



Pike Place Market Preservation and Development Authority (PDA)

**ASSET MANAGEMENT COMMITTEE
Meeting Minutes**

**Monday May 14th, 2012
4:50 p.m. to 6:20 p.m.
Atrium Conference Room**

Committee Members Present: Patrick Kerr, John Finke, Jill Andrews, David Ghoddousi, Gerry Kumata, Bruce Lorig

Other Council Members Present: James Savitt, Gloria Skouge

Staff Present: Ben Franz-Knight, John Turnbull, Jennifer Maietta, , Steve Nelson, Joe Paar, Bob Beckstrom, John Macklin, Brittany Farrow, Matt Holland, Dianna Goodsell

Others Present: Joshua Anderson

The meeting was called to order at 5:06 p.m. by Patrick Kerr, Chair

I. Administration

- A. Approval of Agenda.
Patrick requested to add the Heritage House discussion to the agenda at Section V, Item F, in Closed Session. Lease Proposal for Café Yamarka and Proposed Resolution 12-34 were stricken from the Agenda.
The agenda was approved, as amended, by acclamation
- B. Approval of April 9th, 2012 Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments
None

II. Levy Phase III Update

Ben briefly stated there is not a lot to report regarding Phase III of Renovation. He added we are largely complete with all of the major renovation, including completion of the roof work on the Soames Dunn Building. He lastly noted we will be coming back with a resolution relating to the windows on Western next month.

III. Key Issues & Discussion Items

- A. Update on Proposed Capital Projects
 - I. Soames Dunn Reconfiguration-
John Turnbull stated we have received Historical Commission approval for Bavarian Meats and reconfiguration for the Chocolate Factory. He added we will be working with the tenant of Pike Place Chocolate Factory with major work in fundamentally putting her business back together. He lastly noted we are aiming to have a July opening for everyone.

II. Flower Row Stair Removal -

Ben gave an update of the Flower Row Stair Removal, in which he added it may be the final report on the subject. He stated, as it was reported a couple months ago, we were very optimistic there was a thumbs up from the Historical commission to pursue removal of the Flower Row steps. He noted, however after going to the Planning Department with the City of Seattle for review and approval of the Flower Row steps, there would be substantial costs with additional construction to be completed. He reviewed a drawing of the Flower Stair row with the Committee, illustrating to the implications of removing the stairs. He explained that if the steps were to be taken out, installation of an ADA accessible ramp within the area of that space would essentially be required. He added that with the further requirement of a ramp, it would cut off the entrance to the Sound View Café and dramatically alter the entrance into the DownUnder. He stated the new structure would have to be a concrete structure, which would be a significant expense. He concluded, with the removal of the Flower Row steps, we would dramatically compromise the internal functions of that space from the staffs view and potentially compromise the function of Sound View Café; the staff recommendation at this point is to not pursue the project.

There was discussion that followed regarding costs and specifics for the proposed project. Joe Paar noted as of now, the estimated demolition and construction costs would be closer to 200k. He added, after updating the Committee with the status of the Flower Row stair removal, he would like to know if they would still like to still pursue the idea and move forward.

Patrick mentioned he had spoken to the tenants located around Flower Row about the removal of the stairs, in which he was surprised that no one had inquired before; he said all of the tenants were against the removal of the stairs.

Jill commented she does not think we can recoup the costs of the removal of the stairs for a ramp in the next ten years. She added she thought the staff was accurate in recommendation of not pursuing the removal of the stairs on Flower Row.

Patrick concluded for John Turnbull and Joe Paar to provide a basic design of Flower Row with the stairs removed for the next Asset Management meeting. He stated the topic will be placed on hold until next month.

III. Coolers

John stated that with the Renovation, we have lost some of the storage space for the commercial tenants as well as cooler space used for the farmers. He added that we have identified a new space at the end of the 1ST and Pine Building that would be a large enough space for the coolers. He noted that the space we have in mind had been difficult to lease and collect rent in the past. He added we would be generating roughly the same in revenue with the converting cooler space than retail space. He concluded that the issue right now is the cost; with estimation around \$75-80k in upfront costs. He would also need to talk to Historical Commission about the concept.

Ben stated that the genesis for the Cooler project emanated from the Farm Report this year; the additional cooler space would support farmer retention as well as the success of the Market.

There was a brief discussion that followed.

IV. Food Bank Layout

Ben noted that the Food Bank was initially approached several months ago regarding their wish list. He stated we had received some preliminary pricing from the wish list, which totaled roughly 400k. He added that the total wish list costs were much higher than anticipated. The Food Bank was approached again to narrow down the most importance piece from their wish list, which was an expanded waiting area for the public. He presented a rough floor plan of the expanded waiting area design for the Food Bank which would be multipurpose. He said the next step is to pursue bids for the Food Bank waiting area and then come back to the committee tentatively next month.

There was a brief discussion that followed.

B. Parking Agreement with the City & Garage Update

Ben gave a brief update with the Parking Agreement with the City. He stated he thinks he should finally have a contract and resolution by next month. He also noted that the garage was very active during the Mother's Day parking promotion.

Bruce commented on the parking garage; wondering if we should go further with subsidizing parking rates. He added it would be a good idea to hire a parking consultant. He lastly noted that one of the problems with the parking garage is that we are trying to mimic the "pay for" parking garages in the city.

There was a discussion about what the standard should be for parking rates. Patrick noted we do have access with how long people stay and use the garage. He requested to have data for how many merchants and tenants use the garage and the garage usage percentage from the staff.

Jim stated that this issue is on the Strategic Calendar for 2013. He noted his concerns about jumping into the issue now, in which we may not have the appropriate time to follow through.

C. Security Report Update

Patrick gave a brief overview from last month's Quarterly Security Report. He stated the Security staff is doing quite well. He also noted that there were two new security guards that were hired that will help patrol the new female restrooms in the Market.

Bruce had asked why we had hired two more security staff members if there was not an increase in security problems. He also wanted to know why we spend roughly one million dollars in security. He suggested in hiring a Security Consultant to look at our security program and to see if it is cost effective.

Steve Nelson had replied to Bruce's question, stating that they had hired two female officers to patrol and access the female restrooms due to an increase of hard drug usage there. He added it makes sense to increase security if the population is increasing.

Ben commented that first of all there is no crisis regarding the issue of security, but the budget issue should be addressed.

Jill added that she sees no reason to spend more money to hire a consultant. She said she was confident with the report John M gave them last month. She said John M. re-evaluated and responded with the issue at hand; hiring two more officers to address the increased drug use in the new restrooms.

Patrick concluded that he does not see a problem right now.

D. Pike Place Pilot Program Update

Ben gave a brief update on the Pike Place Pilot Program. He stated a problem we are trying to address is with the street congestion. He noted that on May 22nd, there will be a Public meeting to solicit comment and feedback from the market community. He discussed the preliminary outline of the Pilot Program Study.

Bruce L. said we are starting at the wrong place and process for the Pilot Program. He added he is for the overall idea, but wanted to see what we would want to do with the street before testing something out and closing the street.

There was a discussion that followed.

IV. Action Item(s)

A. **Action Item:** Proposed Resolution **12-33:** Authorization for Contract Authority – Residential Common Area Upgrades in HUD – Stewart House

Tyler introduced the resolution which states that the PMPDA has executed a competitive bid process for upgrading the paint, carpet, hardware, and trim. It be requested that the PMPDA Council authorizes the PMPDA Executive Director or his designee to enter into a contract with Contract Hardware in an amount not to exceed \$34,544.54, Sargent Construction Services in an amount not to exceed \$16,720.87, DR Floor Company in an amount not to exceed \$11,338.01, LC Jergens Painting in an amount not to

exceed \$21,360.60, for the execution of upgrading the Residential Common Area paint, carpet, hardware, and trim; Project total not to exceed, \$83,964.02. The funds for this project will be drawn from the Capital Projects Budget, Residential Common Area Upgrades in HUD, Accounting Code 163722-00

Bruce Lorig moved, Gerry Kumata seconded

Approve: Patrick Kerr, David Ghoddousi, Jill Andrews, Gerry Kumata, John Finke, Bruce Lorig,

Against: 0

Abstain: 0

Resolution 12-33 passed unanimously.

James Savitt left at 6:09 p.m.

Proposed Resolutions 12-36 and 12-38 were moved to the conclusion on Section VI, Items D and E.

V. Property Management

A. Residential Property Management Report

John Turnbull briefly updated on the Residential Property Management Report. He stated we are about the same as last month. He said he is meeting with the tenants regarding Section 8; converting those apartments to Market Rate rent in the Sanitary Building.

Closed session began at 6:11 p.m.

B. Closed Session (RCW 42.30.110 [c])

i. Review of Lease Proposals

ii. New Lease - Delve, LLC - 1501 Pike St #300

New Lease - Orange Dracula - 1501 Pike St #319

New Lease - The Comfort Station - 1499 Post Alley

Lease Renewal - Brooke Westlund Studio & Gallery - 1501 Pike St #312B

Lease Renewal - Bohemia Therapeutic Massage - 1515 First Ave

Lease Renewal - Chocolate and Ice Cream Delight - 1916 Pike Place #17

iii. Review of Delinquency Report

a) Vacancy Report

b) Current Lease Negotiations

iv. Open Session: Approval of Lease Proposals

Closed session ended at 6:44p.m.

C. Action Item: Proposed Resolution 12-35: Lease Proposals - May 2012:

Jennifer introduced the resolution which states the Lease Proposals for May 2012 below:

Delve, LLC / Christopher Young, Grant Crilly & Ryan Matthew Smith	3 Years	July 1, 2012
Orange Dracula / Chad Smith	1 Year	June 1, 2012
The Comfort Station / Mercedes Carrabba	5 Years	June 1, 2012
Brooke Westlund Studio & Gallery / Brooke Westlund Studio & Gallery /	1 Year	May 23, 2012
Bohemia Therapeutic Massage / Bo Novak	2 Years	May 1, 2012
Chocolate & Ice Cream Delight	5 Years	April 1, 2012

John Finke moved, Gerry Kumata seconded

Approve: Patrick Kerr, David Ghoddousi, Jill Andrews, Gerry Kumata, John Finke, Bruce Lorig

Against: 0

Abstain: 0

Resolution 12-35 passed unanimously.

D. **Action Item:** Proposed Resolution **12-36:** Authorization for Reimbursement for Installation of HVAC System for the Premises Leased by Delve, LLC

Jennifer introduced the resolution which states that the retail premises being Leased by Delve, LLC known as 1501 Pike Street, Suite 300, being approximately 3,840 of contiguous square feet in the Leland and Fairley buildings, currently has no Heating Ventilation and Air Cooling (HVAC) system, has single paned western facing windows and currently relies on natural open air ventilation making the heating and cooling in the premises hard to control at a constant temperature. The installation of an HVAC system is beneficial to the PDA for current and future use as it will become a fixed asset of the property and for the optimal performance of the tenant's use as a business specializing in culinary education and consulting to be able to adequately operate the cooking studio, classrooms and photo/filming studio. The tenant shall contract and pay for the installation of the HVAC system and has solicited a budgetary proposal for the installation of three vertical chilled water & hot water fan coil units including, equipment to connect to the PDA's hydronic loop system from Merit Mechanical in the amount of \$82,000 but anticipates cost may be as low as \$70,000 plus costs for final wiring connections, programming and any wall ventilation air penetrations; and, The Landlord has agreed, pending PMPDA Council approval, to reimburse Delve, LLC an amount not to exceed \$50,000 towards their costs associated with the installation of the HVAC system. It be requested that the Pike Place Market PDA Council authorizes a tenant improvement allowance to be reimbursed to Delve, LLC for their costs of the HVAC system connecting to the PDA's hydronic loop system to service 1501 Pike Street, Suite 300, servicing 3,840 square feet of space, in an amount not to exceed \$50,000 to be allocated out of the Phase I Other PDA funds set aside for Fan Coil Units in Leland Fairley buildings.

John Finke moved, Gerry Kumata seconded

Approve: Patrick Kerr, David Ghoddousi, Jill Andrews, Gerry Kumata, John Finke, Bruce Lorig,

Against: 0

Abstain: 0

Resolution 12-36 passed unanimously.

E. **Action Item:** Proposed Resolution **12-38:** Authorization for Tenant Improvement Allowance -The Comfort Station

Jennifer introduced the resolution which states that The retail premises currently known as 1499 Post Alley is being developed from non-retail use to retail use and leased to Mercedes Carrabba dba The Comfort Station, pending PDA Council approval, to operate a business providing espresso, ghost and other tours, and related merchandise. The PDA has negotiated a tenant improvement allowance to be reimburse to Mercedes Carrabba dba The Comfort Station an amount not to exceed \$20,000 to include demolition, floor and wall repairs, door modifications, installation of a new window, plumbing and electrical work. It be requested that the Pike Place Market PDA Council authorizes a tenant improvement allowance to be reimbursed to Mercedes Carrabba in an amount not to exceed \$20,000 to be allocated out of Other PDA funds.

John Finke moved, Gerry Kumata seconded

Approve: Patrick Kerr, David Ghoddousi, Jill Andrews, Gerry Kumata, John Finke, Bruce Lorig,

Against: 0

Abstain: 0

Resolution 12-38 passed unanimously.

Closed session began at 6:48 p.m.

F. Heritage House Discussion *Closed Session (RCW 42.30.110 [c])*

Closed session ended at 6:49 p.m.

VI. Items for the Consent Agenda

Resolutions 12-33, 12-35, 12-36 and 12-38 were moved to the Consent Agenda.

VII. Public Comment

None

VIII. Adjournment

The meeting was adjourned at 6:50 p.m. by Patrick Kerr

Meeting minutes submitted by:
Dianna Goodsell, Administrative Services Coordinator