Pike Place Market Preservation and Development Authority (PDA)

FINANCE COMMITTEE
Meeting Minutes

Tuesday, May 15th 2012
4:30 p.m. to 6:00 p.m.
Atrium Conference Room

Committee Members Present: Bruce Lorig, Gerry Kumata, David Ghoddousi, Gloria Skouge

Other Council Members Present:

Staff Present: Ben Franz-Knight, Sabina Proto, Jay Schalow, Brad Reinke, Dianna Goodsell

Others Present:

This meeting was called to order at 4:33 by Bruce Lorig, Vice-Chair

I. Administration
   A. Approval of Agenda
      The agenda was approved by acclamation.

   B. Approval of April 17th, 2012 Minutes
      The minutes were approved by acclamation.

   C. Announcements and Community Comments
      None

Gerry Kumata arrived at 4:36

II. Review of Financial Statements for April 2012
   A. PDA Operating Statements
      Sabina reported on the Operating Statements. She discussed the Balance Sheet and PDA Operating Statement that were reported at the May 8th, 2012 PDA Finance Committee Meeting. She stated that: The Current Assets increased mainly in Unrestricted Cash category which was higher at the end of April; we had to transfer some funds from the PDA Other Funds to the Operating for the capital expenditures spent. Under Miscellaneous Receivable, the amount reimbursable from the City of Seattle was lower in April compared March. The Designated Cash decreased due to the withdraw from the PDA Other Funds Reserve for the work done on several projects. The Restricted Cash increased due to the contribution to Turner Construction Retainage and Debt Service accounts. The Current Liabilities increased mainly in the Accounts Payable category. The Long Term debt decreased due to the monthly payments on loans, mortgage and bonds. She added that our Net Operating Capital increased overall and our Current Operating Result increased from the prior month. The Levy Funds currently received is $ 63.6 million, and the amount received in 2012 YTD is $5.08 million. The Accounts Receivable Activity Report saw a slight increase in account receivables in April, mainly in Daystall due to higher rates during the Shoulder Season.
Sabina reported that the Total Revenue for the end of April 2012 was $4,304,871 or over budget by $115,309, while the Total Operating Expense was $3,129,091 or under budget by $196,396. The Net Operating Result for the end of April is $1,175,780, which means $311,705 over budget. The Net Result after Debt Service & Reserves Annual Budget is $725,335 and the actual YTD is $25,435.

Sabina stated that the Commercial Revenue is over budget by $64,264; the Office rent is under budget because of the unanticipated construction impacts of Phase III Renovation. She added overall there was good performance of the Percent Rent. She stated that the Residential Revenue is under budget because of the high vacancies in the Stewart House and Sanitary Buildings. She reported that The Daystall Revenue is on track overall; the revenue for the North Arcade Lights Event exceeded the budget. She also reported that the Surface Revenue is under budget and the Garage Revenue is over budget by $66,000, which is better than expected. She added that Miscellaneous Revenue is over budget due to a one time contribution from Chase Bank in the amount of $150k. The amount recognized for the year 2012 is $30K. He explained the amount was not budgeted because it was not known at the time of Budgeting.

Sabina stated that the Operating Expenses are under budget in the majority of all the departments. She reported there have been some staffing vacancies, as well as the timing of invoices was different from the budget trending. She also noted the Daystall Expenses were over budget due to the Arcade Lights Event expenditures; the variance is covered by the overage in revenue. She stated that the Percent Rent spreadsheet presents the performance of the percent rent, which is $66,000 over budget YTD. The Capital Reserve Status Report represents the amount contributed to the reserve, and the amount spent year to date out of the capital reserve.

A brief question and answer period followed.

Ben noted that the Management budget would go up slightly due to the Senior Project Coordinator position starting sooner than projected.

Bruce L and Gerry had commented on the expenses for the Arcade Lights Event, noting to keep that in mind in planning for next year. Ben had added that the bulk of the Arcade Lights expenditures were for Marketing related costs.

B. Checking Account Accountability
The Checking Account Activity Report was distributed to Dianna Goodsell, Administrative Services Coordinator.

III. Other Reports and Action Items
None

IV. Staff Reports
A. Summary report on Resolutions approved at the May 14th, 2012 Asset Management Committee Meeting
Ben said he will meet with Matt this Friday on this issue due to his absence from tonight’s meeting.

B. Discussion about approaches to the Budget
This item will be moved to next month’s Finance Agenda due to Matt Hanna’s absence.

V. Items for the Consent Agenda
None

VI. Public Comment
None

VII. Concerns of Committee Members
Bruce had brought up a concern regarding security operating costs and whether we were paying the appropriate amount for security; he had first addressed this concern at the May 14th Asset Management meeting. He stated we are doing a good job with security but was curious to know if it was possible to do the same job with lesser costs. He noted it would be sensible to have a security expert to come in and assess the Market’s security program. He moved that we hire a Security Consultant to evaluate the Market’s current Security Operations.

Gerry proposed an alternative to Bruce’s motion in hiring a Security Consultant. He added he would like to know how we determine security staffing needs for the Market; he motioned to have the staff provide the committee a report on Management Operations; the topic will be placed on next month’s Finance agenda.

Gerry Kumata motioned, David Ghoddousi seconded
For: Gerry Kumata, Bruce Lorig, Gloria Skouge, David Ghoddousi,
Against 0
Abstain: 0

The motion passed unanimously by a vote 4-0

VII. Adjournment
Meeting was adjourned at 5:06 p.m. by Bruce Lorig, Vice-Chair.

Meeting minutes submitted by:
Dianna Goodsell, Administrative Services Coordinator