



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE COMMITTEE
Meeting Minutes**

**Tuesday September 25th, 2012
4:30 p.m. to 6:00 p.m.
Atrium Conference Room**

Committee Members Present: Matt Hanna, Bruce Lorig, Ann Magnano, David Ghoddousi, Gloria Skouge

Other Council Members Present: Betty Halfon

Staff Present: Ben Franz-Knight, Sabina Proto, Jay Schalow, Erica Bates, Dianna Goodsell

Others Present: Rolf Trautmann

The meeting was called to order at 4:31 p.m. by Matt Hanna, Chair.

I. Administrative

- A. Approval of the Agenda
The agenda was approved by acclamation.
- B. Approval of the August 21st, 2012 Minutes
The minutes were approved by acclamation.
- C. Announcements and Community Comments
None

II. Review of the Financial Statements for August 2012

A. PDA Operating Statements

Sabina Proto discussed the Balance Sheet and PDA Operating Statement ending for the Month of August. Under Current Assets there is minimal change on the Unrestricted Cash Balance. She reported the following: The Designated Cash decreased due to the fund transfers out of the Capital Reserves for the expenditures related to capital projects. 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. The Net Operating Capital had increased overall. Current Operating Result increased from the prior month and the Levy Funds received in total as of today is \$ 64.67 million; amount received in 2012 YTD is \$6.12 million. Under the Accounts Receivable Activity Report accounts receivable decreased during July, mainly in the Commercial category.

Sabina Proto reported under the Accounts Receivable Activity Report, the accounts receivable increased in August mainly in the Commercial category. The Total Revenue for the end of August 2012 was \$9,438,456 or over budget by \$96,924. The Total Operating Expense was \$ 6,765,541 or under budget by \$ 340,771. The Net Result for the end of August was \$ 2,672,915 which is \$ 437,695 over budget. The Net Result after Debt Service & Reserves: Annual Budget was \$655,616, and the actual YTD amount exceeds the budget by \$437,695.

Sabina Proto presented the Revenue in the Operating Statement and stated that the Commercial Revenue is over budget by \$ 33,663. She added overall there was good performance of the Percent Rent. She had noted that however, the Office Rent is under budget because of the unanticipated construction impacts of the Levy Phase III. She also noted that one of the ATM's is not operational and that no rent has been collected for this year. The Residential Revenue variance was positive because of the impact of the budget revisions implemented in July and considerable decrease on vacancies. The Daystall Revenue had better sales in the Crafts area resulting in less days needed; under Farmers, there were some predominant farmers who had left in combination of a late start to the season. To finish, the Surface and Miscellaneous Revenue is in track and the Garage Revenue is over budget by \$ 74,000 which is better than expected.

Sabina Proto lastly reported that the Operating Expenses are on track in some departments and under budget in others. She reported there have been some staffing vacancies, as well as the timing of invoices was different from the budget trending. She noted that the Percent Rent spreadsheet presents the performance of the percent rent, concluding that the Percent Rent is over budget by \$59,000. She lasted reported that the Capital Reserve Status Report represents the amount contributed to the reserve, and the amount spent year to date out of the capital reserve.

There was a brief discussion that followed.

David Ghoddousi inquired about receiving specific Daystall data from the tenants and staff. David had also asked about the farmer's success with the Satellite markets and if all farmers have the opportunity to participate in the Satellite markets.

Ben Franz-Knight commented on the Daystall Revenue trending, correlating that the decrease in attendance by vendors amounts to less attendance fees collected by the PDA. He also noted that there are two separate issues regarding the Daystall merchants and farmers; there would be more in-depth discussion at the Full Council Retreat.

III. Checking Account Activity Report

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

V. Other Reports and Action Items

None

VI. Staff Reports

A. Discussion Regarding Options for the PDA Pension Plan

Rolf Trautmann from TM&A presented the Discussion of Retirement Plan Options for the PDA Pension Plan. He distributed a copy of the Retirement Plan options, which has been included with these minutes. He discussed a summary of the current retirement plan program and provided options for the Pike Place Market in restructuring the Retirement Program. The options for restructuring the current Retirement Program include: Moving the Profit Sharing Plan to a daily valued plan, making employer matching contributions to encourage employee deferrals and termination of the Profit Sharing Plan.

There was a discussion that followed.

Gerry Kumata inquired about employee alumni accumulating to the pension plan and the need to plan for further costs in the future with the accumulations.

Bruce Lorig noted that we should have a quarterly statement for the Retirement Program.

Matt Hanna noted to have Ben Franz-Knight to include estimates in the budget for the total costs for the Retirement Program options. He also inquired about staff access to their plan in comparison with the DRP and Profit Sharing Plan.

B. Budgetary Review of Proposed Spending Resolutions

None

C. Capital Projects Spending Status

Sabina Proto passed out a chart regarding the Capital Projects spending status. Ben reviewed the Capital Status spending chart and provided an update on where we are with the costs and allocation of the funds. He noted that we are in the process of prioritizing the capital projects. He also added that there should be a resolution before the end of the year for the capital projects assessment. A copy of the Capital Projects Spending Status chart has been included with these minutes.

D. 2013 Budget Process Update

Ben gave a general overview on the approach to the budget this year. He stated that this year's budget would be conservative compared with last year's budget, especially with PCI-North in process. Sabina Proto informed the committee that the budget process has begun. She reviewed the upcoming budget process schedule, also noting that next month's meeting will start at 3:00 pm. She reviewed important budget dates which as follows:

- Tuesday, September 25th PDA Finance Committee Regular Meeting: Budget discussion, goals and direction with the Finance Committee council members.
- Tuesday, October 9th Community Budget Meeting: PDA staff will give an overview of the 2013 programs, discuss the opportunities and challenges that will affect the 2013 budget, and hear the public's ideas and comments on Market needs that affect the budget.
- Tuesday, October 16th PDA Finance Committee Regular Meeting: Presentation of 2013 Proposed Final Budget.
- Wednesday, November 7th Special Finance Committee Meeting Budget Discussion & Public Comments: Finance Committee members and staff will discuss recommended changes to the 2013 Budget as presented to the FAM Committee on 10/16/12. The Committee will also hold a public hearing for tenants and the public to ask questions make comments or offer suggestions on the 2013 Proposed Budget.
- Tuesday, November 20th PDA Finance Committee Regular Meeting: Additional public comment and report on public dialogue feedback; Finance Committee discussion and direction provided to the PDA staff for recommended changes to the 2013 Proposed Budget. The Finance Committee adopts the final recommended 2013 Budget and Budget resolutions for consideration by Full Council.
- Thursday, November 29th Regular PDA Council Meeting: The full PDA Council reviews the Finance & Asset Management Committee recommendations and adopts the 2013 Final Budget.

There was a brief discussion that followed.

Gerry Kumata noted that many of the capital investments projects will need to be maintained and hopes to have these items budgeted; we should be funding a central plan for this category.

Bruce Lorig noted his concerns with the Security department staffing and operations costs. He would still like to have a consultant brought in to evaluate the current Security program and efficiencies.

Matt Hanna inquired to Ben Franz-Knight about the costs and process for hiring a security consultant. He added that he is in favor of examining the security operations from an outsider's perspective; the question is the costs. He also noted that it would be helpful to know from an experienced professional how the security department works.

Ben Franz-Knight stated that the questions asked by the committee members were good. He added that the members should identify ways for all of the departments to be more efficient. He encourages the committee to challenge all of the departments, not isolating just one.

E. Review of Financial Resources for PCI-North Project

Ben Franz-Knight briefly reviewed the financial resources for the PCI-North Project. He noted that the Seattle city mayor released the budget in which more money is allocated total, but less allocated for the year 2013. He stated that the budget will need to be shifted.

VII. Items for the Consent Agenda

None

VIII. Public Comment

None

IX. Concerns of Committee Members

None

X. Adjournment

The meeting was adjourned at 6:06 p.m. by Matt Hanna

Meeting minutes submitted by:
Dianna Goodsell, Administrative Services Coordinator