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**LYNNWOOD PUBLIC FACILITIES DISTRICT
2024 Annual Report Narrative
Snohomish County Council Finance Committee**

2024 was a year of expansive growth for the Lynnwood Public Facilities District, now doing business as The District. Gross income and economic impact in the community increased significantly from Lynnwood Event Center (LEC) operations and The District Master Plan made comprehensive progress while we expanded our public benefit offerings.

Generally, The District maintained a strong cash flow, despite, increased maintenance costs for our 1960's era buildings in our retail plaza and the need to subsidize event center operations. We have not needed to tap into our operating reserves in the history of our existence, and we continue to have access to nonrestricted cash well above our reserve levels. We ended the year \$2.6 million above budget which included paying for Master Plan efforts with cash-on hand. Interest income from our Local Government Investment Pool deposits and our investment bonds exceeded budget projections. Please note that in our 2024 financials there was an approximate \$2.2 million adjustment as we moved our Master Plan expenses from our operating account into a capital construction in-progress account given our phase of planning.

Gross income at the LEC has now exceeded pre-covid levels. Increased labor costs and food and beverage costs, impacted the venue's net income, causing an operating loss in 2024. However, economic impact doubled to over \$10 million due to our continued prioritization of events that brought in large groups who stayed overnight, while also patronizing local hotels, restaurants and retail. In 2024, facility rentals increased by 53% and we hosted nearly 60,000 event attendees. We surpassed our goal of 3,500 local room nights by booking 4,435. This was a 30% increase from 2023. We are on track with over \$14 million in economic impact in 2025.

Attendance at our free or extremely low-cost public events, which included art shows, holiday festivals and the very popular Lynnwood Luau, continued to grow. These events have been extremely successful in establishing our building and property as an arts and culture and indoor/outdoor festival hub, as well as attracting private events for indoor/outdoor festivals into the future. Next year (2026) we have booked a multi-day festival that will bring in 4,000 room nights over three days alone.

Please note that The District is rather unique among the 26 State of Washington Public Facilities Districts in that we provide commercial retail spaces to local retailers, businesses and nonprofits. This retail income has sustained us well throughout Covid and considerable Master Plan investments. These retail spaces are aging well past their life cycle but are becoming more difficult to maintain. Net income from this source is reduced each year.



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The District made significant progress on our Master Plan in 2024. The vision is to redevelop our thirteen acres in Lynnwood's City Center into a walkable tourism and entertainment district featuring 400 units of workforce housing, a 300 key hotel, a parking garage, a pedestrian promenade, 100,000 square feet of locally owned retail and a festival street with associated public plazas and a center lawn. In addition, we will double the size of LEC to better meet the needs of our clients and community while tripling our economic impact. The LEC will have an indoor/outdoor 2500-seat concert facility unique to Snohomish County.

In 2024, we expanded both professional services and staffing to tackle creating the future Development Agreement with the City of Lynnwood which enshrines, for fifteen years, the land use agreements on traffic, parking, sound, and more. It also clarifies the plans for the public right of way for streets in our project. This two-year process led to the Development Agreement approved by the Lynnwood City Council in October 2025. In addition, we began the process with the City of Lynnwood to create a Tax Increment Financing District for the Lynnwood city center plan. This was approved by the State in June 2025 and will contribute \$10 million toward the future City-owned "ring road" around the perimeter of our property, in addition to two other city center projects.

Preparing for future financing was also a priority in 2024. The District secured \$400,000 in the State of WA capital budget in 2024 and invested in additional efforts which secured \$1 million for design in the 2025 State legislative session.

We are currently in the process of finalizing our future operating proforma for our project vision and will finalize the capital proforma as we complete schematic design in 2026. Additional current focus includes finalizing our private partners for the hotel and the housing, carefully planning our phasing to accommodate current and future tenants, and expanding our professional services team in preparation for groundbreaking slated for late 2027 or early 2028.

Respectfully Submitted,

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