by Chain Scale based on the previous year's annual system wide (global) average daily rate and other factors. Rate ranges defining each Chain Scale are determined by STR.
Source: STR.

Market Analysis | Local Market Demographics

City of Kirkland – Hotel Inventory



City of Kirkland Hotel Inventory			
Property	**STR Chain Scale**	**Location**	**Guest Rooms**
Courtyard by Marriott Seattle Kirkland	Upscale	Totem Lake	150
Motel 6 Kirkland	Economy	Totem Lake	123
The Woodmark Hotel and Still Spa	Luxury	Carillon Point	121
Baymont by Wyndham Seattle / Kirkland	Midscale	Totem Lake / North Rose Hill	104
Comfort Inn Kirkland	Upper Midscale	Totem Lake	97
The Heathman Hotel Kirkland	Upper Upscale	Downtown	91
Lakeview Boutique Hotel Kirkland	NA	Houghton	20
Total			**706**

Source: City of Kirkland.

Market Analysis | Local Market Demographics

Hotel Inventory and Key Terminology

- CAA ICON has analyzed city hotel performance metrics provided by Smith Travel Research (STR) for luxury properties only – data was unavailable for all properties and CAA ICON considers it a reasonable proxy

- Five properties totaling 519 rooms participated in the survey

- Key metrics:

  - **Average daily rate (ADR):** the average rental income per paid occupied room
  - **Occupancy:** Percentage of rooms occupied as a function of room nights available
  - **Revenue Per Available Room (RevPAR):** Calculated as Average daily rate times occupancy; widely used performance metric to gauge the health of a hotel market

Name of Establishment	City	Industry Segment	Rooms
Willows Lodge	Woodinville	Bellevue/East Independents	84
The Heathman Hotel	Kirkland	Bellevue/East Independents	91
Archer Hotel Redmond	Redmond	Bellevue/East Independents	160
The Lodge at St. Edward Park	Kenmore	Bellevue/East Independents	84
Woodmark Hotel & Still Spa	Kirkland	Bellevue/East Independents	100
Total			**519**

Source: STR.

Market Analysis | Local Market Demographics

Hotel Occupancy, Average Daily Rate, and RevPAR by Month and Day

- Occupancy, average daily rate, and RevPAR in the market peaks in the summer months
- Occupancy, average daily rate, and RevPAR in the winter months is significantly lower than in summer due to lower tourism
- CAA ICON also examined characteristics by day-of-week; the market has a blend of business (typically occurs during weekdays) and leisure demand (weekend)

Bellevue / East Industry Segment - 2023 STR Data			
Month	Occupancy	Average Daily Rate	RevPAR
January	35.1%	$253.68	$89.10
February	42.0%	$257.66	$108.29
March	49.6%	$243.31	$120.70
April	48.0%	$252.19	$120.95
May	61.0%	$272.59	$166.40
June	73.4%	$301.24	$221.22
July	76.8%	$322.36	$247.46
August	75.3%	$308.66	$232.52
September	78.0%	$304.43	$237.57
October	62.7%	$285.66	$179.17
November	56.5%	$254.56	$143.85
December	51.0%	$254.23	$129.71
Average	**59.1%**	**$275.88**	**$166.41**

Source: STR.

Bellevue / East Industry Segment - 2023 STR Data			
Day of Week	Occupancy	Average Daily Rate	RevPAR
Monday	57.5%	$259.76	$149.35
Tuesday	64.6%	$262.97	$170.00
Wednesday	67.0%	$266.37	$178.50
Thursday	59.5%	$271.03	$161.21
Friday	57.8%	$315.54	$182.29
Saturday	61.9%	$321.37	$199.08
Sunday	46.5%	$274.74	$127.74
Weekday Average	**59.0%**	**$266.62**	**$157.25**
Weekend Average	**59.9%**	**$318.56**	**$190.69**

Source: STR.

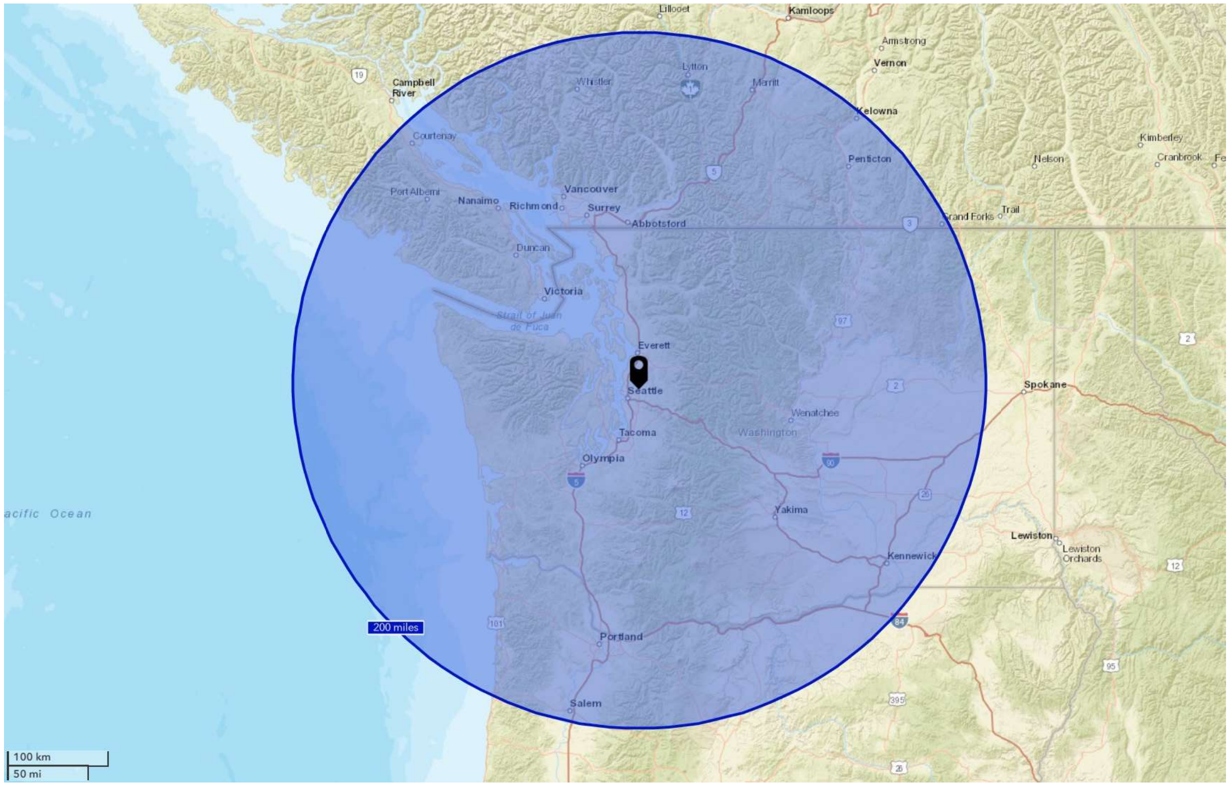
Appendix B2 - Regional Market Demographics

Market Analysis | Regional Market Demographics

Seattle-Tacoma, WA Combined Statistical Area (CSA)

Market Analysis | Regional Market Demographics

Geographic Ring Designation (200 Miles)



Note: 200-mile geographic ring around the proposed Kirkland site extends well into Canada and encompasses the Vancouver, BC and Victoria, BC metro areas. Canadian population and demographics are excluded from the following demographic summaries (U.S. only). It should be noted that CAA ICON identified 37 total ice complexes with one or more public NHL-regulation rinks located in the Vancouver, BC and Victoria, BC metropolitan areas.

Market Analysis | Regional Market Demographics

Population and Population Centers

	Geographic Ring	
	CSA	200 Miles
Population		
2028 Projection	5,262,566	10,087,869
2023 Estimate	5,115,062	9,828,790
2020 Census	4,953,421	9,535,431
2010 Census	4,274,767	8,372,062
2000 Census	3,775,744	7,341,194
Growth 2023-2028	2.9%	2.6%
Growth 2020-2023	3.3%	3.1%
Growth 2010-2020	15.9%	13.9%
Growth 2000-2010	13.2%	14.0%

Note: Demographics are U.S. only; Canadian population is not included.

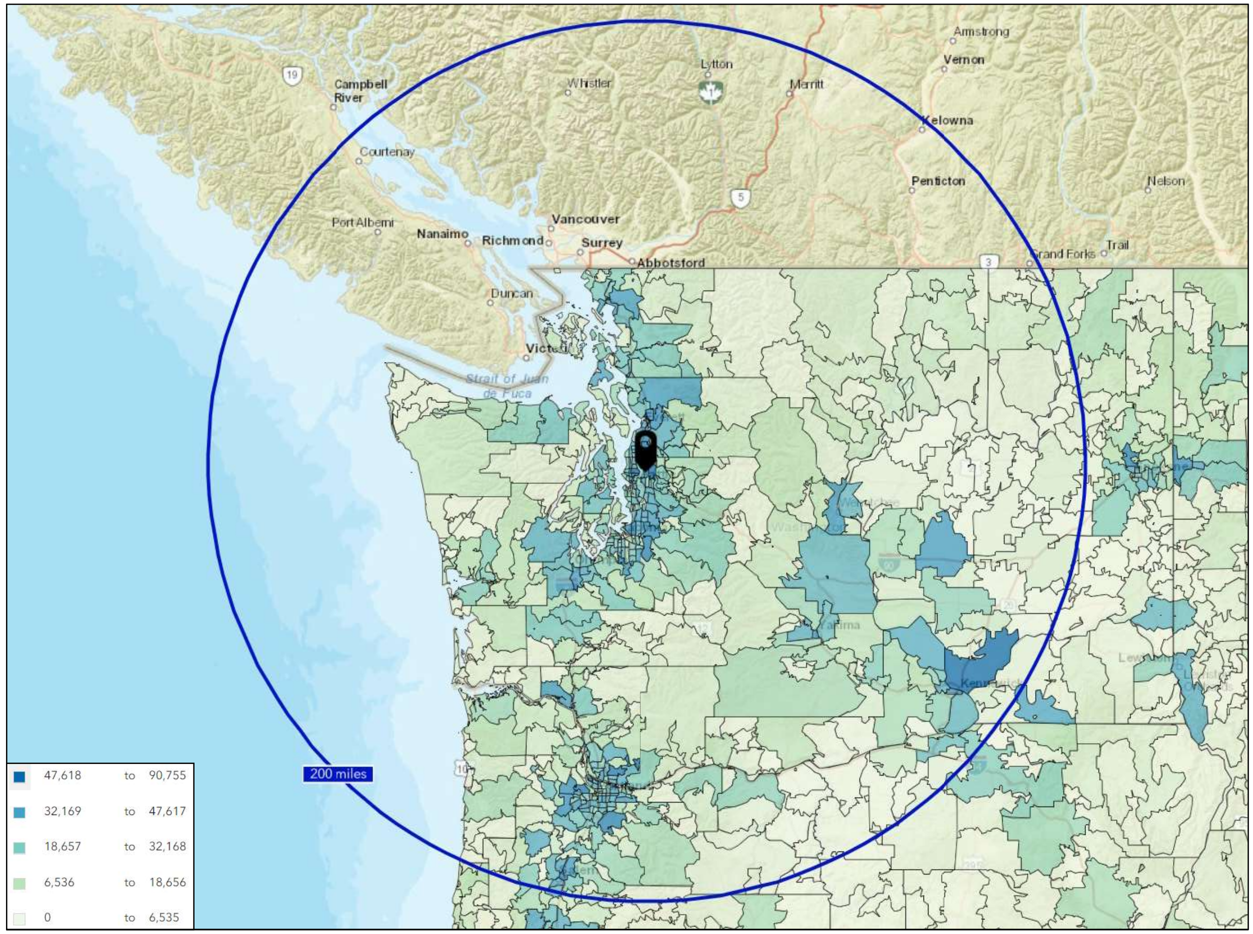
Source: Esri 2023.

Major Regional Population Centers (in Terms of CBSA)

CBSA	2023 Population Estimate	Driving Distance to Kirkland (mi.)
Vancouver, BC - (1)	2,837,515	140
Portland-Vancouver-Hillsboro, OR-WA	2,583,167	180
Salem, OR	444,718	225
Victoria, BC - (1)	423,934	180
Kennewick-Richland, WA	318,479	210
Olympia-Lacey-Tumwater, WA	306,125	70
Bremerton-Silverdale-Port Orchard, WA	281,592	40
Yakima, WA	259,982	140
Bellingham, WA	234,178	85
Mount Vernon-Anacortes, WA	133,064	60
Wenatchee–East Wenatchee, WA	126,157	130
Longview, WA	113,007	140

(1) - Represents census subdivision (CSD) area population; comparable to CBSA designation in U.S. markets.

Source: Esri 2023.



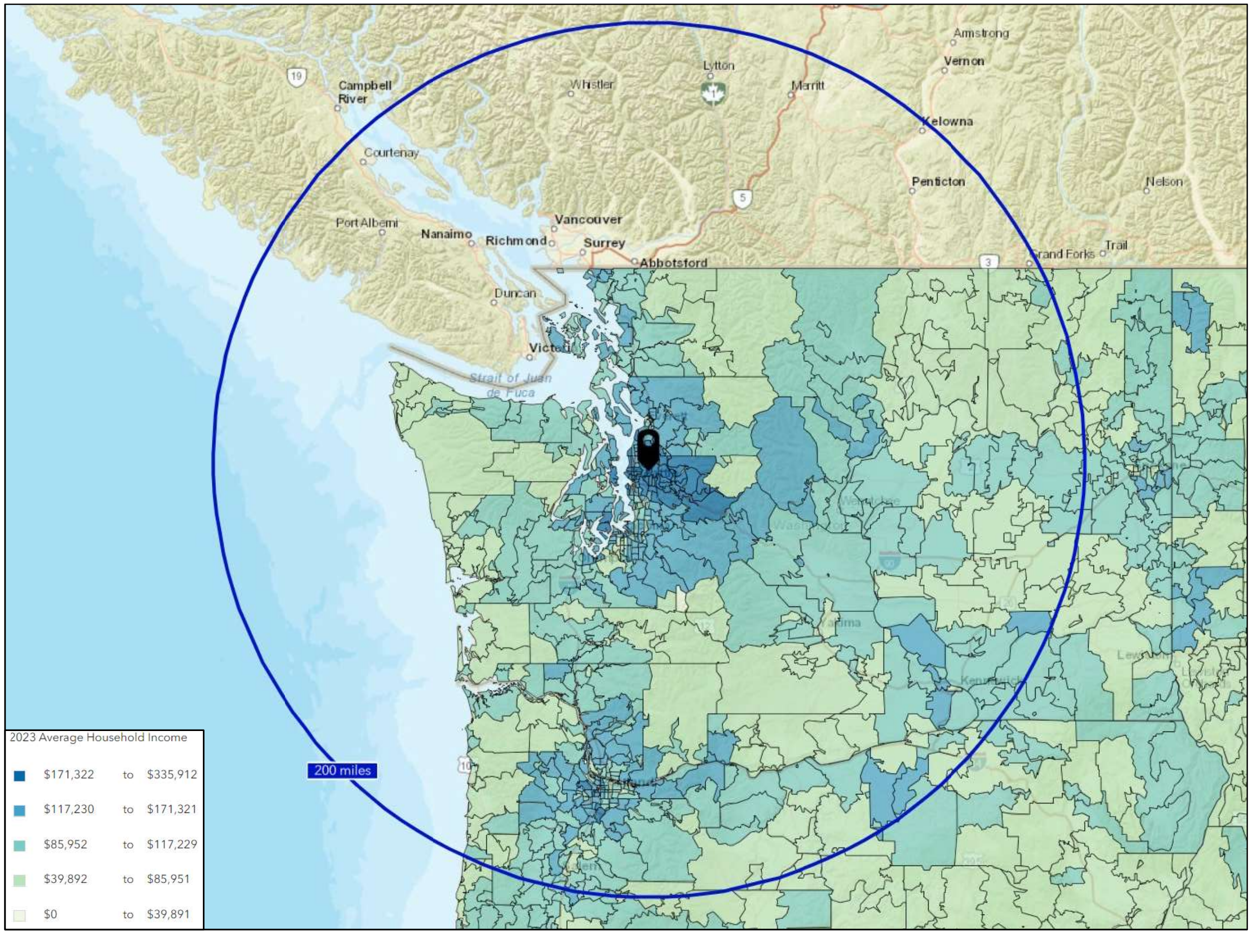
CAA ICON

Market Analysis | Regional Market Demographics

Income

	CSA	Geographic Ring 200 Miles
Income		
2023 Est. Per Capita Income	$56,327	$49,764
2023 Est. Average HH Income	$143,722	$128,097
2023 Est. Median HH Income	$102,220	$89,658
HHs w/ Income $100,000+	1,026,493	1,735,511
2023 Est. Average Disposable HH Income	$105,455	$93,720
2023 Est. Median Disposable HH Income	$84,033	$72,971
HHs w/ Disposable Income $100,000+	858,466	1,370,940

Note: Income measurements are for U.S. population / households only.
Source: Esri 2023.



Largest Employers – Washington State (Headquarters located in Seattle CBSA)

Largest Employers in Washington State (Headquartered in Seattle Metropolitan Area)					
	Employer	**Location (City)**	**Industry**	**Total State Employees**	**Fortune 1000?**
1	Amazon.com Inc.	Seattle	E-commerce	90,000	Yes
2	The Boeing Co. - (1)	Seattle	Aerospace	60,244	Yes
3	Microsoft Corp.	Redmond	Technology	58,400	Yes
4	University of Washington Seattle	Seattle	Education	51,849	No
5	Swedish Health Services	Renton	Healthcare	22,771	No
6	Costco Wholesale Corp.	Issaquah	Retail	21,000	Yes
7	MultiCare Health System	Tacoma	Healthcare	20,369	No
8	Virginia Mason Franciscan Health	Tacoma	Healthcare	18,000	No
9	Alaska Air Group Inc.	SeaTac	Airline	10,874	Yes
10	Starbucks Coffee Co.	Seattle	Restaurant	10,700	Yes
11	Seattle Children's Hospital	Seattle	Healthcare	9,444	No
12	Kaiser Permanente	Renton	Healthcare	8,123	No
13	Meta	Seattle	Technology	8,000	Yes
14	T-Mobile US Inc.	Bellevue	Telecommunications	7,600	No
15	Google Inc.	Seattle	Technology	7,200	Yes
16	Seattle Public Schools	Seattle	Education	7,010	No
17	Nordstrom Inc.	Seattle	Retail	6,600	Yes
18	Fred Hutchinson Cancer Center	Seattle	Healthcare	6,042	No
19	EvergreenHealth	Kirkland	Healthcare	4,960	No
20	Expedia	Seattle	Travel Services	4,830	Yes
Total Fortune 1000 Companies		**10**			

(1) - Headquarters are currently located in Virgina; Boeing has factories located in Renton, Everett, and Auburn.
Source: 2023 Puget Sound Business Journal.

Top Industries	
Healthcare	7
Technology	3
Education	2
Retail	2
Other	6

Market Analysis | Regional Market Demographics

Regional Universities

- Universities can provide a secondary source of demand to projects and / or potentially serve as a secondary tenant
- University of Washington and Seattle University are the only two Division 1 NCAA athletics programs in the Seattle CSA
  - It should be noted that the following universities do not feature men's or women's varsity hockey programs – only University of Washington and Seattle University (highlighted gray) have men's or women's club hockey programs

Top Ranked Universities - CSA					
Rank	University	City	Distance to Kirkland (mi.)	Total Undergraduate Enrollment	National Rank
1	University of Washington	Seattle, WA	8	36,872	40
2	Seattle University	Seattle, WA	12	4,099	163
3	Seattle Pacific University	Seattle, WA	12	2,428	269
4	University of Puget Sound	Tacoma, WA	47	1,712	Note - (1)
5	University of Washington Tacoma	Tacoma, WA	44	4,090	NA
6	Pacific Lutheran University	Tacoma, WA	52	2,301	NA
7	Northwest University	Kirkland, WA	2	723	NA

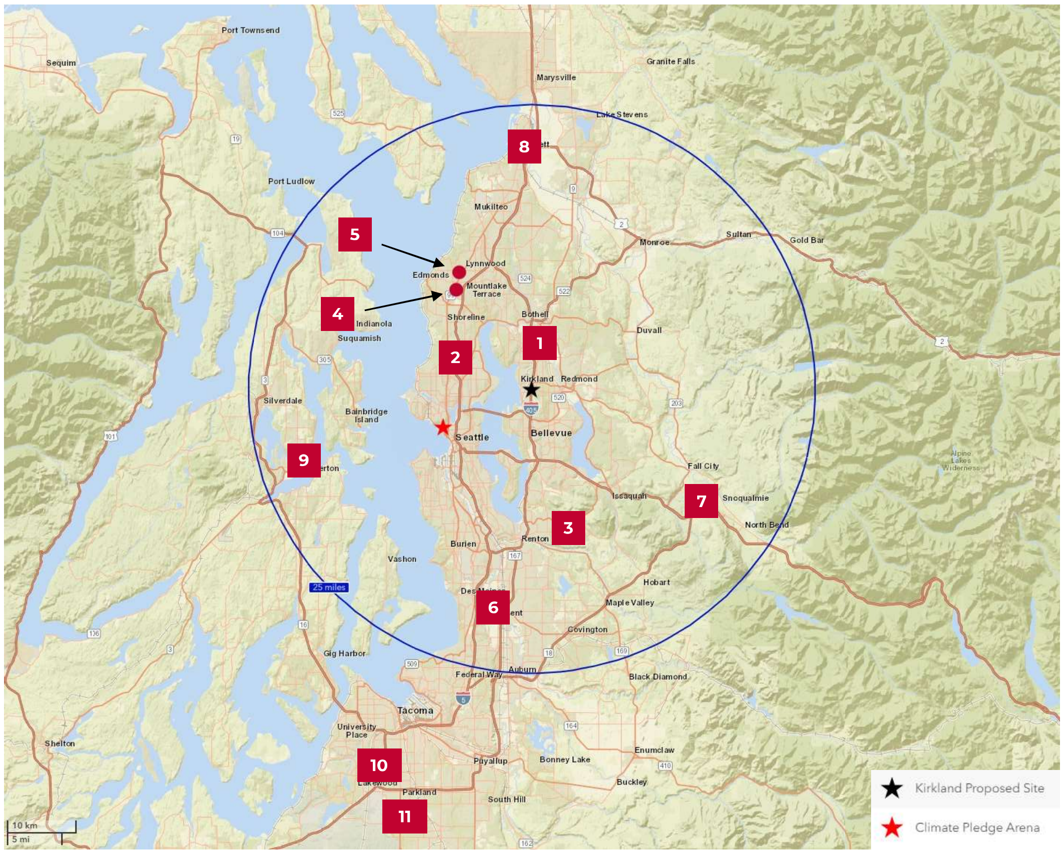
(1) - Ranked 89th in national liberal arts college rankings.

Source: U.S. News Best Colleges Rankings.

Appendix B3 - Competitive Facilities

Market Analysis | Competitive Facilities

Local Ice Facilities

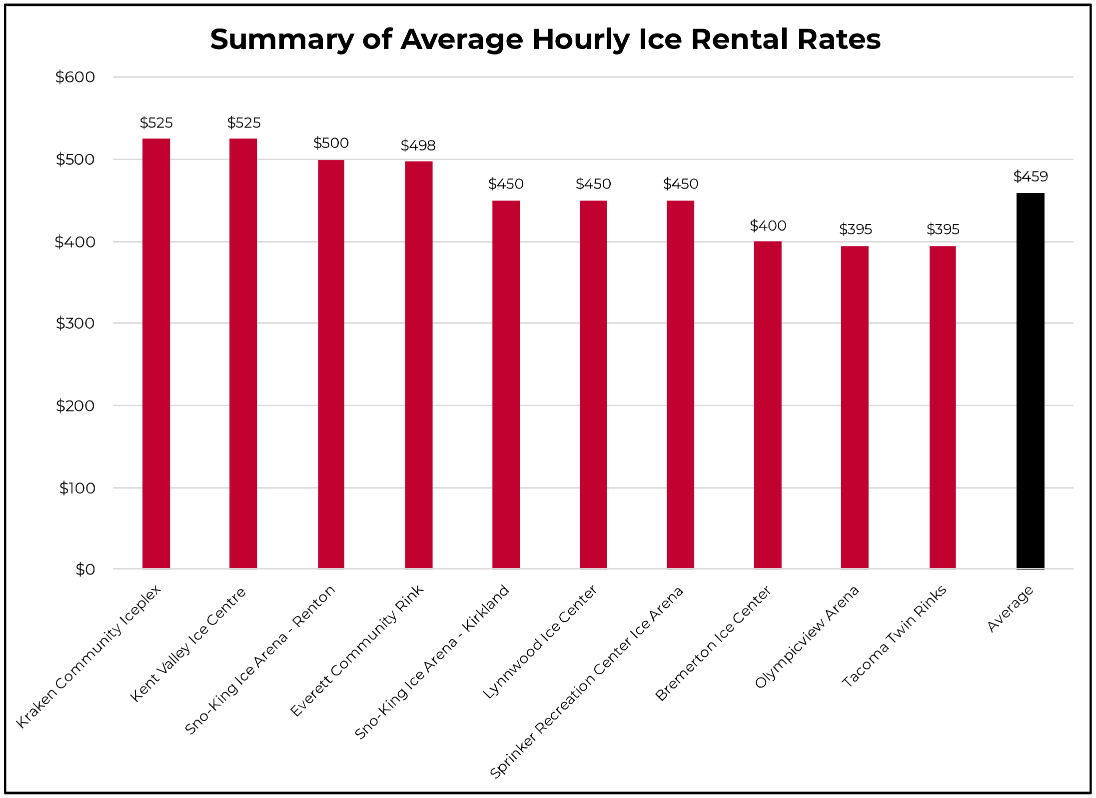


Local Ice Facilities							
Number	Venue Name	Year Opened	Distance from Proposed Site (Miles)	Square Feet	Ice Sheets	Hourly Ice Rental Rate
1	Sno-King Ice Arena - Kirkland	1991	5	30,000	1	$450
2	Kraken Community Iceplex - (1)	2021	14	172,000	3	$500-$550
3	Sno-King Ice Arena - Renton	2000	15	46,000	2	$400-$600
4	Olympicview Arena	1994	18	44,000	1	$395
5	Lynnwood Ice Center	2002	18	TBC	1	$400-$500
6	Kent Valley Ice Centre - (2)	2001	23	64,227	1	$525
7	Sno-King Ice Arena - Snoqualmie	2020	24	72,500	2	TBC
8	Everett Community Rink - (3)	2003	24	275,000	1	$445-$550
9	Bremerton Ice Center	2003	44	40,000	1	$400
10	Tacoma Twin Rinks	2020	44	51,840	2	$395
11	Sprinker Recreation Center Ice Arena	1976	49	TBC	1	$450
Total Ice Sheets					**16**	
Average				**88,396**	**NA**	**$459**

Note: CAA ICON utilized the midpoint of rental rate ranges for facilities where applicable.
(1) - Facility includes Kraken headquarters.
(2) - Venue expected to add second ice sheet (reportedly expected to cost between $5 million and $6 million - timeline TBD as of June 2024).
(3) - Rental rates apply to rink located within Angel of the Winds Arena.
Source: Industry research.

Note: CAA ICON provided case studies for arenas highlighted gray.

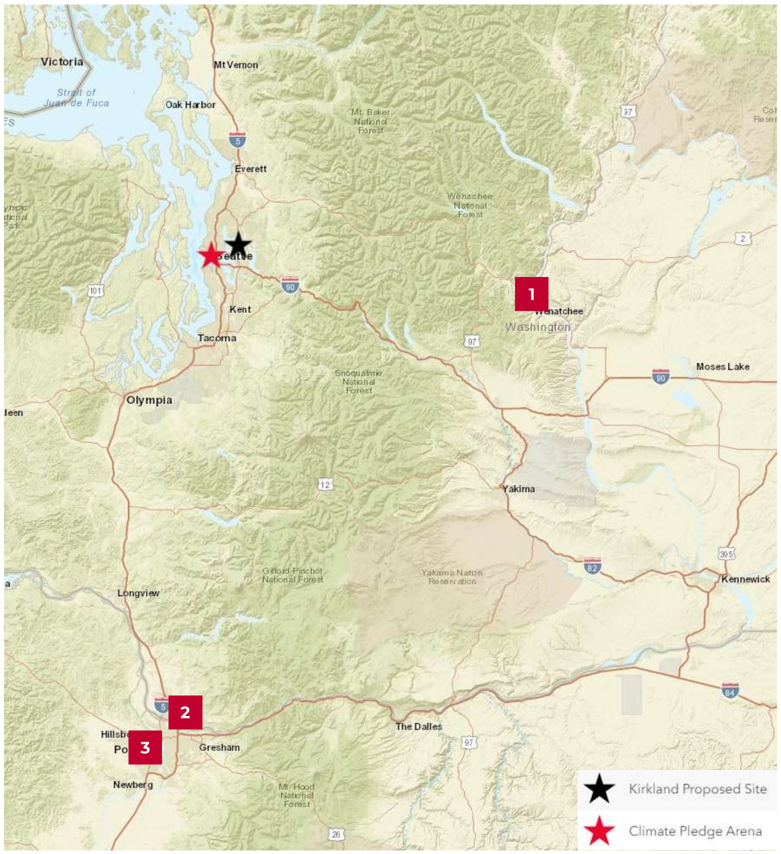
Local Ice Facilities – Hourly Ice Rental Rates



Source: Industry research.

Market Analysis | Competitive Facilities

Regional Ice Facilities



Regional Ice Facilities				
Number	Venue Name (Location)	Distance from Proposed Site (Miles)	Square Feet	Ice Sheets
1	Town Toyota Center (Wenatchee, WA)	126	137,000	2
2	Mountain View Ice Arena (Vancouver, WA)	176	69,000	1
3	Winterhawks Skating Center (Beaverton, OR)	186	31,000	1
Total Ice Sheets				**4**
Average			**79,000**	**NA**

Source: Industry research.

CAA ICON

Market Analysis | Competitive Facilities

Population per Ice Sheet – Geographic Ring Designations

Ice Complexes	Location (City)	Distance to Proposed Site (Miles) - (1)	Year Opened	Operator	Total Ice Sheets
Proposed Kirkland Iceplex	**Kirkland**	**NA**	**TBD**	**Seattle Kraken (Proposed)**	**2**
Sno-King Ice Arena - Kirkland	Kirkland	5	1991	Sno-King Amateur Hockey Association	1
Kraken Community Iceplex	Seattle	14	2021	Seattle Kraken	3
Sno-King Ice Arena - Renton	Renton	15	2000	Sno-King Amateur Hockey Association	2
Olympicview Arena	Mountlake Terrace	18	1994	Washington Ice Skating Association	1
Lynnwood Ice Center	Lynnwood	18	2002	Washington Ice Skating Association	1
Sno-King Ice Arena - Snoqualmie	Snoqualmie	24	2020	Sno-King Amateur Hockey Association	2
Kent Valley Ice Centre	Kent	25	2001	Kent Valley Hockey Association	1
Everett Community Rink	Everett	24	2003	Oak View Group	1
Bremerton Ice Center	Bremerton	44	2003	Haselwood Family / Garguille Family	1
Tacoma Twin Rinks	Tacoma	44	2020	Tacoma Twin Rinks LLC	2
Sprinker Recreation Center Ice Arena	Tacoma	49	1976	Pierce County, WA	1

25 Mile Ring - (2)	
Population:	3,082,534
Ice Sheets:	12
Population per Rink	256,878
50 Mile Ring - (2)	
Population:	4,606,687
Ice Sheets:	16
Population per Rink	287,918

(1) - Distances reflect driving distance.

(2) - Surrounding proposed Kirkland iceplex.

Sources: Industry research, Esri 2024.

Market Analysis | Competitive Facilities

Excluded Facilities

- The following facilities were excluded due to a variety of factors (focus, distance, building program):
  - Operating Focus
    - Toyota Center (Kennewick, WA)
    - Tacoma Dome (Tacoma, WA)
    - accesso ShoWare Center (Kent, WA)
  - Location (Distance)
    - Eagles Ice Arena (Spokane, WA)
    - Numerica Skate Ribbon (Spokane, WA)
    - Spokane Arena (Spokane, WA)
  - Open-Air / Seasonal Rinks
    - Winthrop Ice Rink (Winthrop, WA)
    - Bellevue Downtown Ice Rink (Bellevue, WA)
    - Snohomish Valley Ice Rink (Snohomish, WA)
- Facility overviews are provided on the following slides for the five primary competitive ice complexes

Market Analysis | Competitive Facilities

Sno-King Ice Arena Kirkland (Kirkland, WA)

- Year Opened: 1991
- Cost: Not available
- Owner: Sno-King Amateur Hockey Association
- Operator: Sno-King Amateur Hockey Association
- Number of Ice Sheets: 1
- Facility Rates:
  - Hourly Ice Sheet Rental Rate: $450
  - General Admission: $6-$15 per person
  - Skate Rental: $5
- Square Feet: 30,000

Market Analysis | Competitive Facilities

Sno-King Ice Arena Renton (Renton, WA)

- Year Opened: 2000
- Cost: Not Available
- Owner: Sno-King Amateur Hockey Association
- Operator: Sno-King Amateur Hockey Association
- Number of Ice Sheets: 2
- Facility Rates:
  - Hourly Ice Sheet Rental Rates: $400 (small ice surface), $600 (large ice surface)
    - Prices include skate rentals
  - General Admission: $6-$15 per person
  - Skate Rental: $5
- Square Feet: 46,000

Market Analysis | Competitive Facilities

Sno-King Ice Arena Snoqualmie (Snoqualmie, WA)

- Year Opened: 2020
- Cost: $26 million (reported)
- Owner: Razwick Family
- Operator: Sno-King Amateur Hockey Association
- Number of Ice Sheets: 2
- Facility Amenities:
  - Dry Land Training Gym
  - 12 Locker Rooms
  - Dedicated Event and Meeting Space
- Facility Rates:
  - Public Skate General Admission: $15
  - Skate Rental: $5
- Square Feet: 72,500

Market Analysis | Competitive Facilities

Kraken Community Iceplex (Seattle, WA)

- Year Opened: 2021
- Cost: $80 million (reported)
- Owner: Seattle Kraken
- Operator: Seattle Kraken
- Number of Ice Sheets: 3
- Capacity (Main Ice Sheet): 650
- Facility Amenities:
  - Kraken Team Store (2,100 square feet)
  - 32 Bar & Grill (5,000 square feet)
  - Virginia Mason Franciscan Health Medical Pavilion (5,400 square feet)
  - Starbucks Coffee Shop
  - 12 Locker Rooms
- Facility Rates:
  - Ice Sheet Rental: $500-$550
  - Public Skate General Admission: $17.50
  - Skate Rental: $6.00
- Square Feet: 172,000
- Primary Tenant: Seattle Kraken (NHL)

Market Analysis | Competitive Facilities

Everett Community Ice Rink at Angel of the Winds Arena (Everett, WA)

- Year Opened: 2003
- Cost: $71.5 million (reported)
- Owner: Everett Public Facilities District
- Operator: Oak View Group (OVG)
- Arena Capacity: 8,500 (10,000 for concerts)
- Number of Ice Sheets: 1 (excludes Angel of the Winds Arena rink)
- Facility Amenities:
  - Arena premium seating and spectator amenities (e.g., concessions)
  - Merchandise / team store
  - Eight locker rooms
- Facility Rates:
  - Ice Sheet Rental:
    - Everett Community Ice Rink: $445-$550
  - Public Skate General Admission: $12.00
  - Skate Rental: $5.00
- Square Feet: 275,000 (including arena)
- Primary Tenant: Everett Silvertips (WHL)

Appendix B4 - Participation Analysis

Market Analysis | Participation Analysis

Overview

- CAA ICON has completed a limited demand and participation analysis
- A review of the four types of community recreation facility operating models is provided herein – different operating models cater to different target markets (demand)
- An emphasis has been on evaluating potential users and demand for ice time, which is the primary focus of the Project
- CAA ICON has used data published by USA Hockey, the U.S. Figure Skating Association, and by the National Sporting Goods Association (NSGA) to conceptually understand participation levels, growth, and trends for ice activities
    - Data from USA Hockey includes only registered players and is used as a broad proxy for interest in hockey; NSGA data includes nationwide participation rates regardless of affiliation with USA Hockey
    - Participation data is typically reported by region – Washington is part of the Pacific region which also includes California, Oregon, Alaska, and Hawaii
- Participation data cannot be reliably be translated or extrapolated into estimated demand levels due to:
    - Reliability of participation totals – variances in report style, format, totals etc.
    - Lack of consideration for market alternatives, pricing at local venues, etc.
    - Difference in type and duration of uses

Market Analysis | Participation Analysis

Operating Model Types – Overview

	Public	Public / Private	Public / Non-Profit	Private
Ownership	Public	Public, Including Sports and Entertainment Authorities	Public or Non-Profit	Typically Private; Sale leaseback is possible
Operator	Parks and Recreation Department	Private	Non-Profit	Private
Operational Goals	Equitable Community Access	Varies According to Each Party's Goals; Ideally Structured According to Financing / Operational Responsibility (Risk)	Non-profit 501c3 is frequently a tenant and intent is to maximize tenant or member usage	Maximize attendance and operating income / margins
Rate Structure	Discounted Access for Residents if at all; Green Space is Generally Open Access	Market Rate; Discounted Access for Residents	Market Rate; Discounted Access for Tenants or Members	Market Rate / Premium
Financial Goals	Loss Leader / Community Asset; Expansions are Usually Funded Through Governmental Capital Improvement Plans	Varies According to Each Party's Goals; Some Complexes Focus on Economic Impact as Opposed to Resident Access	Break-Even on Operations; Expansions are Generally from Fundraising	Generate operational profit to service debt (if any) and pay investor returns
Economic Impact	Lowest	Varies According to Each Party's Goals, Complex Amenities, and Infrastructure (Hotel, Air, etc.); Higher if Tournaments are Part of Business Model	Varies According to Each Party's Goals, Complex Amenities, and Infrastructure (Hotel, Air, etc.); Higher if Tournaments are Part of Business Model	Varies According to Each Party's Goals, Complex Amenities, and Infrastructure (Hotel, Air, etc.); Higher if Tournaments are Part of Business Model
Example Used in Report	N/A	Great Park Ice and Five Point Arena	Sno-King Kirkland	Northgate

Market Analysis | Participation Analysis

Community Demand

- **Community (Local) demand** occurs primarily during weeknights and on weekends during winter months for most activities; expands to weekday daytime for certain activities during summer months

- Local demand is typically driven by the presence of in-house programs such as youth hockey, adult league hockey, and figure skating programs – participants and/or teams are typically a mix of passive, active, and frequent participants

- Analysis of local demographics is important to understand community demand characteristics
    - Population size, disposable income, and number of market alternatives within a 5- and 10-mile market area are key considerations; the local market for ice is considerably larger due to limited supply

- Demand for space typically takes the form of:
    - Space rental (hourly, monthly, or annual), leagues, skill camps and clinics (summer for ice), practice, and drop-ins

- Consumer choices are generally made based on:
    - Affordability
    - Market alternatives
    - Proximity/convenience

Market Analysis | Participation Analysis

Tournament Demand

- **Tournament demand** occurs primarily on weekends between August/September and April/May, or over extended holiday weekends
- Teams are generally a mix of teams originating both locally, regionally, and nationally, depending on skill level
- Teams and participants are usually more advanced in terms of skill level as compared to community users
- Analysis of regional demographics is an important consideration to assess potential tournament demand
- Necessary infrastructure is required to have tournaments with a significant number of non-local participants:
  - Hotel inventory
  - Transportation infrastructure (air, road, rail)
  - Destination value/appeal
- Tournament organizers who rent space generally place an emphasis on number of competition spaces and financial deal structure
  - Some facilities self-operate tournaments but bear the direct expenses and must have adequate staff devoted to booking / operations

Market Analysis | Participation Analysis

USA Hockey Player, Coach, and Official Registration Totals

	Players	Player Growth YoY	Player % Change YoY	Coaches	Officials	Total	Growth Year-Over-Year
2014-2015	519,417			56,011	23,413	**598,841**	
2015-2016	533,172	13,755	3%	55,568	23,186	**625,681**	**26,840**
2016-2017	542,583	9,411	2%	56,515	23,735	**632,244**	**6,563**
2017-2018	555,175	12,592	2%	57,801	24,768	**650,336**	**18,092**
2018-2019	562,145	6,970	1%	58,645	25,330	**653,090**	**2,754**
2019-2020	561,700	(445)	0%	61,179	25,863	**648,297**	**(4,793)**
2020-2021	453,826	(107,874)	-19%	54,927	20,191	**421,070**	**(227,227)**
2021-2022	547,429	93,603	21%	58,601	24,531	**724,164**	**303,094**
2022-2023	556,186	8,757	2%	61,723	28,328	**654,994**	**(69,170)**
2023-2024	564,468	8,282	1%	64,280	31,125	**668,155**	**13,161**
10-Year CAGR	**0.9%**			**1.5%**	**3.2%**	**1.2%**	

Source: USA Hockey.

USA Hockey Player Registration Totals

USA Hockey Player Registration Totals									
All Players	**Total**	**Adult**	**17-18**	**15-16**	**13-14**	**11-12**	**9-10**	**7-8**	**6&U**
2022-23	556,186	168,276	30,895	46,836	59,141	63,490	65,415	63,313	58,820
2021-22	547,429	163,584	30,950	45,759	58,805	62,893	65,340	60,471	59,627
Difference	8,757	4,692	-55	1,077	336	597	75	2,842	-807
% Difference	1.60%	2.87%	-0.18%	2.35%	0.57%	0.95%	0.11%	4.70%	-1.35%
Composition by Type		30.26%	5.55%	8.42%	10.63%	11.42%	11.76%	11.38%	10.58%

Male	Total	Adult	17-18	15-16	13-14	11-12	9-10	7-8	6&U
2022-23	464,932	148,748	26,555	39,738	48,995	51,563	52,599	50,520	46,214
2021-22	459,458	145,556	26,733	38,976	48,962	51,409	52,859	48,308	46,655
Difference	5,474	3,192	-178	762	33	154	-260	2,212	-441
% Difference	1.19%	2.19%	-0.67%	1.96%	0.07%	0.30%	-0.49%	4.58%	-0.95%

Female	Total	Adult	17-18	15-16	13-14	11-12	9-10	7-8	6&U
2022-23	91,254	19,528	4,340	7,098	10,146	11,927	12,816	12,793	12,606
2021-22	87,971	18,028	4,217	6,783	9,843	11,484	12,481	12,163	12,972
Difference	3,283	1,500	123	315	303	443	335	630	-366
% Difference	3.73%	8.32%	2.92%	4.64%	3.08%	3.86%	2.68%	5.18%	-2.82%

	Youth	Coaches	Officials	Total
2022-23	387,910	61,723	28,328	**646,237**
2021-22	383,845	58,601	24,531	**630,561**
Difference	4,065	3,122	3,797	15,676
% Difference	1.06%	5.33%	15.48%	2.49%

Source: USA Hockey, Inc.

Market Analysis | Participation Analysis

USA Hockey Member Counts by Region

USA Hockey Member Counts by Region									
District	Paid Players	Paid 6 & Younger	Total Players	% of Total	Coaches	Total Players & Coaches	Officials	Total Players, Coaches, Officials
Atlantic	33,420	2,243	35,663	6%	3,816	39,479	1,974	41,453
Central	58,124	7,662	65,786	12%	7,856	73,642	4,212	77,854
Massachusetts	39,427	6,519	45,946	8%	5,965	51,911	2,095	54,006
Michigan	32,834	4,190	37,024	7%	4,440	41,464	2,075	43,539
Mid-American	37,017	3,707	40,724	7%	4,719	45,443	2,040	47,483
Minnesota	49,719	9,210	58,929	11%	10,243	69,172	2,882	72,054
New England	26,981	5,095	32,076	6%	4,180	36,256	1,624	37,880
New York	39,395	6,702	46,097	8%	4,942	51,039	2,020	53,059
Northern Plains	15,792	2,505	18,297	3%	2,144	20,441	1,673	22,114
Pacific	**55,255**	**3,788**	**59,043**	**11%**	**3,471**	**62,514**	**2,405**	**64,919**
Rocky Mountain	50,783	3,606	54,389	10%	4,896	59,285	2,584	61,869
Southeastern	58,619	3,593	62,212	11%	4,804	67,016	2,729	69,745
Junior Teams / Non US Res.	-	-	-		247	247	15	262
Totals	**497,366**	**58,820**	**556,186**		**61,723**	**617,909**	**28,328**	**646,237**

Source: USA Hockey, Inc.

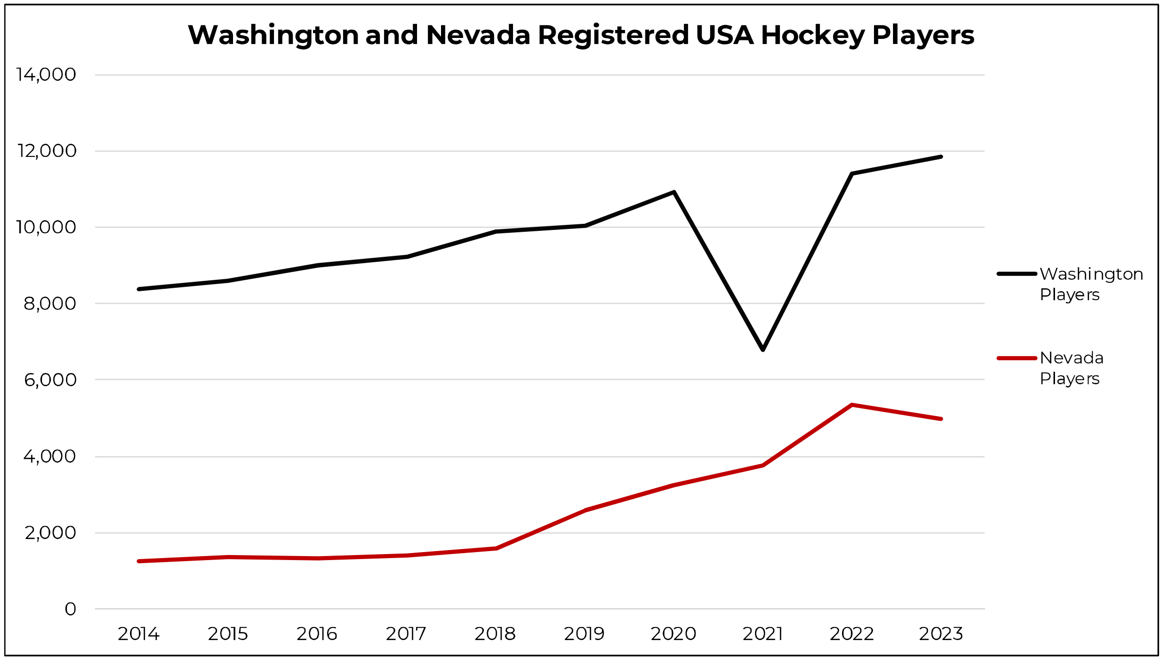
Market Analysis | Participation Analysis

USA Hockey Total Player Registrations by State (2023)

District	State	State Population (Millions)	Total	Index	District	State	State Population (Millions)	Total	Index
Minnesota	MN	5.7	58,929	*1.0%*	Pacific	NV	3.2	4,975	*0.2%*
New York	NY	19.6	46,097	*0.2%*	Southeastern	TN	7.1	4,833	*0.1%*
Massachusetts	MA	7	45,946	*0.7%*	Rocky Mountain	ID	2	4,615	*0.2%*
Michigan	MI	10	37,024	*0.4%*	New England	VT	0.65	4,214	*0.6%*
Pacific	CA	38.9	30,702	*0.1%*	Rocky Mountain	UT	3.4	4,041	*0.1%*
Central	IL	12.6	25,537	*0.2%*	Central	IA	3.2	3,616	*0.1%*
Central	WI	5.9	21,206	*0.4%*	New England	RI	1.1	3,566	*0.3%*
Southeastern	FL	22.6	19,550	*0.1%*	Southeastern	SC	5.4	3,008	*0.1%*
Atlantic	NJ	9.3	18,871	*0.2%*	Northern Plains	SD	0.9	2,941	*0.3%*
Mid-American	OH	11.8	17,716	*0.2%*	Pacific	OR	4.2	2,708	*0.1%*
Rocky Mountain	CO	5.9	17,164	*0.3%*	Northern Plains	WY	0.58	2,152	*0.4%*
Rocky Mountain	TX	30.5	16,294	*0.1%*	Central	NE	2	2,151	*0.1%*
Atlantic	E PA	NA	15,859	*NA*	Southeastern	GA	11	2,151	*0.0%*
Mid-American	W PA	NA	13,553	*NA*	Southeastern	AL	5.1	2,120	*0.0%*
New England	CT	3.6	12,887	*0.4%*	Mid-American	KY	4.5	1,980	*0.0%*
Pacific	**WA**	**7.8**	**11,876**	*0.2%*	Central	KS	2.9	1,850	*0.1%*
Central	MO	6.2	11,426	*0.2%*	Rocky Mountain	NM	2.1	1,490	*0.1%*
Southeastern	VA	8.7	10,548	*0.1%*	Southeastern	DC	0.68	1,241	*0.2%*
Southeastern	MD	6.2	10,160	*0.2%*	Rocky Mountain	OK	4.1	1,069	*0.0%*
Rocky Mountain	AZ	7.4	9,716	*0.1%*	Mid-American	WV	1.8	994	*0.1%*
Pacific	AK	0.73	8,503	*1.2%*	Atlantic	DE	1	933	*0.1%*
Southeastern	NC	10.8	7,654	*0.1%*	Southeastern	AR	3.1	415	*0.0%*
Northern Plains	ND	0.78	7,394	*0.9%*	Pacific	HI	1.4	279	*0.0%*
Mid-American	IN	6.9	6,481	*0.1%*	Southeastern	LA	4.6	272	*0.0%*
Northern Plains	MT	1.1	5,810	*0.5%*	Southeastern	MS	2.9	260	*0.0%*
New England	ME	1.4	5,764	*0.4%*					
New England	NH	1.4	5,645	*0.4%*					
					TOTAL			**556,186**	

Source: USA Hockey, Inc.

Market Analysis | Participation Analysis

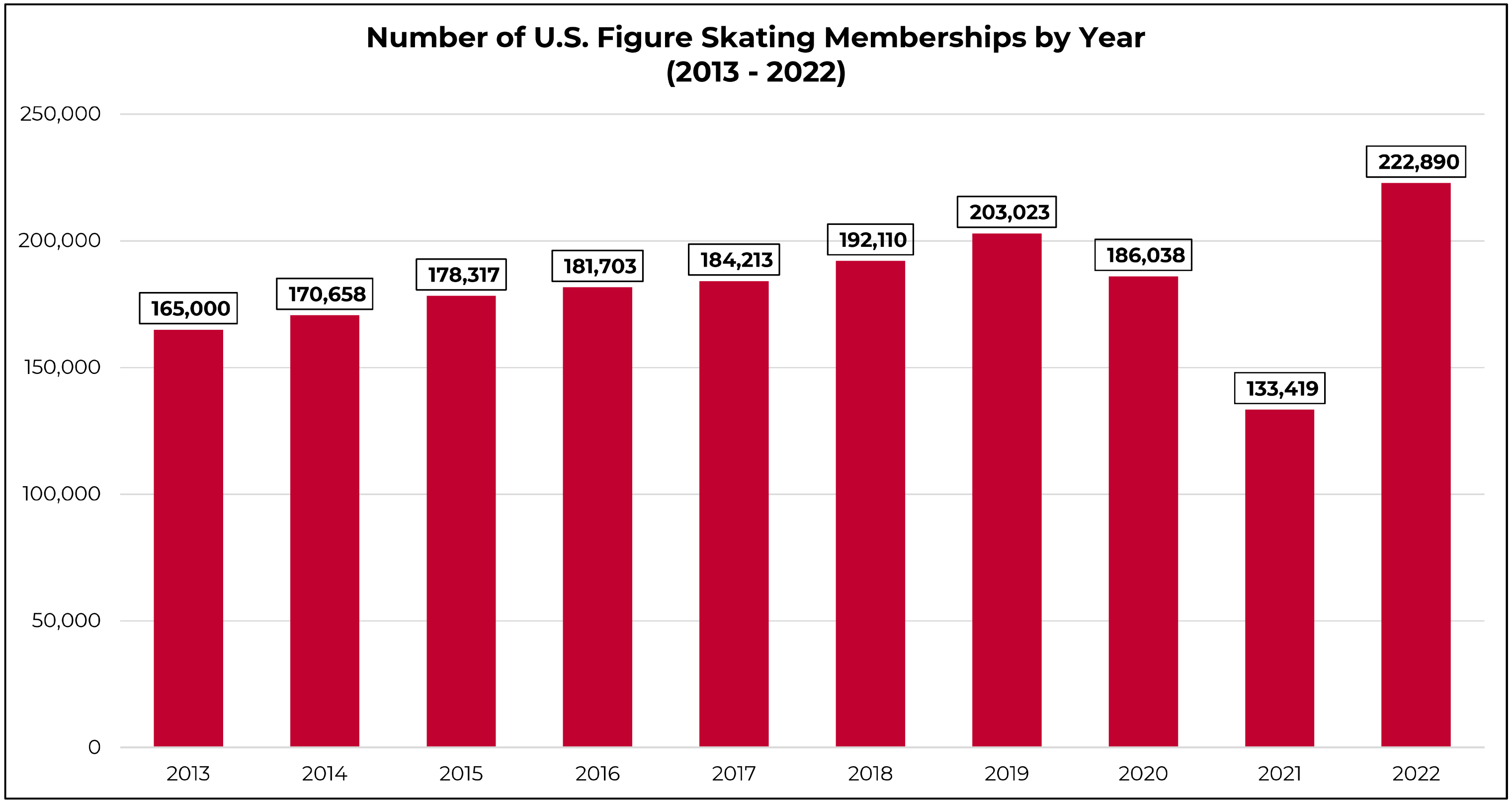


Registered USA Hockey Players in Washington and Nevada

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Ten-Year Difference #	Ten-Year Difference %
Washington Participation												
Total Players	8,369	8,594	9,015	9,248	9,883	10,065	10,941	6,793	11,403	11,876	3,507	42%
Net Change YoY		225	421	233	635	182	876	-4148	4610	473		
% Change YoY		2.7%	4.9%	2.6%	6.9%	1.8%	8.7%	-37.9%	67.9%	4.1%		
Nevada Participation												
Total Players	1,244	1,358	1,305	1,382	1,592	2,574	3,235	3,750	5,342	4,975	3,731	300%
Net Change YoY		114	-53	77	210	982	661	515	1592	-367		
% Change YoY		9.2%	-3.9%	5.9%	15.2%	61.7%	25.7%	15.9%	42.5%	-6.9%		

Source: USA Hockey, Inc.

U.S. Figure Skating Membership by Year (2013-2022)



Source: U.S. Figure Skating.

Sports Participation Index by Household Income Levels

Sport Activity	Under $15,000	$15,000-$24,999	$25,000-$34,999	$35,000-$49,999	$50,000-$74,999	$75,000-$99,999	$100,000-$149,999	$150,000 and Over
Baseball	45	52	58	92	111	137	122	117
Basketball	52	94	79	103	102	103	117	114
Football (Flag)	32	39	118	101	73	123	120	142
Football (Tackle)	81	75	90	101	105	114	120	94
Football (Touch)	84	66	97	109	124	84	122	89
Hockey (Ice)	**2**	**7**	**37**	**16**	**113**	**80**	**117**	**243**
Ice / Figure Skating	**38**	**47**	**30**	**53**	**86**	**116**	**132**	**180**
Lacrosse	66	9	75	66	136	43	94	191
Soccer	58	55	67	80	102	112	131	128
Average	**51**	**49**	**72**	**80**	**106**	**101**	**119**	**144**

Source: NSGA.

Note: An index score of 100 represents average participation. An index above 100 means that income bracket is more likely to be a participant in the sport.

Market Analysis | Participation Analysis

Junior and youth hockey are both considered amateur hockey, though junior hockey is comprised of multiple leagues and sorted according to level play. In comparison, youth hockey (colloquially known as "association hockey" is generally organized by age, then skill level ranging as high as AAA.

Youth

- 8 or Under (8U)
- 10 or Under (10U)
- 12 or Under (12U)
- 14 or Under (14U)
- 16 or Under (16U)
- 18 or Under (18U)

Junior

- United States Hockey League (Tier 1)
  - Players are not compensated and do not pay to play
- North American Hockey League (Tier 2)
  - Players are not compensated but have additional expenses compared to USHL players
- North American Tier 3 Hockey League (Tier 3)
  - Players are not compensated and must pay to play
- Eastern Hockey League (not sanctioned by USA Hockey)
- United States Premier Hockey League (not sanctioned – Tier 2)
- Western Hockey League (part of Canadian Hockey League)
  - Local teams include the Everett Silvertips and Seattle Thunderbirds

Market Analysis | Participation Analysis

- Pacific Northwest Amateur Hockey Association (PNAHA) is a USA Hockey Affiliate serving the State of Washington
- PNAHA comprises 16 organizations – primarily consists of Tier II hockey and lower
    - As of the 2024-25 season, the organization had just 15 youth hockey Tier 1 travel programs, and 3 female Tier 1 programs
- Associations bolded to the right are members of the Metropolitan Hockey League (as well as the Tacoma Junior Hockey Association – not a member of PNAHA according to their website)

PNAHA Member Associations

- **Everett Youth Hockey**
- Inland Empire Amateur Hockey Association
- **Kent Valley Hockey Association**
- Moses Lake Youth Hockey Association
- Puget Sound Amateur Hockey Association
- **Seattle Junior Hockey Association**
- **Seattle Kraken Youth Hockey**
- **Sno-King Amateur Hockey Association**
- Tri-Cities Amateur Hockey Association
- Vancouver Youth Hockey Association
- Wenatchee Amateur Hockey Association
- **West Sound Hockey Club**
- Whatcom County Amateur Hockey Association
- Western Washington Female Hockey Association
- Winthrop Youth Hockey Association
- Yakima Amateur Hockey Association

Market Analysis | Participation Analysis

Sno-King Adult Hockey League

- The Sno-King Adult Hockey League (SKAHL) is a semi-competitive, co-ed USA Hockey affiliate league for players ages 18 and older
  - Maximum of 26 players per roster
- League operates two fall-winter and summer seasons:
  - Fall-winter regular season begins in mid-September; playoffs begin in early March and run through the end of March or early April
  - Summer regular season begins in mid-April; playoffs begin in early August and run through the end of August
- All games are played at Sno-King Ice Arenas, rotating between the three locations (Kirkland, Renton, and Snoqualmie)

USA Hockey Adult Skill Set Rating	SKAHL Level
Novice	Level E
Advanced Novice	Level D
Bronze: C Level	Level C
Intermediate: C+ and B- Level	Level B-
Silver: High School / College Experience	Level B
Gold: NCAA, Jr's / Pro Experience	Level A

Source: Industry research.

Sno-King Adult Hockey League
Summary of Divisions and Teams
2023-24 Fall-Winter Season

Division	Total Teams
B	9
C	17
D	30
BEHL	8
Draft Beer Hockey League (DBHL)	4
TechRec	4
Women's League	4
Holiday Classic Tournament	4
Total	**80**

Source: Industry research.

Market Analysis | Participation Analysis

Metropolitan Hockey League

- The Metropolitan Hockey League (MHL) is a recreational youth hockey league serving the Seattle-Tacoma metropolitan area
    - Maximum of 20 players per roster
- MHL is comprised of seven youth associations, featuring nine divisions ranging from 8U to 18U (includes three all-girls leagues)
- Divisions generally decline in total teams as the minimum age level increases – more than 1/3rd of total teams are operated by the Sno-King Amateur Hockey Association

Metropolitan Hockey League
Summary of Associations and Teams

	8U	10U	12U	14U	18U	Total
Sno-King Amateur Hockey Association	8	17	8	5	4	**42**
Seattle Junior Hockey Association	5	5	4	3	4	**21**
Seattle Kraken Youth Hockey	2	10	5	2	0	**19**
Tacoma Junior Hockey Association	5	6	3	1	1	**16**
Everett Youth Hockey	3	3	1	1	1	**9**
Kent Valley Hockey Association	2	3	1	1	1	**8**
West Sound Hockey Club	1	2	1	1	0	**5**
Total	**26**	**46**	**23**	**14**	**11**	**120**

Note: Figures account for teams who participated in the 2023-24 season - includes boys and girls teams.
Source: Industry research.

Market Analysis | Participation Analysis

Primary Research Findings

- CAA ICON completed interviews with user groups to understand their perspectives on local and regional participation and the need for the Project, among a range of other topics. Key findings are summarized below:
  - Interviewees highlighted the growth in hockey participation and awareness throughout Seattle led by the announcement of Seattle as NHL expansion market (2018) and the subsequent arrival of the Kraken in 2021
  - Multiple respondents indicated that the rapid growth in hockey participation throughout the Seattle metropolitan area has led to a lack of available ice at peak usage hours (4 PM to 10 PM during the fall, winter, and to a lesser extent, spring)
    - Scheduling difficulties arise particularly during peak demand hours, leading to delays for adult leagues and other recreational programs that are forced to begin at sub-optimal evening or early mornings timeslots
  - Respondents noted the challenges with programming ice during mid-day, afternoon times slots as well as in the off-seasons (late spring and summer). Mid-day programming is typically available for open-skate or figure skating while youth camps are typically programmed for the summer months.
    - One organization noted their desire to increase daytime ice usage with more academy-style hockey programs due to the increased prevalence of remote learning resulting from the COVID-19 pandemic.

Market Analysis | Participation Analysis

Primary Research Findings (cont.)

- One local youth hockey association noted that that the allure of the Kraken brand and new facility (KCI) resulted in many existing youth organizations losing players and registrations to the Kraken's programs. Regional interviewees that compete less directly with KCI had a more positive tone regarding the Kraken's impacts on hockey participation and ice demand within the region.
- One respondent believed that the proposed Kirkland iceplex would accommodate some players who currently travel further distances to play at KCI or other facilities north or south of Kirkland
- Several ice complexes are currently unable to schedule a greater number of hockey and non-hockey ice events / competitions (i.e., figure skating, weekend tournaments, etc.) primarily due to lack of ice availability, according to one organization
  - The same respondent noted that a new iceplex / additional ice sheets could help attract larger regional and national youth tournaments
- Interviewees indicated that proximity to Canada (Vancouver) generally has a positive impact on hockey demand and fandom levels. A high supply of ice sheets (37 ice complexes in Vancouver and Victoria) and teams in Canada provide regional competitors and cross border activity for tournaments. As the level of play continues to rise in Seattle, Canadian teams are traveling south for competition more frequently.
  - Alternatively, one respondent indicated that the recent U.S.-Canadian exchange rates provide lower cost of competition and travel for regional youth hockey teams. Teams in eastern and central Washington frequently choose to travel north as opposed to west to Seattle.

Appendix C - Benchmarking Analysis

Appendix C1 - Comparable Markets

Benchmarking Analysis| Comparable Markets

Comparison to Growing/Non-Traditional Hockey Markets – Overview

- CAA ICON compared the Seattle metro area to several non-traditional hockey markets to understand the relationship between population, ice sheet supply, and ice rental rates – Boston and Minneapolis are examples of traditional hockey markets
  - For comparisons of ice rental rates across markets, CAA ICON attempted to normalize rates through a cost-of-living adjustment – ice rental rates may provide an indication on whether markets are generally undersupplied or oversupplied with ice sheet facilities
- Markets evaluated include the following:
  - Las Vegas, NV
  - Tampa, FL
  - San Jose, CA
  - Raleigh, NC
  - Nashville, TN
  - Phoenix, AZ
  - Atlanta, GA
  - Dallas, TX
- Analysis is presented for illustrative purposes only and is not indicative of a direct measure of demand, undersupply or oversupply of ice sheets as hockey participation rates and interest varies across markets

Benchmarking Analysis| Comparable Markets

Population per Ice Sheet Analysis

Comparable Market Benchmarking - Population per Ice Sheet										
	Las Vegas, NV	Tampa, FL	San Jose, CA	Raleigh, NC	Nashville, TN	Phoenix, AZ	Atlanta, GA	Dallas, TX	Seattle, WA - (1)	Average
2023 Population Estimate - CBSA	2,359,915	3,288,270	2,044,742	1,516,997	2,116,378	5,069,353	6,313,755	8,058,326	4,152,259	3,879,999
Number of Facilities	4	7	3	5	5	7	5	11	10	6
Number of Ice Sheets	7	14	8	7	8	12	8	21	15	11
Ice Rental Rate Range (Per Hour)	\$325-\$375	\$350-\$575	\$570-\$625	TBC	\$300-\$400	\$345-\$475	\$275-\$425	\$550	\$395-\$550	NA
Cost of Living Index	97.8	96.4	178.8	98.1	99.1	102.2	98.6	102.3	145.1	113.2
Population per Ice Sheet - (2)	**337,131**	**234,876**	**255,593**	**216,714**	**264,547**	**422,446**	**789,219**	**383,730**	**276,817**	**298,982**
Population per Ice Sheet - Rank (of Nine)	**4**	**8**	**7**	**9**	**6**	**2**	**1**	**3**	**5**	

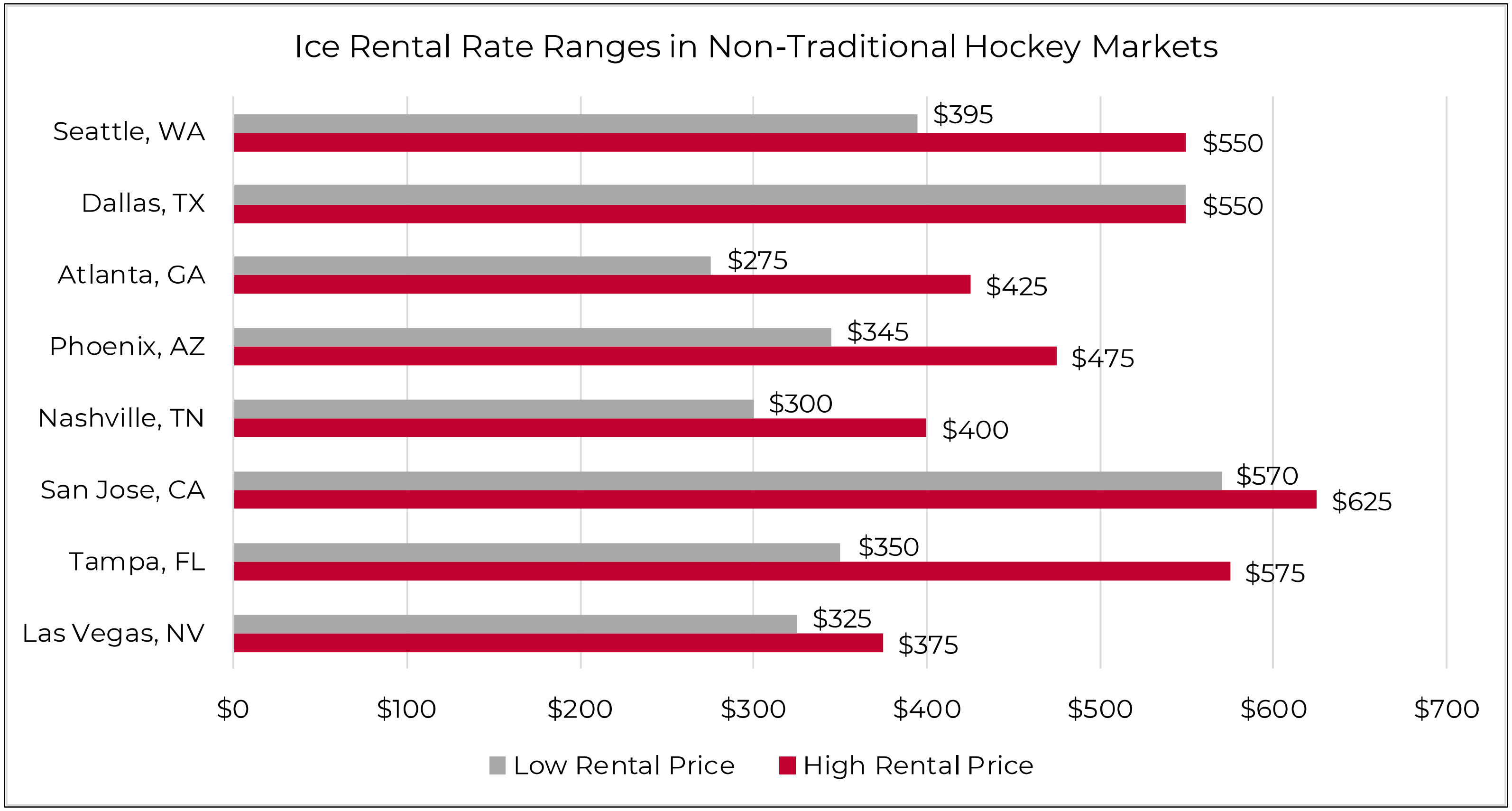
(1) - Bremerton Ice Center is excluded from the Seattle inventory in this chart due to being located outside the CBSA. Angel of the Winds Arena is also excluded from inventory (Everett Community Ice Rink is included).

(2) - Population per ice sheet average excludes Atlanta (outlier).

Sources: Esri, facility interviews, industry research.

Benchmarking Analysis| Comparable Markets

Ice Rental Rate Ranges

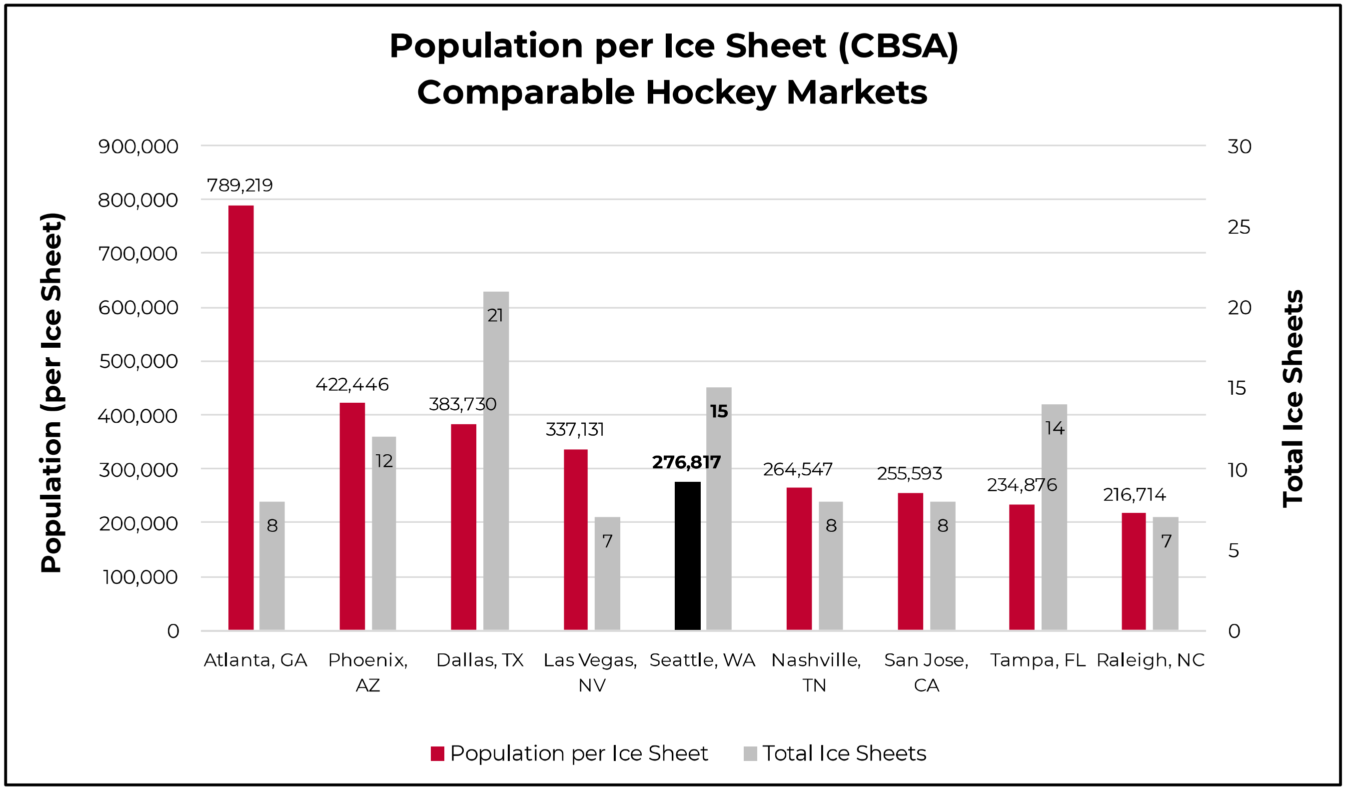


Source: Industry research.

Benchmarking Analysis| Comparable Markets

Population per Ice Sheet – CBSA

- CAA ICON utilized the CBSA designation to compare population per rink in the Seattle metropolitan area (CBSA) to other comparable markets – Bremerton Ice Center is excluded due to being located outside the bounds of the CBSA



Note: Ice sheet inventories for each market reflect current conditions. Seattle does not include two sheets from the proposed Project.

Benchmarking Analysis| Comparable Markets

Population per Ice Sheet Analysis (Indexed Population Based on Household Income Levels)

Comparable Market Benchmarking - Indexed Population per Ice Sheet											
	NSGA Index by HH Income	Las Vegas, NV	Tampa, FL	San Jose, CA	Raleigh, NC	Nashville, TN	Phoenix, AZ	Atlanta, GA	Dallas, TX	Seattle, WA - (1)	Average
2023 Population Estimate - CBSA		2,359,915	3,288,270	2,044,742	1,516,997	2,116,378	5,069,353	6,313,755	8,058,326	4,152,259	3,879,999
2023 Households - CBSA		887,830	1,357,563	692,411	584,139	826,001	1,886,577	2,351,252	2,923,482	1,623,115	1,459,152
Average Household Size		2.66	2.42	2.95	2.60	2.56	2.69	2.69	2.76	2.56	2.65
Average Household Income		$95,984	$97,348	$199,639	$124,630	$110,753	$111,655	$115,954	$115,034	$151,084	$124,676
Indexed Population											
Household Income less than $15,000	2	4,989	6,685	1,954	2,167	3,015	6,863	9,118	11,692	5,193	5,742
Household Income $15,000-$24,999	7	12,229	17,556	4,561	5,803	8,436	19,007	25,677	31,444	11,489	15,133
Household Income $25,000-$34,999	37	75,371	97,593	22,897	32,984	52,802	123,191	155,757	196,047	63,922	91,174
Household Income $35,000-$49,999	16	43,051	61,234	16,705	21,077	38,277	88,931	99,414	138,112	49,185	61,776
Household Income $50,000-$74,999	113	461,287	659,784	214,474	249,704	429,984	968,636	1,160,315	1,548,400	602,428	699,446
Household Income $75,000-$99,999	80	244,213	340,505	147,873	156,008	234,589	568,864	697,993	837,240	382,542	401,092
Household Income $100,000-$149,999	117	430,985	611,418	381,495	349,554	431,442	1,170,766	1,362,042	1,718,340	945,343	822,376
Household Income Greater Than $150,000	243	925,978	1,274,824	2,466,174	947,981	1,022,264	2,421,986	3,366,104	4,242,125	3,472,426	2,237,762
Total Indexed Population		2,198,104	3,069,598	3,256,134	1,765,278	2,220,809	5,368,244	6,876,420	8,723,401	5,532,528	4,334,502
Number of Facilities		4	7	3	5	5	7	5	11	10	6
Number of Ice Sheets		7	14	8	7	8	12	8	21	15	11
Ice Rental Rate Range (Per Hour)		$325-$375	$350-$575	$570-$625	TBC	$225-$400	$345-$475	$275-$425	$550	$395-$550	NA
Cost of Living Index		97.8	96.4	178.8	98.1	99.1	102.2	98.6	102.3	145.1	113.2
Indexed Population per Ice Sheet - (2)		**314,015**	**219,257**	**407,017**	**252,183**	**277,601**	**447,354**	**859,552**	**415,400**	**368,835**	**337,708**
Indexed Population per Ice Sheet - Rank (of Nine)		**6**	**9**	**4**	**8**	**7**	**2**	**1**	**3**	**5**	

Note: NSGA index represents the likelihood that a certain population is more likely to participate in an activity. Higher household income levels translate to a higher index for ice hockey (i.e., an index of 150 means that a population is 150% more likely to participate in an activity).

(1) - Bremerton Ice Center is excluded from the Seattle inventory in this chart due to being located outside the CBSA.

(2) - Indexed population per ice sheet average excludes Atlanta (outlier).

Sources: Esri, NSGA, facility interviews, industry research.

Appendix C2 - Comparable Facilities

Benchmarking Analysis | Comparable Facilities

Summary of Facility Characteristics

Venue	Location	Year Opened	Operator	Capacity - (1)	Hourly Ice Rental Rate	Ice Sheets	Square Feet	Primary Tenant
Proposed Kirkland Iceplex	**Kirkland, WA**	**TBD**	**Seattle Kraken (Proposed)**	**TBD**	**$500-$550**	**2**	**120,000**	**NA**
Kraken Community Iceplex	**Seattle, WA**	**2021**	**Seattle Kraken**	**650**	**$500-$550**	**3**	**172,000**	**NHL**
Baptist Health Iceplex	Fort Lauderdale, FL	2024	Florida Panthers	1,000	TBC	2	140,000	NHL
Tech CU Arena / Sharks Ice at San Jose - (2)	San Jose, CA	2022	San Jose Sports & Entertainment Enterprises	4,200	$625	6	385,000	AHL
Invisalign Arena at WCC	Morrisville, NC	2020	Polar Ice NC	850	TBC	2	115,000	NHL
America First Center	Henderson, NV	2020	Foley Entertainment Group	TBC	$400	2	120,000	AHL
Great Park Ice & FivePoint Arena	Irvine, CA	2019	Anaheim Ducks / Irvine Ice Foundation	2,500	$525	4	280,000	NHL
Centene Community Ice Center	Maryland Heights, MO	2019	St. Louis Legacy Ice Foundation / Oak View Group	2,500	$400	3	277,000	NHL
Ford Ice Center Bellevue	Nashville, TN	2019	Sabretooth Sports & Entertainment, LLC	1,000	$375	2	110,000	NA
UPMC Lemieux Sports Complex	Cranberry Township, PA	2015	Pittsburgh Penguins	1,000	$400	2	185,000	NHL
Ford Ice Center Antioch	Antioch, TN	2014	Sabretooth Sports & Entertainment, LLC	900	$375	2	90,000	NA
Minimum				**850**	**$375**	**2.0**	**90,000**	
Average				**1,393**	**$443**	**2.8**	**164,625**	
Maximum				**2,500**	**$625**	**6.0**	**280,000**	

(1) - Kirkland facility capacity is to-be-determined but assumed to be able to accommodate tournaments. Capacity refers to the seating capacity for the main ice sheet or event floor.

(2) - Excluded from capacity and square foot averages due to including a 4,200-seat traditional arena (205,000 square feet).

Source: Industry research.

Benchmarking Analysis | Comparable Facilities

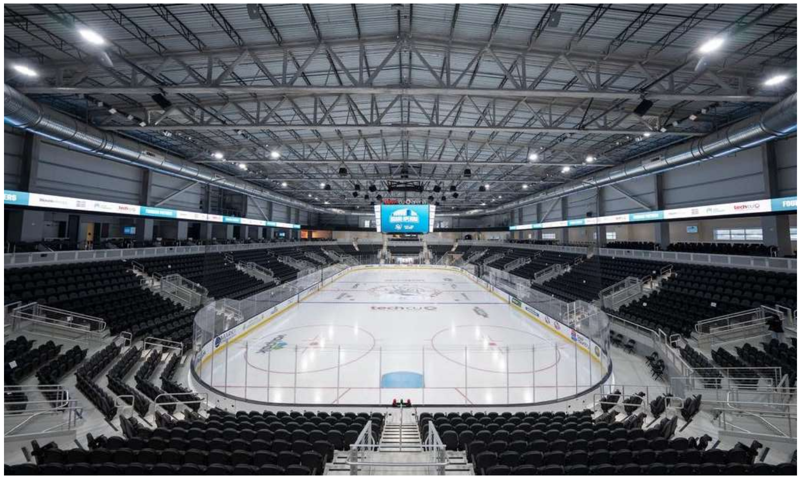
Baptist Health Iceplex (Fort Lauderdale, FL)

- Year Opened: 2024
- Cost: $65 million (reported)
  - Funding: 100% private funds (Panthers' ownership group)
- Owner: Florida Panthers
- Operator: Florida Panthers
- Naming Rights: Baptist Health South Florida (terms not disclosed)
- Number of Ice Sheets: 2
  - Baptist Health Rink (Panthers official practice rink)
  - SeatGeek Rink (community rink dedicated to public skating, youth / adult club hockey, and skating instruction)
- Maximum Capacity
  - Baptist Health Rink: 1,000
- Square Feet: 144,000
- Primary Tenant: Florida Panthers (NHL – Practice Facility)

Benchmarking Analysis | Comparable Facilities

Tech CU Arena / Sharks Ice at San Jose (San Jose, CA)

- Year Opened: 2022
- Cost: $120 million for Tech CU Arena project (reported)
  - Financing details are provided on the following pages
- Owner: City of San Jose
- Operator: San Jose Sports & Entertainment Enterprises (Sharks)
- Naming Rights: Technology Credit Union (10 years / financial terms not disclosed)
- Maximum Capacity:
  - Main Ice Sheet: 4,200
  - Secondary Ice Sheets: 250
- Premium Seating:
  - Luxury Suites: 13
  - Loge Boxes: 8
  - Club Seats: 600
- Number of Ice Sheets: 6
  - Hourly Ice Rental Rate: $625
- Square Feet: 385,000
  - Tech CU Arena: 205,000
  - Sharks Ice at San Jose: 180,000
- Primary Tenant: San Jose Barracuda (AHL – Practice Facility)



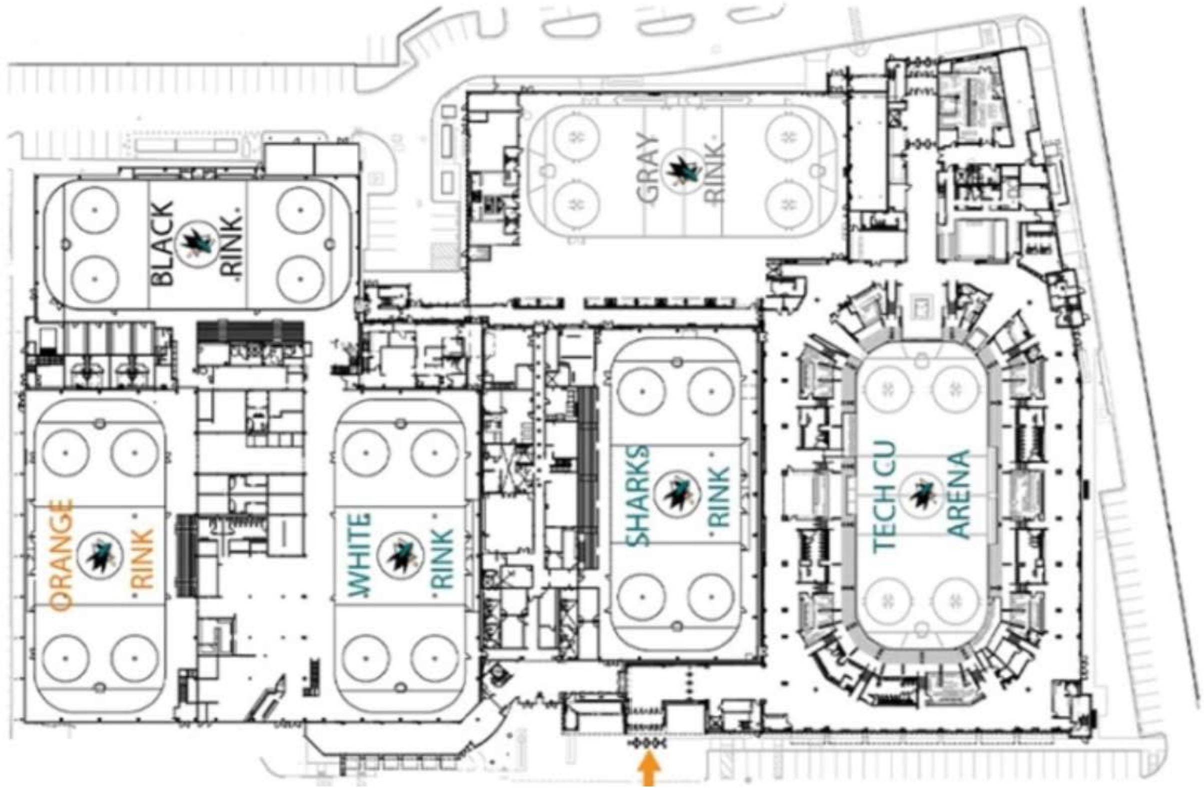
Benchmarking Analysis | Comparable Facilities

Tech CU Arena – 2020 Expansion Details

- The City of San Jose provided $120.0 million to fund expansion of Tech CU Arena (formerly known as Sharks Ice)
  - Project included two new rinks and additional support facilities, as well as refunding $11.2 million in lease revenue bonds (2008E series)
  - Two new rinks included a home for the Sharks AHL franchise, the Barracuda, and a fifth rink for public skating
- The bonds are a general fund obligation, though the City entered into an amended agreement with the Sharks that would be sufficient to cover debt on the 2020B taxable debt service
  - Term of agreement was from October 2020 to June 2051
  - Option to extend the term in three years or more, with a maximum of 25 additional years
  - The Sharks were required to provide the City either an irrevocable letter of credit in favor of the City as the beneficiary or a cash security deposit
  - The Sharks are responsible for all Capital Repairs and Replacement, subject to annual review and approval by the Arena Authority and the City
  - The Barracuda signed a 30-year lease, as did the Sharks for NHL training
- Estimated annual debt service was $8.8 million over the term that the Sharks agreed to pay – bonds have several other important covenants
- According to a report released by the City of San Jose , Sharks Ice generated operating profit of $4.5 million in FY 2017 and $3.9 million in FY 2018, as well as forecasting operating income of $4.2 and $4.5 million, respectively
  - With addition of the arena, an American Hockey League team (highest tier of minor league hockey), and another community ice sheet, net operating income according to a city-produced feasibility study was expected to increase to approximately $10.9, prior to consideration of leases and long-term contracts ($3.1 million) and indirect expenses $850,000 ($13.5 million would be available for lease payments)
    - No figures have been publicly-released since completion of the project

Benchmarking Analysis | Comparable Facilities

Tech CU Arena (San Jose, CA)



Benchmarking Analysis | Comparable Facilities

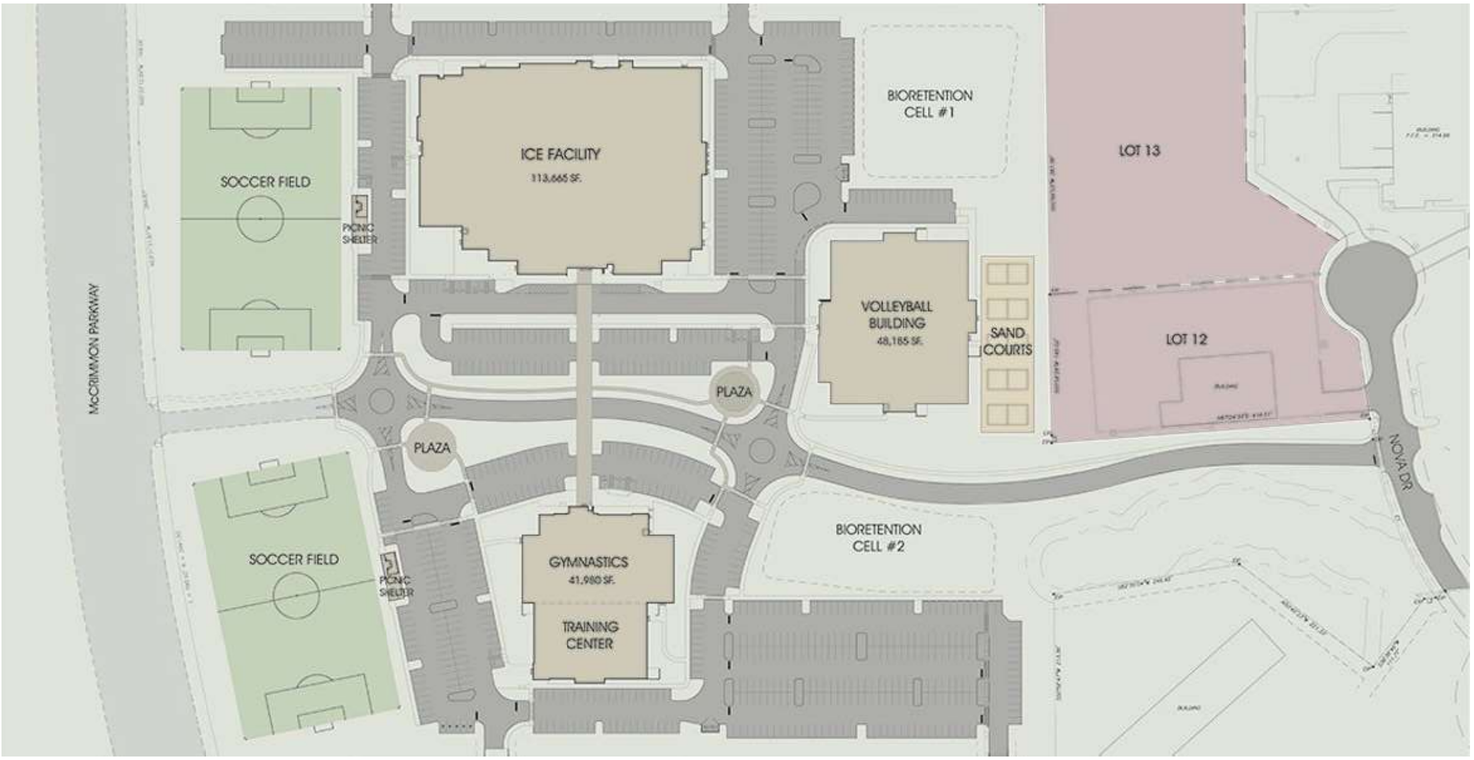
Invisalign Arena at Wake Competition Center (Morrisville, NC)

- Year Opened: 2020
  - Arena is part of multi-sport complex featuring soccer, gymnastics, and volleyball facilities
- Cost (full complex): $30 million (reported)
  - Funding: $3 million from a Wake County tourism grant, remainder financed through private funds
- Owner: Carolina Hurricanes / Ammons Ventures
- Operator: Polar Ice NC
- Naming Rights: Align Technology (terms not disclosed)
- Number of Ice Sheets: 2
- Square Feet (full complex): 115,000
  - Features 12,000-square foot space used solely by the Hurricanes (includes weight room, recovery rooms, indoor track, player lounges, full kitchen, locker rooms, and coaches' offices)
- Maximum Capacity:
  - Main Ice Sheet: 850
  - Secondary Ice Sheet: 850
- Primary Tenant: Carolina Hurricanes (NHL – Practice Facility)

Benchmarking Analysis | Comparable Facilities

Invisalign Arena at Wake Competition Center (Morrisville, NC)

- Facility Map



Benchmarking Analysis | Comparable Facilities

America First Center (Henderson, NV)

- Year Opened: 2020
- Cost: $26 million (reported)
  - Funding: $15.5 million from the City of Henderson, remainder financed through private funds
- Owner: Foley Entertainment Group
- Operator: Foley Entertainment Group
- Naming Rights: America First Credit Union (terms not disclosed)
- Square Feet: 120,000 (includes 6,000-square foot restaurant and 2,000 square feet of retail space)
  - Features eight locker rooms, a freight elevator, and a loading dock
- Number of Ice Sheets: 2
  - Open skate: $10 per person ($3 skate rental fee)
  - Hourly Ice Rental Rate: $400 (includes $75 skate rental package)
- Maximum Capacity (Ice Rink):
  - Main Ice Sheet: 360
  - Secondary Ice Sheet: 360
- Primary Tenant: Henderson Silver Knights (AHL – Practice Facility)

Benchmarking Analysis | Comparable Facilities

Great Park Ice & FivePoint Arena (Irvine, CA)

- Year Opened: 2019
- Cost: $110 million (reported)
  - Funding: 100% private (Irvine Ice Foundation, established by the Ducks owner Henry Samueli to promote ice sports and health and wellness in the region)
- Owner: Anaheim Ducks / Irvine Ice Foundation
- Operator: Anaheim Ducks / Irvine Ice Foundation
- Naming Rights: FivePoint (10 years / $2.18 million)
- Maximum Capacity:
  - Main Ice Sheet: 2,500
- Premium Seating: N/A
- Number of Ice Sheets: 4
  - Hourly Ice Rental Rate: $525
  - General Admission: $24 (includes skate rentals)
- Square Feet: 280,000
- Primary Tenant: Anaheim Ducks (NHL – Practice Facility)

Benchmarking Analysis | Comparable Facilities

Great Park Ice & FivePoint Arena (Irvine, CA)

- Facility Map

Benchmarking Analysis | Comparable Facilities

Centene Community Ice Center (Maryland Heights, MO)

- Year Opened: 2019
- Cost: $83 million (reported)
  - City of Maryland Heights Upfront Contribution: $6.5 million
  - City of Maryland Heights Bond Issuance: $55.0 million
    - 1% Community Improvement District
    - Lease payments (2021) from the St. Louis Blues ($312,145); Mercy Health ($359,982); Lindenwood ($275,000); Blues Alumni Association ($20,000)
    - City of Maryland Heights: Fixed payments are $100,000 in 2019, $150,000 in 2020, and $175,000 in 2021 and onward
  - St. Louis County Port Authority: $2.0 million
  - Missouri Development Finance Board: $2.0 million
  - Other: TBC
- Owner: City of Maryland Heights
- Operator: St. Louis Legacy Ice Foundation / Oak View Group
- Naming Rights: Centene Corporation (10 years / financial terms not disclosed)
- Primary Tenants: St. Louis Blues (NHL – Practice Facility), Lindenwood University Men's / Women's Hockey (NCAA)

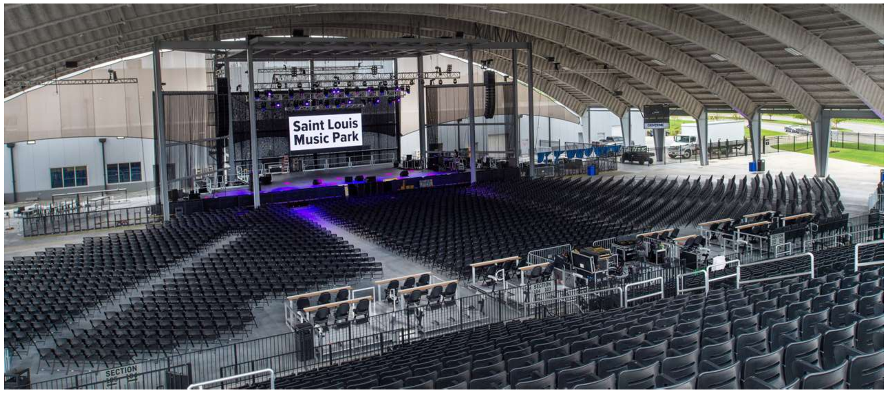
CAA ICON

Centene Community Ice Center (Maryland Heights, MO)

- Maximum Capacity:
  - Outdoor Ice Sheet / Multi-Purpose Venue: 4,500
  - Main Ice Sheet: 2,500
  - St. Louis Blues' Practice Ice Sheet: 750
  - Community Ice Sheet: 400

- Number of Ice Sheets: 4 (Including Outdoor Rink)

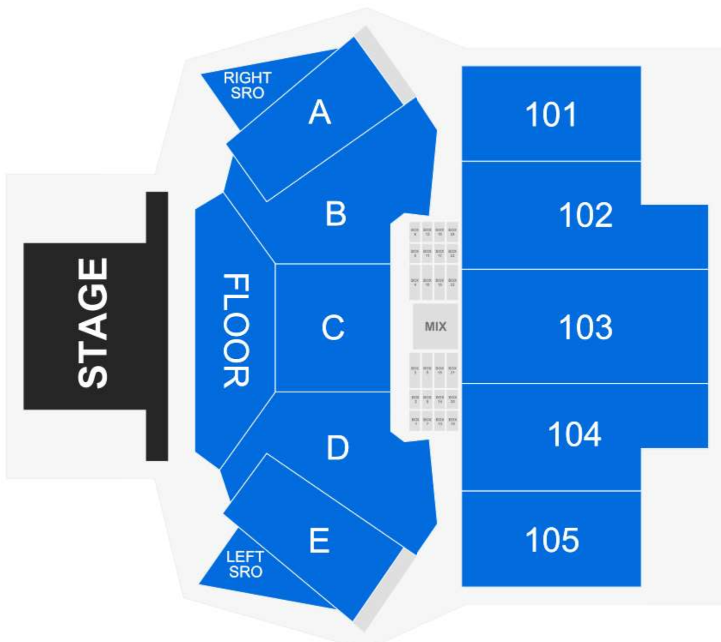
- Square Feet: 277,000
  - Hourly Ice Rental Rate: $400 (includes party room rental)
    - Package requires an additional $200 (minimum) catering order



Benchmarking Analysis | Comparable Facilities

Centene Community Ice Center (Maryland Heights, MO)

- Facility Map



CAA ICON

Benchmarking Analysis | Comparable Facilities

Ford Ice Center Bellevue (Nashville, TN)

- Year Opened: 2019
- Cost: $31 million (reported)
  - Funding: 100% Public (Metro Council capital improvements plan)
    - Sabretooth will make lease payments of $8.0 million over 20 years
- Owner: Metro Sports Authority
- Operator: Sabretooth Sports & Entertainment, LLC (Nashville Predators)
- Naming Rights: Ford (terms not disclosed)
- Maximum Capacity:
  - Main Ice Sheet: 1,000
  - Secondary Ice Sheet: 250
- Premium Seating: N/A
- Number of Ice Sheets: 2
  - Hourly Ice Rental Rate: $375
- Square Feet: 110,000
- Primary Tenant: N/A

Benchmarking Analysis | Comparable Facilities

UPMC Lemieux Sports Complex (Cranberry Township, PA)

- Year Opened: 2015
- Cost: $73 million (reported)
- Owner: University of Pittsburgh Medical Center / Pittsburgh Penguins
- Operator: Pittsburgh Penguins
- Naming Rights: University of Pittsburgh Medical Center (terms not disclosed)
- Maximum Capacity:
  - Main Ice Sheet: 1,000
  - Secondary Ice Sheet: 500
- Premium Seating: N/A
- Number of Ice Sheets: 2
  - Hourly Ice Rental Rate: $470
- Square Feet: 185,000
- Primary Tenants: Pittsburgh Penguins (NHL – Practice Facility), EXCEL Academy (elite youth hockey training academy program)

Benchmarking Analysis | Comparable Facilities

Ford Ice Center Antioch (Antioch, TN)

- Year Opened: 2014
- Cost: $15.65 million (reported)
    - Funding: 100% public
        - $15 million in Metro Sports Authority bonding backed by Bridgestone Arena ticket fees and surcharges
        - $650,000 from Metro Nashville bonding capacity
            - Sabretooth pays annual rent between $250,000 to $350,000
- Owner: Metro Sports Authority
- Operator: Sabretooth Sports & Entertainment, LLC (Nashville Predators)
- Naming Rights: Ford (terms not disclosed)
- Maximum Capacity:
    - Main Ice Sheet: 900
    - Secondary Ice Sheet: 250
- Premium Seating: N/A
- Number of Ice Sheets: 2
    - Hourly Ice Rental Rate: $375
- Square Feet: 90,000
- Primary Tenant: N/A

Appendix C3 -
Comparable Facility Demographics

Benchmarking Analysis | Comparable Facility Demographics

25 Mile Ring Summary

Comparable Ice Facilities Summary - 25 Mile Ring Designation Overview			
Statistical Measure	Proposed Site (Kirkland, WA)	Rank of 10	Comparable Average - (1)
2023 Population (000s)	3,082.5	3	2,384.6
2028 Population (000s)	3,175.1	3	2,436.6
Est. % Growth 2023-2028	3.00%	4	2.74%
2023 Households (000s)	1,235.1	3	898.4
2028 Households (000s)	1,279.4	3	926.7
Est. % Growth 2023-2028	3.60%	5	3.70%
Per Capita Income	$64,607	2	$47,355
Average Household Income	$161,001	2	$123,956
Median Household Income	$112,745	2	$86,038
HHs w/ Income $100,000+ (000s)	696.7	2	383.4
Average Disposable Income	$115,614	2	$89,854
Median Disposable Income	$95,161	2	$69,352
HHs w/ Disposable Income $100,000+ (000s)	594.9	2	311.7
Median Age	39.0	7	39.1
Companies w/ $20mm Sales	1,581	4	1,399
Companies w/ $50mm Sales	729	4	643
Companies w/ 500+ Employees	263	3	225
Fortune 1000 Companies	15	2	14

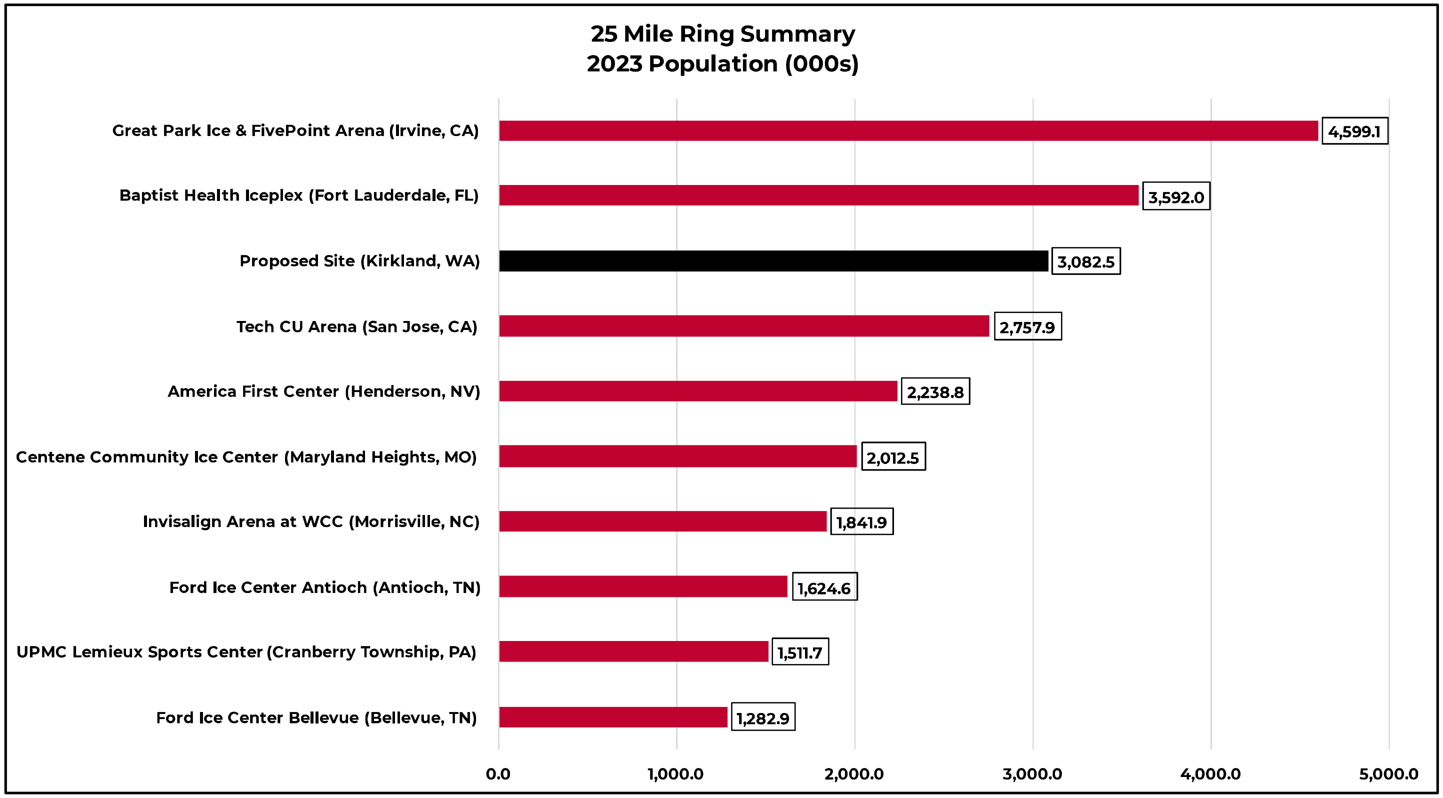
(1) - Average excludes the Proposed Site (Kirkland, WA).

Sources: Esri 2024, Hoovers 2024.

Note: CAA ICON typically provides additional analysis on 50 mile ring demographics when evaluating market demand for a proposed project. However, due to the inventory of local rinks in the Seattle area and demand being influenced by proximity / convenience, greater focus was placed on the 25 mile ring.

Benchmarking Analysis | Comparable Facility Demographics

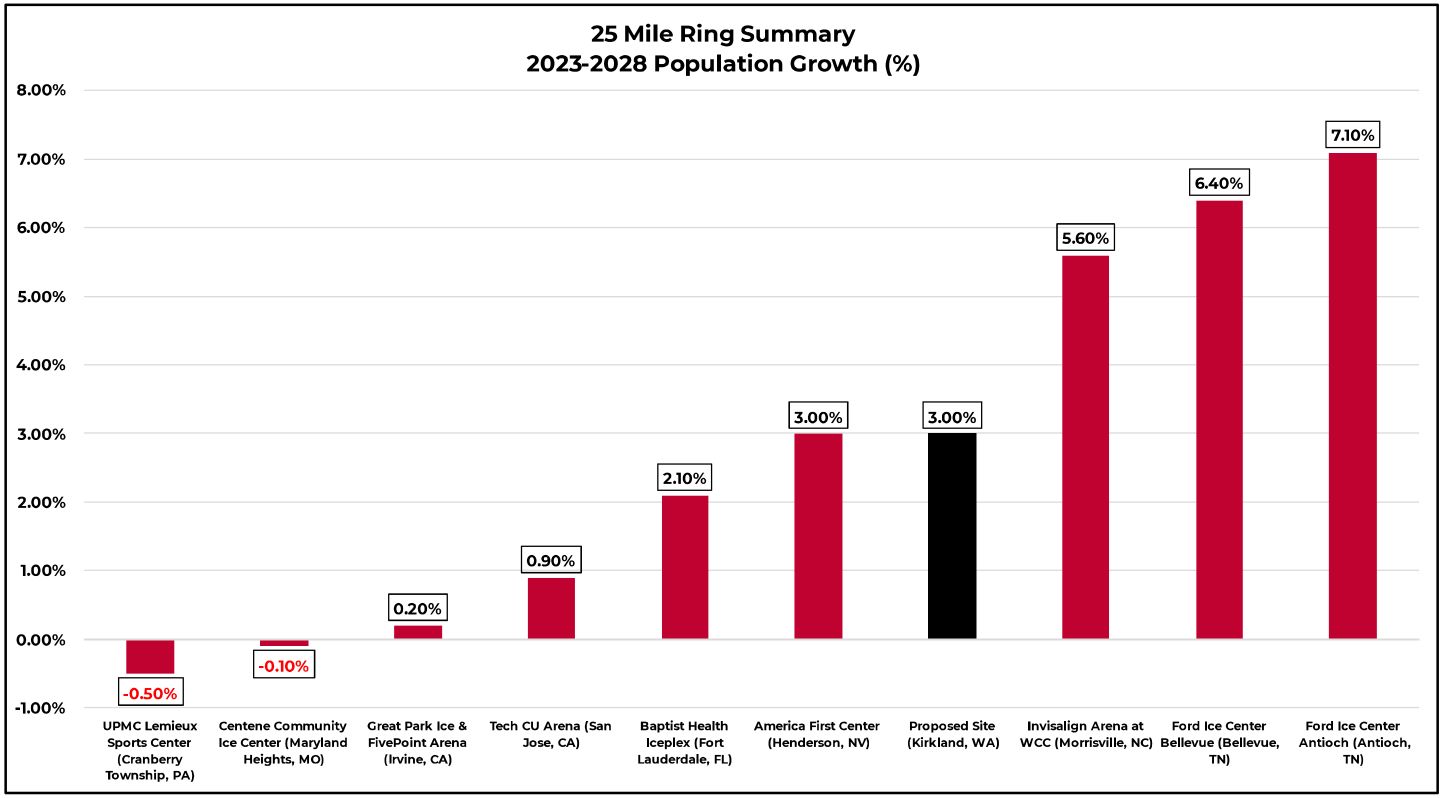
25 Mile Ring (Population)



Source: Esri 2024.

Benchmarking Analysis | Comparable Facility Demographics

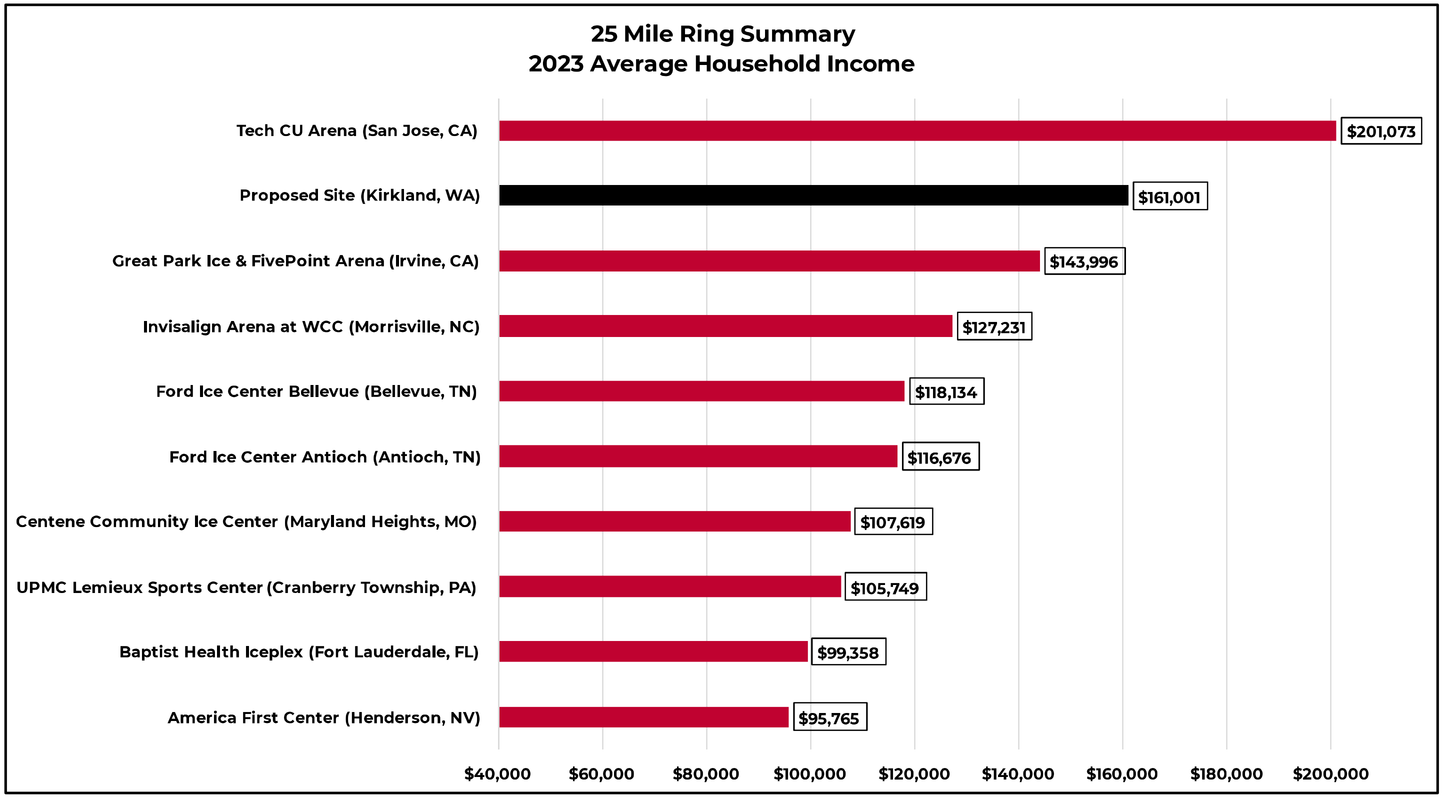
25 Mile Ring (Population Growth)



Source: Esri 2024.

Benchmarking Analysis | Comparable Facility Demographics

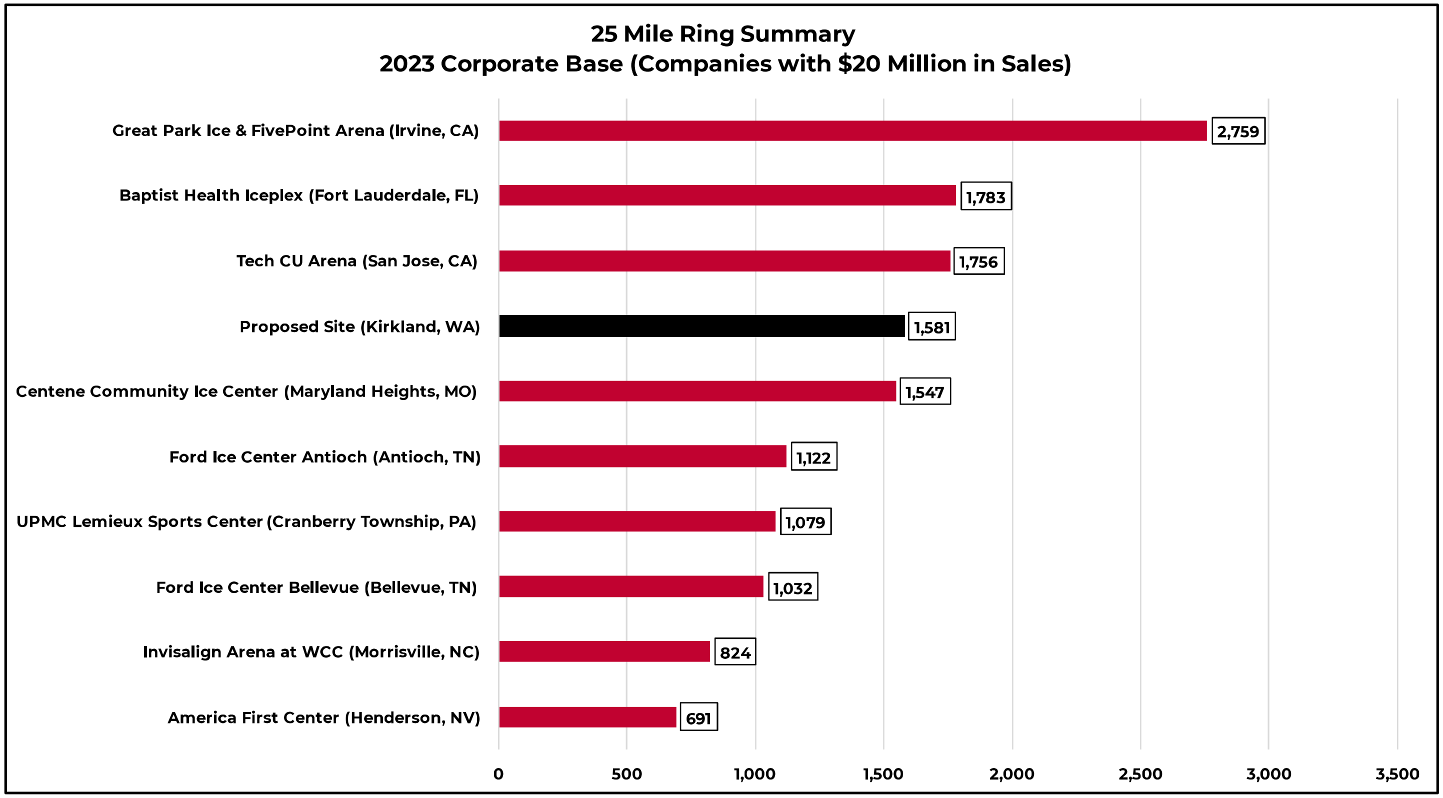
25 Mile Ring (Income)



Source: Esri 2024.

Benchmarking Analysis | Comparable Facility Demographics

25 Mile Ring (Corporate Base)



Source: Hoovers 2024.

Benchmarking Analysis | Comparable Facility Demographics

200 Mile Ring Summary

Ice Complexes Summary - 200 Mile Ring Designation Overview												
Statistical Measure	Proposed Site (Kirkland, WA)	Rank of 10	Comparable Average - (1)	Great Park Ice & FivePoint Arena (Irvine, CA)	UPMC Lemieux Sports Complex (Cranberry Township, PA)	Invisalign Arena at WCC (Morrisville, NC)	Ford Ice Center Antioch (Antioch, TN)	Ford Ice Center Bellevue (Nashville, TN)	Tech CU Arena (San Jose, CA)	Baptist Health Iceplex (Fort Lauderdale, FL)	Centene Community Ice Center (Maryland Heights, MO)	America First Center (Henderson, NV)
2023 Population (000s)	9,830.6	8	16,747.7	24,197.6	23,838.9	19,042.9	18,360.2	16,811.8	16,763.4	15,545.7	9,570.8	6,598.0
2028 Population (000s)	10,089.7	8	16,973.2	24,304.9	23,860.5	19,462.1	18,726.2	17,128.8	16,944.5	16,030.1	9,526.9	6,775.0
Est. % Growth 2023-2028	2.60%	3	1.44%	0.40%	0.10%	2.20%	2.00%	1.90%	1.10%	3.10%	-0.50%	2.70%
2023 Households (000s)	3,812.7	9	6,392.5	8,120.0	9,667.9	7,602.1	7,262.6	6,667.9	5,877.3	6,107.6	3,918.0	2,308.7
2028 Households (000s)	3,937.1	9	6,529.2	8,218.1	9,773.1	7,833.8	7,457.3	6,843.0	5,964.0	6,339.0	3,941.4	2,392.6
Est. % Growth 2023-2028	3.30%	3	2.23%	1.20%	1.10%	3.00%	2.70%	2.60%	1.50%	3.80%	0.60%	3.60%
Per Capita Income	$49,761	2	$39,114	$41,373	$40,740	$37,968	$37,445	$35,608	$50,071	$39,362	$36,098	$33,361
Average Household Income	$128,089	2	$103,023	$122,879	$100,212	$94,678	$94,456	$89,567	$142,416	$100,019	$87,878	$95,105
Median Household Income	$89,654	2	$70,198	$84,925	$67,655	$64,113	$63,917	$61,272	$96,005	$66,470	$60,701	$66,726
HHs w/ Income $100,000+ (000s)	1,735.7	8	2,211.8	3,510.4	3,214.3	2,369.1	2,224.7	1,916.4	2,850.5	1,973.9	1,101.2	745.9
Average Disposable Income (U.S. Only)	$93,716	2	$76,665	$88,035	$74,973	$70,713	$71,703	$68,839	$98,684	$76,948	$66,946	$73,147
Median Disposable Income (U.S. Only)	$72,966	2	$58,327	$68,820	$55,928	$53,082	$53,685	$52,145	$77,879	$56,099	$51,529	$55,778
HHs w/ Disposable Income $100,000+ (000s) (U.S. Only)	1,371.0	8	1,705.0	2,762.7	2,438.9	1,733.2	1,685.9	1,439.0	2,342.9	1,575.1	803.4	563.6

(1) - Average excludes the Proposed Site (Kirkland, WA).
Sources: Esri 2024.

Note: 200-mile geographic ring around the proposed Kirkland site extends well into Canada and encompasses the Vancouver, BC and Victoria, BC metro areas. Canadian population and demographics are excluded from this chart; adjustments made on the following slide.

Benchmarking Analysis | Comparable Facility Demographics

200 Mile Ring Adjusted Summary

Ice Complexes Summary - 200 Mile Ring Designation Overview (Adjusted)												
Statistical Measure	Proposed Site (Kirkland, WA)	Rank of 10	Comparable Average - (1)	Great Park Ice & FivePoint Arena (Irvine, CA)	UPMC Lemieux Sports Complex (Cranberry Township, PA)	Invisalign Arena at WCC (Morrisville, NC)	Ford Ice Center Antioch (Antioch, TN)	Ford Ice Center Bellevue (Nashville, TN)	Tech CU Arena (San Jose, CA)	Baptist Health Iceplex (Fort Lauderdale, FL)	Centene Community Ice Center (Maryland Heights, MO)	America First Center (Henderson, NV)
2023 Population (000s) - (2)	13,092.0	8	16,747.7	24,197.6	23,838.9	19,042.9	18,360.2	16,811.8	16,763.4	15,545.7	9,570.8	6,598.0
2028 Population (000s) - (2)	13,605.7	8	16,973.2	24,304.9	23,860.5	19,462.1	18,726.2	17,128.8	16,944.5	16,030.1	9,526.9	6,775.0
Est. % Growth 2023-2028 - (2)	3.92%	1	1.44%	0.40%	0.10%	2.20%	2.00%	1.90%	1.10%	3.10%	-0.50%	2.70%
2023 Households (000s) - (2)	5,084.7	8	6,392.5	8,120.0	9,667.9	7,602.1	7,262.6	6,667.9	5,877.3	6,107.6	3,918.0	2,308.7
2028 Households (000s) - (2)	5,302.5	8	6,529.2	8,218.1	9,773.1	7,833.8	7,457.3	6,843.0	5,964.0	6,339.0	3,941.4	2,392.6
Est. % Growth 2023-2028 - (2)	4.28%	1	2.23%	1.20%	1.10%	3.00%	2.70%	2.60%	1.50%	3.80%	0.60%	3.60%
Per Capita Income	$49,761	2	$39,114	$41,373	$40,740	$37,968	$37,445	$35,608	$50,071	$39,362	$36,098	$33,361
Average Household Income	$128,089	2	$103,023	$122,879	$100,212	$94,678	$94,456	$89,567	$142,416	$100,019	$87,878	$95,105
Median Household Income	$89,654	2	$70,198	$84,925	$67,655	$64,113	$63,917	$61,272	$96,005	$66,470	$60,701	$66,726
HHs w/ Income $100,000+ (000s)	1,735.7	8	2,211.8	3,510.4	3,214.3	2,369.1	2,224.7	1,916.4	2,850.5	1,973.9	1,101.2	745.9
Average Disposable Income (U.S. Only)	$93,716	2	$76,665	$88,035	$74,973	$70,713	$71,703	$68,839	$98,684	$76,948	$66,946	$73,147
Median Disposable Income (U.S. Only)	$72,966	2	$58,327	$68,820	$55,928	$53,082	$53,685	$52,145	$77,879	$56,099	$51,529	$55,778
HHs w/ Disposable Income $100,000+ (000s) (U.S. Only)	1,371.0	8	1,705.0	2,762.7	2,438.9	1,733.2	1,685.9	1,439.0	2,342.9	1,575.1	803.4	563.6

(1) - Average excludes the Proposed Site (Kirkland, WA).
(2) - Includes Vancouver, BC and Victoria, BC metropolitan areas.
Sources: Esri 2024.

Note: Adjusted 200-mile ring includes metropolitan area populations / households of Vancouver, BC and Victoria, BC. Other demographic measurements are reflective of U.S. population only. It should be noted that CAA ICON identified 37 total ice complexes with one or multiple public NHL-regulation rinks located in the Vancouver, BC and Victoria, BC metropolitan areas.

Appendix D – Review of Financial Projections

Review of Financial Projections | Overview

Overview and Methodology

- CAA ICON's scope included providing review and commentary on the Kraken's estimate of annual financial performance for the Project

- The Kraken's estimates were based, in part, on financial performance at the KCI with adjustments for considerations such as size, operating model, tenants, etc. CAA ICON was allowed to review KCI's financial information for comparative purposes on a confidential basis.

- The Kraken's estimates assume they would operate the facility, which would generate significant shared savings with KCI. In the absence of such an arrangement, expenses would increase and lower the Project's net operating income. This is a material assumption.

- CAA ICON utilized its database of financial performance for comparable facilities to evaluate the reasonableness of estimates using several methods:

    - Net operating income
    - Gross and net revenue and expenses
    - Revenue per rink
    - Programming revenue per rink
    - Gross sponsorship revenue
    - Expenses per rink

- Due to confidentiality considerations, CAA ICON cannot share confidential information on a randomized / anonymous basis due to the direct correlation between number of sheets and revenue

- CAA ICON has characterized the Kraken's revenue and expense estimates as either conservative, slightly conservative, reasonable, slightly aggressive, or aggressive

Review of Financial Projections | Overview

Material Considerations

- CAA ICON considered a range of factors in its review of the Kraken's financial estimates

  - KCI revenues, expenses, and characteristics (confidential)

  - Staffing
    - Kraken staff indicated that the proposed Project would benefit from shared staffing with KCI, which will result in significantly reduced staffing costs for programming and annual operation – this figure is estimated at approximately $1.5 million in cost savings annually over a stand-alone operation

  - Market characteristics
    - Demographics (e.g., population and income levels)
    - Competition
    - Local participation
    - Input from potential facility users

  - Facility size
    - Square feet
    - Number of ice sheets
    - Unique amenities and features, such as reliance on solar energy to reduce utility costs (used at KCI)

  - Cost of living

Review of Financial Projections | Income Statement

Income Statement

Kirkland IcePlex - Pro-Forma Income Statement	Year 1 Forecast	Year 5 Forecast
Gross Revenues		
Sponsorship Revenue	$1,000,000	$1,082,432
Restaurant Revenue	$1,700,000	$1,800,000
Programming Revenues	$4,730,510	$5,231,688
Total Revenues	**$7,430,510**	**$8,114,120**
Cost of Revenues		
Sponsorship	($100,000)	($108,243)
Restaurant	($1,450,000)	($1,529,392)
Programming	($235,611)	($264,729)
Total Cost of Revenues	**($1,785,611)**	**($1,902,364)**
Gross Profit	**$5,644,899**	**$6,211,756**
Indirect Expenses		
Operating Expenses	($1,392,463)	($1,445,920)
Staffing	($1,141,421)	($1,235,511)
Total Indirect Expenses	**($2,533,884)**	**($2,681,431)**
Net Operating Income	**$3,111,015**	**$3,530,325**
Capital Expenditures - (1)	TBD	TBD
Debt Service - (1)	TBD	TBD
Free Cash Flow	**TBD**	**TBD**

(1) - Net operating income could be made available for capital expenditures and debt service though amounts are subject to final agreement terms.
Source: Seattle Kraken (restated by CAA ICON).

Review of Financial Projections | Revenue Assumptions

Revenue Assumptions and Estimates - Review

Kirkland IcePlex - Revenue Estimate Review (Year 5 Projection)					
Revenues	**Gross Revenue**	**Direct Expenses**	**Gross Profit**	**CAA ICON Feedback**	**Commentary**
Programming Revenues				**Reasonable**	CAA ICON adjusted gross programming revenue at comparable facilities on a per sheet basis. The Kraken's estimate for the proposed project is on the upper range of comparable facilities (with the exception of two, including KCI), but is generally reasonable considering KCI's performance, market demographic factors (e.g., income levels), and regional ice hockey participation trends. Estimates for the different programming types, including adult hockey (Kraken Hockey League) and youth hockey, are generally in line with comparable facilities, with the exception of figure skating which appears to be slightly aggressive. Direct expenses associated with programming are on the lower range of comparable facilities; however, Kraken staff indicated that there will be staffing synergies with KCI that will yield approximately $1.5 million in savings. Overall, the programming revenue assumptions and estimates appear to be reasonable.
Events / Activities	$2,287,797	($15,209)	$2,272,588		
Kraken Hockey League	$837,965	$0	$837,965		
Figure Skating Programming	$1,204,341	($172,882)	$1,031,459		
Youth Hockey	$901,585	($76,638)	$824,947		
Total Programming Revenue	**$5,231,688**	**($264,729)**	**$4,966,959**		
Sponsorship Revenue	**$1,082,432**	**($108,243)**	**$974,189**	**Slightly Aggressive**	The Kraken have assumed gross sponsorship revenue of approximately $1.1 million for the proposed project, including naming rights which are estimated at $400,0000-$500,000, annually. These assumptions are higher than most comparable facilities, though much of this is driven by naming rights. Kraken staff has indicated that the assumption was influenced by the visibility of the proposed project site off the I-405 and the corporate base in the market. Assumption for sponsorship fulfillment costs is reasonable at 10% considering industry standards.
Restaurant Revenue	**$1,800,000**	**($1,529,392)**	**$270,608**	**See Note**	Additional due diligence is required on restaurant revenue estimates. However, given its limited contribution to NOI($271,000), CAA ICON has accepted this figure as reasonable in its review of NOI. Based on a review of concessions and food and beverage revenue at comparable facilities, the estimate for gross profit may be conservative.

Note: Figures represent the mature year (year 5) forecast, so general comparisons to comparable facilities could be made. Ice complexes typically go through a maturation period that can take three to five years.

Review of Financial Projections | Expense Assumptions

Expense Assumptions and Estimates – Review

Kirkland IcePlex - Expense Estimate Review (Year 5 Projection)			
Expenses	**Expense Estimate**	**CAA ICON Feedback**	**Commentary**
Office Administration	($584,219)	**Reasonable**	The Kraken have assumed office administration expenses of nearly $600,000 in a mature year (year 5). According to Kraken staff, office administration expenses include credit card fees, insurance, repairs and maintenance, and other miscellaneous expenses. The Kraken's estimate for office / general administration expenses is generally below the range of outcomes at comparable facilities. The Kraken have indicated that there will be synergies with current operations of the KCI (Northgate) and a portion of office / general administration expenses will accrue to KCI.
Utilities	($374,734)	**Reasonable**	The Kraken have assumed utilities expenses of approximately $375,000 for the proposed project. Estimate is based on experience at KCI and assumes cost savings from the implementation of solar and other energy efficient building systems. Estimates for utilities, although on the lower range of comparable facilities, is reasonable when considering the Kraken's experience in the market and planned implementation of solar technology.
General Rink Expense	($77,842)	**Slightly Aggressive**	General rink expense appears to be slightly low based on rink expenses at comparable facilities. The figure is small, so any adjustment would not be material or significantly impact facility NOI.
Taxes	($409,126)	**Slightly Aggressive**	The team's estimate was comprised of property taxes and business and occupation taxes. If the site continues to be city owned then leasehold excise taxes will be due. The leasehold excise tax is approximately $350,000 in year 5 according to a city-produced estimate. The team's estimate could be slightly aggressive as a result.
Total Operating Expenses	**($1,445,921)**	**Reasonable**	The Kraken's estimate for total operating expenses is generally characterized to be slightly aggressive (low), although when considering anticipated synergies in expense sharing and staffing with KCI (Northgate), the estimates are more reasonable.
Staffing Expense	**($1,235,511)**	**Reasonable after Consideration of Shared Staffing with KCI**	The Kraken's estimate for staffing includes 11 full-time-employees (FTEs) dedicated to the Kirkland facility. The estimate is on the lower range of comparable facilities and is considered to be reasonable when accounting for shared staffing with KCI.

Note: Figures represent the mature year (year 5) forecast, so general comparisons to comparable facilities could be made. Ice complexes typically go through a maturation period that can take three to five years.

Appendix E - Economic and Fiscal Impact Analysis

Economic and Fiscal Impact Analysis | Methodology

Overview

- Construction and operation of the Project will generate one-time and annual economic and fiscal impacts to the City of Kirkland

- Economic and fiscal impacts are measured by:

  - Output
  - Employment impacts
  - Labor income impacts
  - Public tax revenues (fiscal)

- Economic impacts are reported in terms of direct, indirect, and induced impacts, which result in total impacts attributable to the Project; fiscal impacts include <u>only</u> direct impacts generated by initial spending

- CAA ICON has performed the analysis for year 5 of operations – figures are presented in present day dollars

- Although assumptions appear reasonable based on current and anticipated market conditions, actual results depend on actions of the venue, management, team, events, and other factors both internal and external to the Project, which frequently vary

Economic and Fiscal Impact Analysis | Methodology

IMPLAN overview

- Regional economic impact model developed by the Minnesota IMPLAN group (IMPLAN)
- Economic multipliers estimate impacts associated with gross expenditures
- Use of multipliers requires identification of each industry or economic event
- IMPLAN combines national averages for industries and production functions with data from the federal government, including:
  - U.S. Bureau of Labor Statistics
  - U.S. Bureau of Economic Analysis
  - U.S. Census Bureau
  - U.S. Department of Agriculture Census
- IMPLAN has identified approximately 546 economic sectors
- IMPLAN provides two different types of multipliers: Type I and Type SAM
  - Type SAM multiplier is utilized in our analysis
    - *Type SAM Multiplier = (Direct Effect + Indirect Effect + Induced Effect) / (Direct Effect)*

Economic and Fiscal Impact Analysis | Methodology

Approach

- Gross expenditure and economic multiplier approach was used to quantify economic impacts
- Gross spending is adjusted (reduced) to estimate net new direct spending generated by the Project (additional discussion herein):
    - **Initial leakage:** Operational or visitor spending occurring outside the City of Kirkland
    - **Displacement or substitution spending**: Spending by visitors that would occur without the presence of the Project
- A portion of each "direct" dollar spent is re-spent, generating additional or "indirect" economic benefits
- Result of process is that $1 in direct spending increases final demand by more than $1 – "multiplier effect"
- Analysis utilizes the IMPLAN Type SAM multiplier:
    - Accounts for the social security and income tax leakage
    - Institution savings
    - Commuting
- Tax impacts were estimated based on current statutory rates and direct spending

Economic and Fiscal Impact Analysis | Methodology

Multiplier Effect

- Introduction of the net new direct spending into an economy begins a cycle in which money is re-spent several times
- Turnover of each $1.00 is projected through use of economic multipliers applied to initial net new direct spending after adjustments
- Multiplier conveys that additional spending into a finite economy will lead to secondary spending
- Cycle continues until initial $1.00 has experienced leakage sufficient to end its economic cycle, including:
    - Purchases outside region
    - Taxes paid outside region
    - Individual savings
- Multiplier illustrates a more realistic image of economic system where direct consumption leads to various levels of indirect consumption

Reporting – Economic Impacts

- There are three types of economic impacts – types below are summed and represent total impact:
  - **Direct Impacts:** Represents the initial change or spending in an economy
  - **Indirect Impacts:** Subsequent rounds of economic activity generated by the initial change
  - **Induced Impacts:** Spending patterns from the labor income that is supported by the initial change
- Economic impacts are reported in terms of three categories:
  - **Output:** The total value of goods and services produced by a final demand industry
  - **Employment:** The total number of jobs (includes both full- and part-time positions) supported by the direct spending
  - **Labor Income:** Earnings that are supported by the initial change; sum of employee compensation (wages and benefits) and proprietor income

Economic and Fiscal Impact Analysis | Methodology

Estimated Multipliers

- Regional economic impact model developed by the Minnesota IMPLAN group (IMPLAN)
- Economic multipliers estimate impacts associated with gross expenditures
- Use of multipliers requires identification of each industry or economic event
- IMPLAN combines national averages for industries and production functions with data from the federal government, including:
  - U.S. Bureau of Labor Statistics
  - U.S. Bureau of Economic Analysis
  - U.S. Census Bureau
  - U.S. Department of Agriculture Census
- IMPLAN has identified approximately 546 economic sectors
- IMPLAN provides two different types of multipliers: Type I and Type SAM
  - Type SAM multiplier is utilized in the analysis
    - Type SAM Multiplier = (Direct Effect + Indirect Effect + Induced Effect) / (Direct Effect)

Economic Multipliers – City of Kirkland

- Type SAM Multipliers for Kirkland are summarized
- Multipliers are dependent on several factors, including the size of the economy under analysis
- Due to Kirkland's economy size, output multipliers are small and are essentially equal to the direct spending amount
    - As an example, for each $1.00 in direct spending in Industry Code 55 (Construction), an additional $.0052 in indirect and induced output is created (multipliers of 1.0052)
    - The same industry code supports 6.59 jobs per million in output and $630,000 in labor income per million in output

City of Kirkland Type SAM Multipliers				
Industry Code	Description	Output Multiplier	Employment Multiplier	Labor Income Multiplier
55	Construction of new commercial structures, including amusement, social and recreational buildings	1.0052	6.59	0.63
60	Maintenance and repair of non-residential structures	1.0086	3.24	0.31
408	Retail - gasoline stores	1.0085	3.37	0.35
409	Retail - clothing and clothing accessories stores	1.0097	5.13	0.33
418	Transit and ground passenger transportation	1.0082	15.15	0.62
470	Office administrative services	1.0212	12.70	1.40
505	Fitness and recreational sports centers	1.0106	17.44	0.48
507	Hotels and motels, including casino hotels	1.0060	5.57	0.31
509	Full-service restaurants	1.0088	8.19	0.40

Note: Employment and labor income multipliers are reported per million of output.
Source: IMPLAN.

Economic and Fiscal Impact Analysis | Methodology

Fiscal Impacts – City of Kirkland

- The following City taxes are applicable to the proposed Project
- Fiscal impacts are calculated only for direct spending; indirect and induced spending patterns generate some level of taxable sales, though such sales cannot be reasonably quantified / estimated
- Most purchases are subject to applicable taxes, though groceries and rideshare are exempt from sales taxes

Fiscal Impact Categories	Base Rate	County Admin Fee	Net
Sales Tax			
General	1.000%	0.150%	0.850%
Prop 1 Sales Tax (Police & Human Services)	0.100%	0.015%	0.085%
Total Direct Sales Tax	**1.100%**	**0.165%**	**0.935%**
Utility Taxes			
Surface Water	7.500%	N/A	**7.500%**
Solid Waste	10.500%	N/A	**10.500%**
Sewer	10.500%	N/A	**10.500%**
Water	13.380%	N/A	**13.380%**
Electric	6.000%	N/A	**6.000%**
Gas	6.000%	N/A	**6.000%**
Hotel Tax	1.000%	N/A	**1.000%**
Leasehold Excise Tax			
Percentage Due of Fair Market Rent - (1)	4.000%	N/A	**4.000%**

Note: County-wide Criminal Justice Sales Tax revenue is nominal and not included.
(1) - The site is city-owned and not subject to property tax. Leasehold Excise Tax is due in its place.

Appendix E1 - Construction Impacts

Economic and Fiscal Impact Analysis | Construction Impacts

Approach

- Construction of the proposed Project will generate significant one-time economic impacts to the City of Kirkland
- Estimated economic impacts are based on a project cost of $52.5 million – a detailed budget has not yet been produced and estimates will change based on the actual budget and final agreements between the Kraken and City
- Construction period expenditures are divided into:
  - Hard costs
    - Labor
    - Materials
  - Soft costs
- Gross construction spending is subject to adjustment to isolate net new direct spending to the City of Kirkland

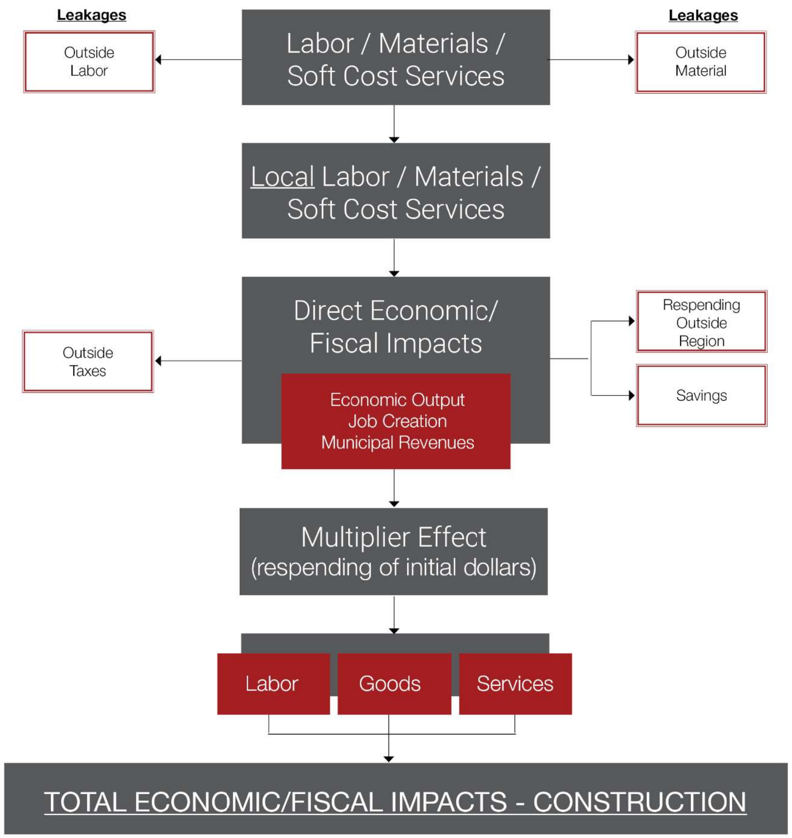
Economic and Fiscal Impact Analysis | Construction Impacts

Flow Chart and Key Adjustment

- The chart summarizes the linkage between initial gross spending and indirect economic impacts from the construction period

- The gross spending is adjusted for **initial leakage** for procurement of labor, materials, and soft cost services procured outside the City of Kirkland

ECONOMIC/FISCAL IMPACT SUMMARY – CONSTRUCTION



Economic and Fiscal Impact Analysis | Construction Impacts

Project Budget Assumptions

Construction Period Spending Assumptions ($ Millions)		
Project Budget		$52.5
	% of Project Budget	
Hard Costs	85%	$44.5
Soft Costs	15%	$8.0
	% of Hard Costs	
Materials	60%	$26.7
Labor	40%	$17.8
Sales & Use Tax Exempt		No

Economic and Fiscal Impact Analysis | Construction Impacts

Net New Direct Spending Summary

Construction Period Assumptions ($ Millions)	City of Kirkland	% of Gross
Spending (Gross)		
Materials	$26.7	
Labor	$17.8	
Soft Costs	$8.0	
Total Spending	$52.5	
Excluded / Non-Local Spending		
Materials	$25.4	95%
Labor	$15.1	85%
Soft Costs	$6.8	85%
Total Excluded / Non-Local Spending		
Net New Direct Spending		
Materials	$1.3	5%
Labor	$2.7	15%
Soft Costs	$1.2	15%
Total Net New Direct Spending	**$5.2**	**10%**

Economic and Fiscal Impact Analysis | Construction Impacts

Economic and Fiscal Impact Results

Construction Period Impact Summary	City of Kirkland
Direct Spending - (1)	$5.20
Economic Impacts	
Output - (1)	$5.23
Employment	35
Labor Income - (1, 2)	$3.27
Fiscal Impacts	
Sales Tax - (3)	$250,000

(1) - reported in millions.

(2) - Includes all forms of employment income, including employee compensation (wages/benefits) and proprietor income.

(3) - Assumes sales and use tax is collected on all construction materials.

Appendix E2 - Recurring Impacts

Economic and Fiscal Impact Analysis | Recurring Impacts

Approach

- Ongoing operations of the proposed Project will generate annual economic and fiscal impacts to the City of Kirkland

- CAA ICON has prepared an estimate of gross spending in two categories:

  - **In-venue operational spending**
    - Gross operational spending estimates are based on the Kraken's income statement for the Project
    - CAA ICON would have used its own projections had it not considered the Kraken's estimates to be reasonable

  - **Out-of-venue participant and spectator (collectively "visitors") spending**
    - Gross spending is estimated based on facility visitors and spending ratios

- Gross spending in each category is subject to adjustments to isolate net new direct spending generated by the Project to the City of Kirkland – additional discussion of adjustments is provided herein

Economic and Fiscal Impact Analysis | Recurring Impacts

Flow Chart and Key Adjustments

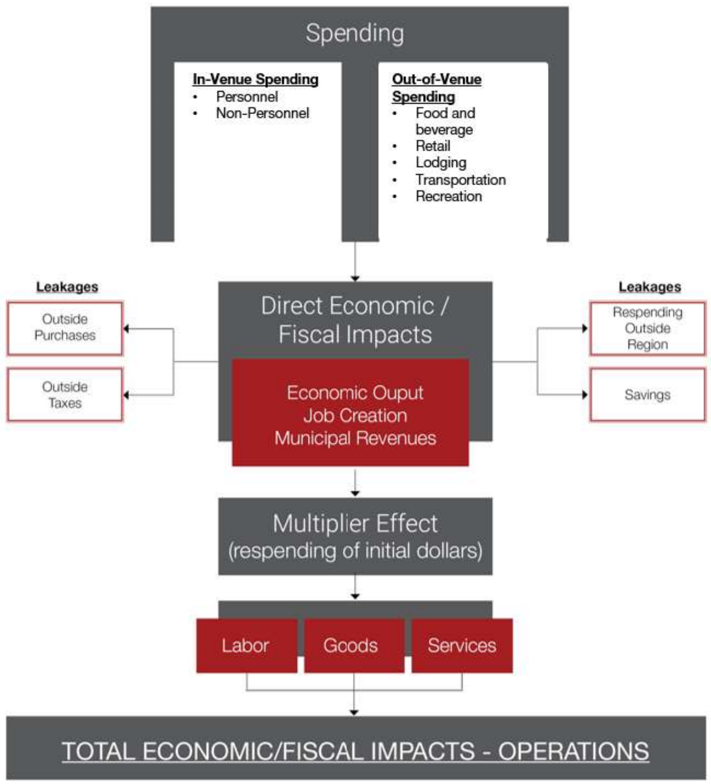
- The chart summarizes the linkage between initial gross spending and indirect and induced economic impacts from recurring operations

- Gross spending in the two categories are adjusted to isolate net new direct spending attributable to the proposed Project

  - Gross in-venue spending is adjusted for **initial leakage** for procurement of goods and services outside the City of Kirkland

  - Out-of-venue spending is adjusted for spending from visitors originating from the City of Kirkland. This spending is considered **substitution spending**.

ECONOMIC/FISCAL IMPACT SUMMARY – OPERATIONS



Economic and Fiscal Impact Analysis | Recurring Impacts

In-Venue Operational Spending

- The Kraken have estimated operational spending at $4.1 million in year 5 – total includes direct and indirect expenses
- CAA ICON has estimated that the City would receive approximately $920,000 in net new direct spending based on a discussion with City officials and Kraken representative regarding local procurement

In-Venue Operational Expense Estimates - Year 5			
	Gross Spending	% Out-of-Market Spending	Net New Direct Spending
Office Administration	$214,219	75%	$53,555
Credit Card Fees	$200,000	100%	$0
Insurance	$120,000	100%	$0
Repairs and Maintenance	$50,000	75%	$12,500
Utilities	$374,734	75%	$93,684
General Rink Expense	$77,842	90%	$7,784
Staffing	$1,235,511	75%	$308,878
Restaurant Cost of Sales	$1,529,392	75%	$382,348
Programming Direct Expenses	$264,729	75%	$66,182
Capital Expenses	TBD	TBD	TBD
Total In-Venue Spending	**$4,066,426**	**77%**	**$924,930**

Note: Taxes ($409,000) are not included.

Visitor Assumptions

- CAA ICON has prepared an estimate of annual visitors to quantify out-of-venue spending
- CAA ICON conferred with the Kraken to develop assumptions for number of participants and teams per sheet, per hour of ice. Spectator estimates are based on ratios per participant. Ratios were developed with input from operators.
- The percentage of non-local visitors will likely be significant given Kirkland's small geographic profile (96,000 out of a CBSA population of 4.15 million – 2.3%).

Participant and Spectator Assumptions

Type	Number of Participants	Teams per Sheet	Total Number of Participants	Spectator Ratio	Total Number of Spectators	Non-Local Origination
Open Skate / Figure Skate / Lessons	12	1	12	1.00	12	70%
League	18	2	36	0.25	9	70%
Tournament - Tier 1	18	2	36	4.00	144	95%
Tournament - Tier 2	18	2	36	3.00	108	90%
Camp	30	1	30	1.00	30	70%
Practice	18	1	18	2.00	36	90%
Hockey	18	2	36	1.50	54	70%

Note: Spectator ratio for Tournament - Tier 1 events is due to the presence of scouts, coaches, etc. at premier events.

Estimated Utilization

- CAA ICON developed a conceptual utilization schedule for the two rinks to estimate attendance
- The utilization schedule is broken into fall and winter, spring, and summer to reflect the different usage patterns on a seasonal basis. A key variable to total visitors is the number of participants on the ice at any given time during weekday day times. Operators have indicated that these totals very significantly and is a primary challenge to estimating attendance.
  - In estimating economic impacts, spending from these visitors contribute very little to net spending since spending ratios or lower or represents substitution spending (local visitors)
- CAA ICON has assumed approximately 12-15 tournaments annually (consistent with KCI), with the majority being Tier 1 tournaments that require overnight stays
  - The Kraken indicated that a high percentage of participating teams require overnight room stays because hockey is in its initial growth stages locally

Conceptual Utilization Schedule			
Period of Day	**Hours**	**Weekday**	**Weekend**
Fall / Winter			
Early Morning	6:00 AM to 8:00 AM	Adult League	Tournament (Mostly Tier 1)
Morning to Mid-Day	8:00 AM to 4:00 PM	NHL team practice, Open Skate, Free Skate, Lessons, Etc.	Tournament (Mostly Tier 1)
Evening	4:00 PM to 9:00 PM	Hockey	Tournament (Mostly Tier 1)
Late Evening	9:00 PM To 11:00 PM	Adult League	Adult League
Spring			
Early Morning	6:00 AM to 8:00 AM	Adult League	Open Skate, Free Skate, Lessons, Drop-In Hockey, Etc.
Morning to Mid-Day	8:00 AM to 4:00 PM	NHL team practice, Open Skate, Free Skate, Lessons, Etc.	Open Skate, Free Skate, Lessons, Drop-In Hockey, Etc.
Evening	4:00 PM to 9:00 PM	Hockey	Hockey
Late Evening	9:00 PM To 11:00 PM	Adult League	Adult League
Summer			
Early Morning	6:00 AM to 8:00 AM	N/A	N/A
Morning to Mid-Day	8:00 AM to 4:00 PM	Camps	Open Skate, Free Skate, Lessons, Drop-In Hockey, Etc.
Evening	4:00 PM to 9:00 PM	Hockey	Hockey
Late Evening	9:00 PM To 11:00 PM	N/A	N/A

Economic and Fiscal Impact Analysis | Recurring Impacts

Visitor Summary

- The total number of visitors is summarized in the table according to season, type of visitor, and area of origination

- Origination type is divided into three categories:
  - Non-local Overnight (least common – Tier 1 or 2 Tournament visitor)
  - Non-local Day Tripper (most common – generally assumed to originate from within the Seattle market)
  - Local (City of Kirkland residents)

- The apportionment of visitors was made based on discussions with Kraken staff regarding operations at KCI, input from operators, and a review of the market's demographic profile

Visitor Summary

Participants	Non-Local Overnight	Non-Local Day Tripper	Local	Total
Fall / Winter	5,419	81,379	33,322	120,120
Spring	309	42,373	16,910	59,592
Summer	154	30,188	16,614	46,956
Total	**5,883**	**153,939**	**66,846**	**226,668**
Percentage	***3%***	***68%***	***29%***	***100%***

Spectators	Non-Local Overnight	Non-Local Day Tripper	Local	Total
Fall / Winter	20,751	81,304	31,169	133,224
Spring	927	41,755	23,345	66,027
Summer	463	36,399	24,133	60,996
Total	**22,141**	**159,459**	**78,647**	**260,247**
Percentage	***9%***	***61%***	***30%***	***100%***

Total Visitors	Participants	Spectators	Total
Fall / Winter	120,120	133,224	253,344
Spring	59,592	66,027	125,619
Summer	46,956	60,996	107,952
Total	**226,668**	**260,247**	**486,915**
Percentage	***47%***	***53%***	***100%***

Economic and Fiscal Impact Analysis | Recurring Impacts

Visitor Total Comparison

- CAA ICON compared its visitor estimates with the reported number of visitors at other facilities nationwide
- Kraken staff indicated that CAA ICON's estimates below are in general alignment with team-prepared internal estimates
- Estimates are for comparative / illustrative purposes only. Operators indicated to CAA ICON that visitors is difficult to track, in many cases is estimated, and is often reported inconsistently from facility-to-facility.

Annual Visitor Comparisons

Facility	Year	Number of Ice Sheets	Total Visitors	Visitors per Ice Sheet
Children'sHealth StarCenter	2018	2	250,000	125,000
Allen Community Ice Rink	2023	1	165,000	165,000
Everett Community Ice Rink	2023	1	224,741	224,741
Proposed Project	**NA**	**2**	**486,915**	**243,458**
Mountain America Community Iceplex	2022 Estimate	1	250,000	250,000
Worcester Ice Center	Annual Average	2	550,000	275,000
Centene Com. Ice Center - (1, 2)	Projection	4	1,100,000	275,000
UPMC Lemieux Center - (1, 3)	2019	2	1,140,000	570,000
TECH CU Arena and Sharks Ice - (1)	2018-19	4	1,306,100	326,525
Average - (3)				**272,747**

(1) - Practice facility for NHL team. May impact number of spectators.
(2) - Projection. Facility has reportedly had lower attendance and may be overstated.
(3) - Excludes UPMC Lemieux Center, which includes a medical clinic. Data is from placer.ai.
Source: Industry research.

Economic and Fiscal Impact Analysis | Recurring Impacts

Visitor Spending Assumptions

- CAA ICON factored in a range of considerations in developing visitor spending assumptions in the absence of a survey:
  - CAA ICON's experience with similar venues and spending ratios at sporting events
  - A review of hotel data to estimate hotel ADRs on the weekend during the winter and fall
  - Several reports that provide estimates of visitor spending, including:
    - *The Economic Impact of Tourism in Washington 2023* prepared by Tourism Economics
    - *Sports Events and Tourism: State of the Industry Report (2021)* prepared by Sports Events and Tourism Association with support from Tourism Economics and NorthStar Meetings Group
- The greatest amount of focus was placed on evaluating tournament attendance and spending ratios for overnight visitors since they comprise the vast majority of out-of-venue spending
- It should be noted that a patron survey for the Project could not be completed since it is not yet in operation and there were schedule restrictions associated with delivery of this report

Economic and Fiscal Impact Analysis | Recurring Impacts

Visitor Spending Research

- Tourism Economics estimated that the average sports traveler spent $75 per day for a day tripper and $317 per person trip for overnight visitors in 2021 (last year available)
- A report completed in 2023 for the State of Washington estimated that overnight visitors (any type) spent $551 per person trip in King County
    - Other Counties had average (unweighted) spending of $308 per person trip
- It is reasonable to assume that potential tournament participants visiting may spend more, on average, due to market characteristics in King County

Sports Traveler Spending by Type (2015-2021)

	Day Tripper	% Change	Overnight	% Change
2015	$69	NA	$332	NA
2016	$71	2.9%	$332	0.0%
2017	$74	4.2%	$344	3.6%
2018	$76	2.7%	$347	0.9%
2019	$79	3.9%	$359	3.5%
2020	$75		$306	
2021	$75		$317	

Source: Tourism Economics.

Overnight Visitor Spending in King County and Washington Counties

	Per party		Average Length
	Per day	Per Trip	of Stay
King County	$501	$1,483	2.96
All Other Average (Unweighted)	$282	$997	3.54
	Per person		**Average Length**
	Per day	**Per Trip**	**of Stay**
King County	$186	$551	2.96
All Other Average (Unweighted)	$88	$308	3.50

Source: Tourism Economics.

Economic and Fiscal Impact Analysis | Recurring Impacts

Visitor Spending Allocation by Category

- CAA ICON compared the allocation of spending in King County and the State of Washington compared to all sports tourism destinations, as well as those throughout Washington State
- Transportation costs in King County on a percentage basis were well above all sports tourism destinations and Washington State (likely due to airfare costs); remaining expenditure categories were relatively similar

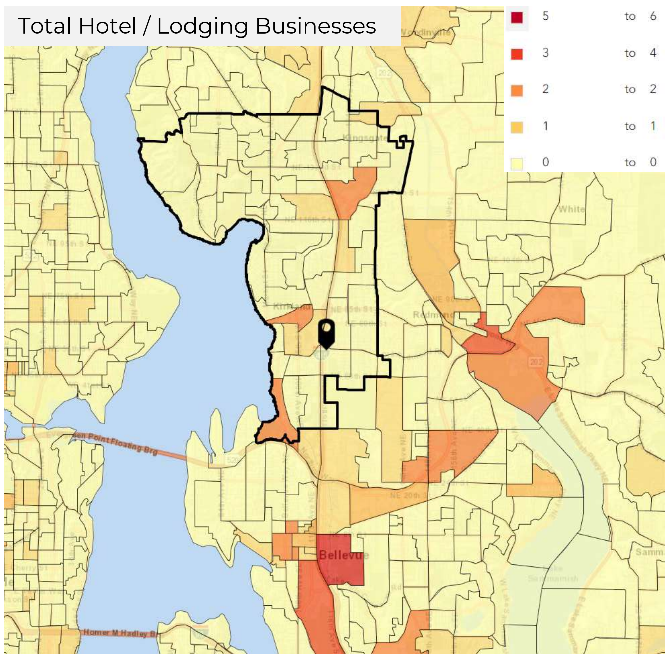
($ billions)	Economic Impact of Tourism in Washington 2023				Sports Events and Tourism: State of the Industry Report (2021)	
Spending Category	State of Washington - All Visitors		King County - All Visitors		Sports Travelers	
Food and Beverage	$5.8	*24%*	$2.4	*22%*	$7.5	*21%*
Retail	$4.3	*18%*	$1.7	*16%*	$5.0	*14%*
Lodging	$5.5	*23%*	$2.0	*19%*	$8.4	*23%*
Transportation	$5.3	*22%*	$3.3	*31%*	$9.7	*27%*
Recreation and Entertainment	$3.0	*13%*	$1.3	*12%*	$5.3	*15%*
Tournament Operations	N/A	*N/A*	N/A	*N/A*	$3.7	*N/A*
Total	**$23.9**	*100%*	**$10.7**	*100%*	**$39.6**	*100%*

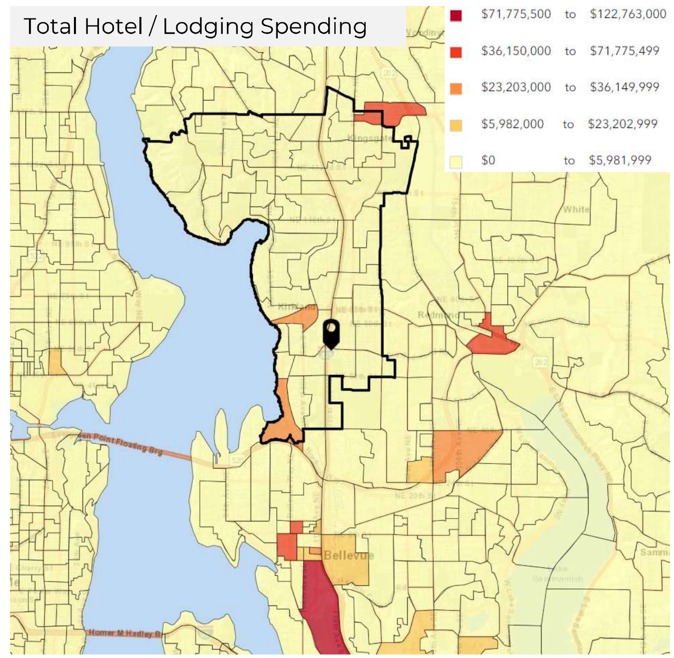
Source: Tourism Economics.

Economic and Fiscal Impact Analysis | Recurring Impacts

Total Hotel and Lodging Businesses / Spending by Block Groups

- CAA ICON reviewed the number of establishments and spending volume for hotel / lodging, restaurant / bar, and retail spending in the area surrounding Kirkland to adjust gross spending for initial leakage
- The maps show the distribution of hotel and lodging businesses – darker shading is representative of areas with more businesses / spending
- The greatest concentration of hotels are outside Kirkland in both Bellevue and, to a lesser extent, Redmond



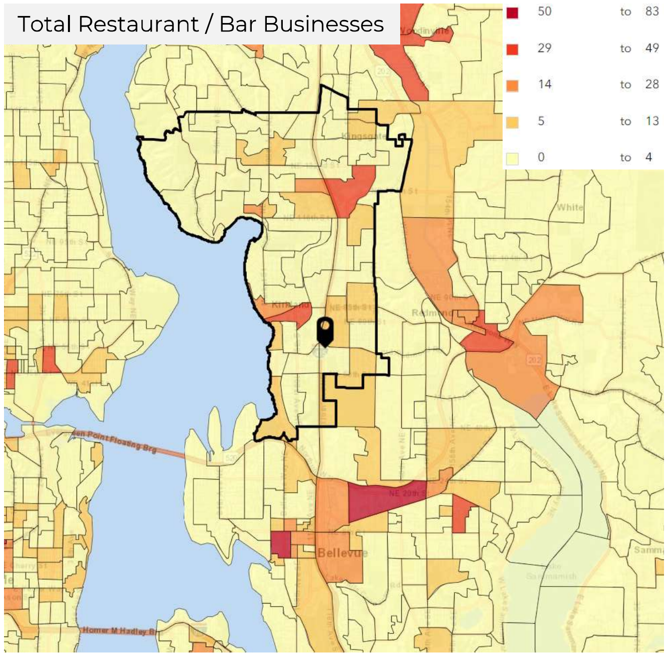


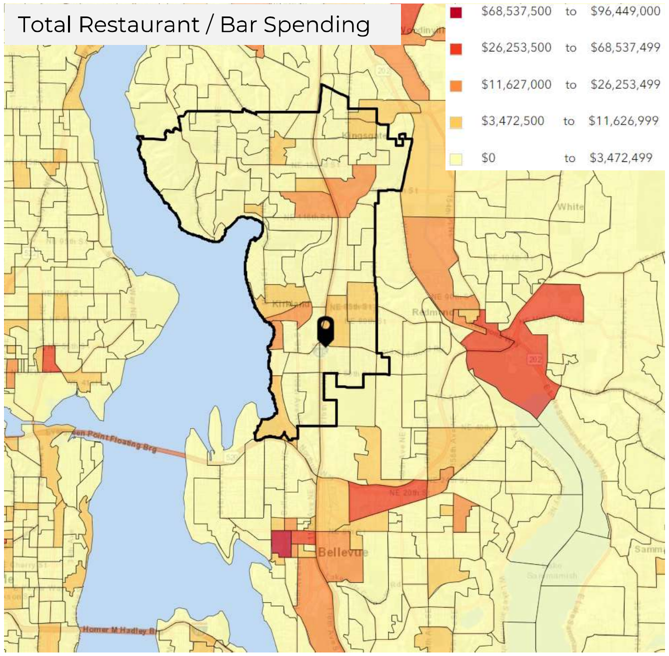
CAA ICON

Economic and Fiscal Impact Analysis | Recurring Impacts

Total Restaurant and Bar Businesses / Spending by Block Groups

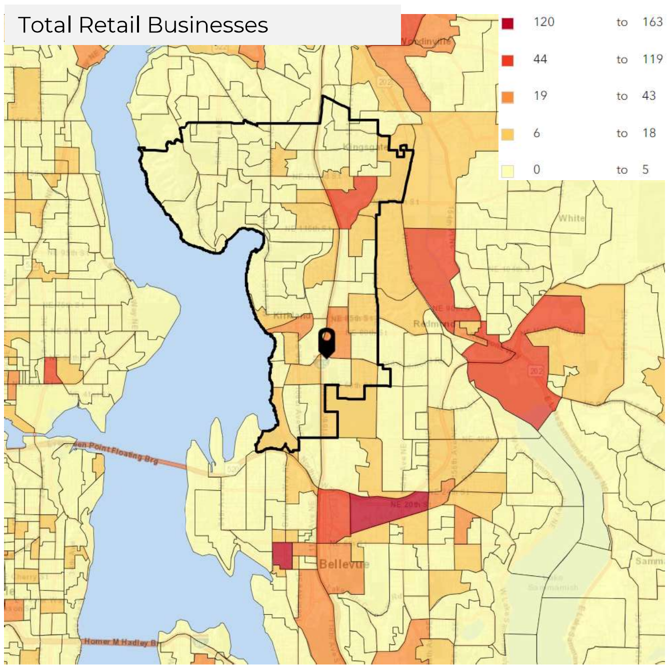
- The maps show the distribution of restaurant and bar businesses and spending in the region – darker shading is representative of areas with a higher concentration of businesses / spending
- Like hotels, restaurant and bar spending is highest in Bellevue and Redmond – the nearby proximity of downtown Kirkland may lead to more in-market spending

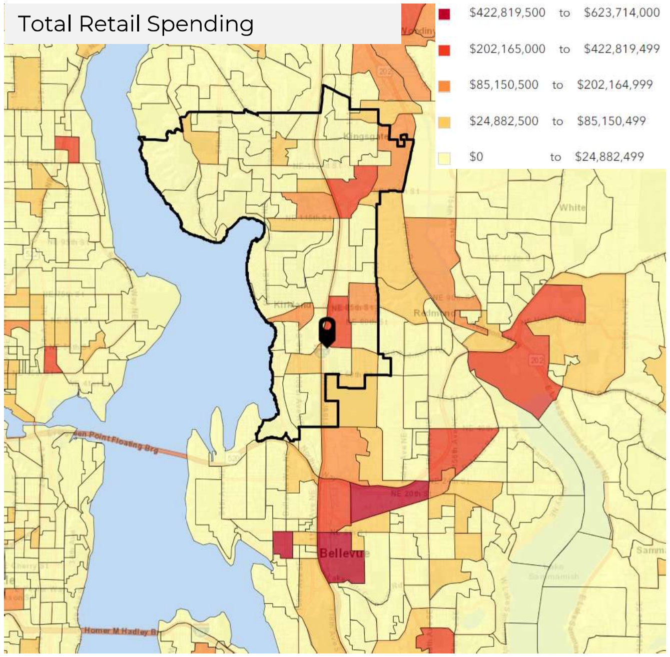




Total Retail Businesses / Spending by Block Groups

- The maps show the distribution of retail businesses and spending in the area surrounding Kirkland – darker shading is representative of areas with a higher concentration of businesses / spending
- Retail spending is highest in Bellevue and Redmond; the area immediately surrounding the proposed Project site is heavily influenced by the presence of car dealerships and likely overstates retail spending adjacent to the venue





Economic and Fiscal Impact Analysis | Recurring Impacts

Visitor Spending Estimates

- Assumptions for per day, per capita expenses by visitor type are summarized
- Non-local overnight visitors represent most of the spending due to the need for accommodations
- Spending assumptions for non-local day trippers and local visitors are incremental spending assumptions resulting from the Project (e.g., a local visitor may elect to spend an incremental $2.50 at a retail establishment for purchase of a sports drink)
- Non-local day tripper and local spending is somewhat nominal given small spending ratios and lack of need for hotels
- Initial leakage assumptions were based on discussions with the City and CAA ICON's review of market characteristics – most spending will occur elsewhere in the region

	Participant Spending Ratios				Spectator Spending Ratios			
	Per Day, Per Capita Estimates	Days In-Market	Persons per Room	Leakage (Out-of-Market)	Per Day, Per Capita Estimates	Days In-Market	Persons per Room	Leakage (Out-of-Market)
Non-Local Overnight								
Restaurant and Bar	$40.00	3.00	NA	60%	$50.00	3.00	NA	60%
Retail	$20.00	3.00	NA	60%	$20.00	3.00	NA	60%
Lodging	$225.00	3.00	3.00	60%	$225.00	3.00	3.00	60%
Transportation	$40.00	3.00	NA	90%	$50.00	3.00	NA	90%
Recreation and Entertainment	$25.00	3.00	NA	75%	$25.00	3.00	NA	75%
Gross per Day Spending	**$350.00**				**$370.00**			
Spending Adjusted for Persons per Room	**$200.00**				**$220.00**			
Total Spending per Visit	**$600.00**				**$660.00**			
Non-Local Day Tripper								
Restaurant and Bar	$2.50	1.00	NA	50%	$2.50	1.00	NA	50%
Retail	$2.50	1.00	NA	50%	$1.00	1.00	NA	50%
Lodging	$0.00	1.00	NA	50%	$0.00	1.00	NA	50%
Transportation	$2.50	1.00	NA	50%	$2.50	1.00	NA	50%
Recreation and Entertainment	$1.00	1.00	NA	75%	$1.00	1.00	NA	75%
Gross per Visit Spending	**$8.50**				**$7.00**			
Local								
Restaurant and Bar	$2.50	1.00	NA	0%	$2.50	1.00	NA	0%
Retail	$1.00	1.00	NA	0%	$0.00	1.00	NA	0%
Lodging	$0.00	1.00	NA	0%	$0.00	1.00	NA	0%
Transportation	$1.00	1.00	NA	0%	$1.00	1.00	NA	0%
Recreation and Entertainment	$0.00	1.00	NA	0%	$0.00	1.00	NA	0%
Gross per Visit Spending	**$4.50**				**$3.50**			

Visitor Gross and Net Spending Summary

Gross and Net Spending				
	Gross Spending		In-Market Spending	
Non-Local Overnight	Participants	Spectators	Participants	Spectators
Restaurant and Bars	$710,000	$3,320,000	$280,000	$1,330,000
Retail	$350,000	$1,330,000	$140,000	$530,000
Hotel	$1,320,000	$4,980,000	$530,000	$1,990,000
Transportation	$710,000	$3,320,000	$70,000	$330,000
Recreation and Entertainment	$440,000	$1,660,000	$110,000	$420,000
Total	**$3,530,000**	**$14,610,000**	**$1,130,000**	**$4,600,000**
	Gross		In-Market Spending	
Non-Local Day Tripper	Participants	Spectators	Participants	Spectators
Restaurant and Bars	$380,000	$400,000	$190,000	$200,000
Retail	$380,000	$160,000	$190,000	$80,000
Hotel	$0	$0	$0	$0
Transportation	$380,000	$400,000	$190,000	$200,000
Recreation and Entertainment	$150,000	$160,000	$40,000	$40,000
Total	**$1,290,000**	**$1,120,000**	**$610,000**	**$520,000**
	Gross		In-Market Spending	
Local	Participants	Spectators	Participants	Spectators
Restaurant and Bars	$170,000	$200,000	$170,000	$200,000
Retail	$70,000	$0	$70,000	$0
Hotel	$0	$0	$0	$0
Transportation	$70,000	$80,000	$70,000	$80,000
Recreation and Entertainment	$0	$0	$0	$0
Total	**$310,000**	**$280,000**	**$310,000**	**$280,000**

Economic and Fiscal Impact Analysis | Recurring Impacts

Net New Direct Spending Summary

Out-of-Venue Visitor Spending ($) Millions	City of Kirkland	% of Gross
Total Spending (Gross)	$21.14	
Excluded Spending		
Residents	$0.59	3%
Spending Outside Market Area	$13.69	67%
Total Excluded Spending	$14.28	68%
Total Net New Direct Spending	**$6.86**	**32%**

In-Venue Spending Assumptions ($ Millions)	City of Kirkland	% of Gross
Total Spending (Gross)	$4.07	
Total Excluded/Non-Local Spending	$3.14	77%
Total Net New Direct Spending	**$0.92**	**23%**

Recurring Operations Assumptions ($ Millions)	City of Kirkland	% of Gross
Spending (Gross)		
Out-of-Venue Spending	$21.14	
In-Venue Operational Spending	$4.07	
Total Spending (Gross)	$25.21	
Excluded/Non-Local Spending		
Out-of-Venue Spending	$14.28	68%
In-Venue Operational Spending	$3.14	77%
Total Excluded/Non-Local Spending	$17.42	69%
Total Net New Direct Spending		
Out-of-Venue Spending	**$6.86**	**32%**
In-Venue Operational Spending	**$0.92**	**23%**
Total Net New Direct Spending	**$7.78**	**31%**

Fiscal Impact Summary

Fiscal Impact Summary

Out-of-Venue Sales Tax Summary

Visitor Spending by Category	Net New Direct Spending	Sales Tax - (1)	Sales Taxes
Restaurant and Bars	$2,000,000	0.9350%	$18,700
Retail	$940,000	0.9350%	$8,789
Hotel	$2,520,000	0.9350%	$23,562
Transportation	$790,000	0.0000%	$0
Recreation and Entertainment	$610,000	0.9350%	$5,704
Total	**$6,860,000**		**$56,755**

(1) - Net of County Administrative Fee.

In-Venue Sales Tax Summary

Category	Gross Spending	Local Adjustment - (1)	Taxable Basis	Sales Tax Rate	Sales Taxes
Programming	$5,231,688	29%	$3,688,826	0.9350%	$34,491
Food and Beverage Sales	$1,800,000	30%	$1,256,035	0.9350%	$11,744
Total	**$7,031,688**		**$4,944,861**		**$46,234**

(1) - Gross revenue apportioned to exclude spending from local patrons and spectators.
(2) - A limited amount of additional taxable sales could take place in the facility. CAA ICON has limited in-venue taxable sales to taxable revenue categories presented by the Kraken.

Hotel Occupancy Tax Summary

Visitor Spending by Category	Net New Direct Spending	Hotel Occupancy Tax	Hotel Taxes
Hotel	$2,520,000	1.000%	$25,200
Total	**$2,520,000**		**$25,200**

Leasehold Excise Tax Summary

	Leasehold Excise Taxes
Fair Market Rent - (1)	$95,500

(1) - Assumption provided by City of Kirkland.

Utility Tax Summary

Category	Net New Direct Spending	Utility Tax Rate	Utility Taxes
Electricity	$181,849	6.000%	$10,911
Water	$54,122	13.380%	$7,241
Gas	$95,254	6.000%	$5,715
Trash	$43,297	10.500%	$4,546
Total	**$374,522**		**$28,414**

Fiscal Impact Category	Totals (Rounded)
Sales Tax	$103,000
Hotel Occupancy Tax	$25,000
Leasehold Excise Tax	$96,000
Utility Tax	$28,000
Total Direct Fiscal Impacts	**$252,000**

Economic and Fiscal Impact Analysis | Recurring Impacts

Economic and Fiscal Impact Results

Recurring Impact Summary	City of Kirkland
Direct Spending - (1)	**$7.78**
Economic Impacts	
Output - (1, 2)	$7.13
Employment	62
Labor Income - (1, 3)	$2.78
Fiscal Impacts	
Sales Tax	$103,000
Hotel Occupancy Tax	$25,000
Leasehold Excise Tax - (4)	$96,000
Utility Tax	$28,000
Total	**$252,000**

(1) - Reported in millions.
(2) - Direct economic output is lower than net new direct spending because retail margins are not considered a direct impact.
(3) - Includes all forms of employment income, including employee compensation (wages/benefits) and proprietor income.
(4) - City-provided assumption. Assumes the City will continue to own the site.

Limiting Conditions and Assumptions

Limiting Conditions and Assumptions

This analysis is subject to our contractual terms, as well as the following limiting conditions and assumptions:

- The analysis has been prepared for internal decision-making purposes of the Client only and shall not be used for any other purposes without the prior written permission of CAA ICON.
- The analysis includes findings and recommendations; however, all decisions in connection with the implementation of such findings and recommendations shall be Client's responsibility.
- Ownership and management of the facility are assumed to be in competent and responsible hands. Ownership and management can materially impact the findings of this analysis.
- Any estimates of historical or future prices, revenues, rents, expenses, occupancy, net operating income, mortgage debt service, capital outlays, cash flows, inflation, capitalization rates, yield rates or interest rates are intended solely for analytical purposes and are not to be construed as predictions of the analysts. They represent only the judgment of the authors based on information provided by operators and owners active in the marketplace, and their accuracy is in no way guaranteed.
- Our work has been based in part on review and analysis of information provided by unrelated sources which are believed accurate, but cannot be assured to be accurate. No audit or other verification has been completed.
- Current and anticipated market conditions are influenced by a large number of external factors. We have not knowingly withheld any pertinent facts, but we do not guarantee that we have knowledge of all factors which might influence the operating potential of the facility. Due to rapid changes in the external factors, the actual results may vary significantly from estimates presented in this report.
- The analysts reserve the right to make such adjustments to the analyses, opinions, and conclusions set forth in this report as may be required by consideration of additional data or more reliable data which may become available.
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- Possession of the analysis does not carry with it the right of publication. It shall be used for its intended purpose only and by the parties to whom it is addressed. Other parties should not rely on the findings of this report for any purpose and should perform their own due diligence.
- Our performance of the tasks completed does not constitute an opinion of value or appraisal, or a projection of financial performance or audit of the facility in accordance with generally accepted audit standards. Estimates of value (ranges) have been prepared to illustrate current and possible future market conditions.
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