

LYNNWOOD PUBLIC FACILITIES DISTRICT
2021 Annual Report to Snohomish County Council Finance Committee

The Lynnwood Public Facilities District (LPFD) mission is to serve as an economic catalyst and provide for public benefits for the community through the development and oversight of the Lynnwood Convention Center (LCC) and the surrounding property. While the Covid-19 pandemic caused significant struggles for the operations of the LCC, we also utilized the combined opportunities of new leadership and major transitions in the hospitality sector to make significant progress in our master planning to redevelop the property and enhance the impact of the LCC on the City of Lynnwood, Snohomish County and the Puget Sound Region.

In 2020, the LCC reduced its staff from sixty-five to four individuals. The LCC lost approximately \$1 million in revenue. While 2021 resulted in increased business once the State mandates allowed large gatherings in June, we still experienced multiple cancellations as the Covid variants circulated. In 2021 we hosted 140 events serving over 21,000 attendees. However, most of the events were still quite small in comparison to previous years which saw 90,000 attendees and \$4 million in revenue. Staffing costs increased dramatically as many industry employees did not return. Given the inconsistent events and labor issues, the bulk of our staffing consisted of contract employees at a much higher rate. These increased costs resulted in another year of revenue losses nearing \$1 million. We are very grateful for the County allocated Cares Act funds to help with capital investments to make our 36,000 square feet of gathering space safer, and the upcoming American Rescue Plan funds to address our labor issues.

While the LPFD has been developing our vision for the property for several years as we anticipate light rail in 2023 and the Paine Field expansions, 2021 was the year for action. We hired Jones, Lang, Lasalle (JLL) as our development consultants. JLL is an international company who are considered the leading consultants in Convention Center operations, in addition to having considerable real estate management, development, and capital financing divisions. JLL is currently assisting with the property management of the current 17 tenants on the property as we prepare for redevelopment. In addition, we are actively engaging private development partners for potential public private partnerships as we move forward in creating an entertainment district with additional retail, housing, and potential office space for the community to live, work and play. Our master planning will also include an expansion of the LCC for a broader diversity of gatherings, including sports and entertainment ticketed events. We plan to increase our own sponsored public events to draw people to the property beginning in 2022. Our market research has determined this is the highest and best use for the property and aligns with the goals of City of Lynnwood Growth Management and City Center planning as well as Snohomish County Tourism investments and goals. Currently we have approved a \$1.2 million capital budget for pre-development planning this year. We have hired our architects and are moving forward with our subcontractors in engineering, advocacy, and geo-tech, while beginning our parking and traffic studies. The LPFD also received \$500,000 from the Dept. of Ecology to aid in planning and clean up of the contaminated soils on our property from a previous dry-cleaning operation.

Our research has also noted the need to shift in our operations approach at the LCC. Market studies demonstrated that while the LCC has considerably more events than like sized venues, we

are not maximizing our potential for economic impact. As a result, we have shifted our key performance indicators to focus on attracting the events that will maximize that impact and investing in tools to both market to new audiences and collect data on our level of success. We have added measurements on diversity, equity and inclusion, sustainability and providing maximum public benefits, in addition to enhancing revenue.

2020 was the end of our contract extensions for our 15-year relationship with our operating contractors at the LCC, ASM Global, before we put it out to bid. We extended this for an additional year given the Covid pandemic and the hiring of a new Executive Director for the LPFD. We completed our Request for Proposals process in 2021 which resulted with shifting our operating contract to Oakview Facilities Group (OVG). OVG is also the operator for Climate Pledge arena, the Northgate Kraken practice facility, and Angel of the Winds arena. We are excited about the prospect of synergies in the region with all these partners. In addition, we have just hired a new General Manager for the LCC with broad experience, most recently as the Director of Sales and Marketing at the much larger Oregon State Convention Center.

2021 was a pivotal year for the LPFD and we expect to finish our designs for our property in 2022 and proceed with our entitlement, financing and possibly begin construction in 2023. We are very excited to be moving forward with revitalizing this property and capitalizing on the other developments in Snohomish County and the new post-covid world.

Respectfully submitted,
Janet Pope
Executive Director
Lynnwood Public Facilities District
jpope@lynnwoodpfd.com