



Pike Place Market Preservation and Development Authority (PDA)

COUNCIL MEETING MINUTES – November 17th, 2011

Council Members: Patrick Kerr, Matt Hanna, Gloria Skouge, Jill Andrews, David Ghoddousi, Ann Magnano, Jim Savitt, Bruce Burger, Bruce Lorig, Gerry Kumata, Jackson Schmidt, John Finke

Staff Present: Ben Franz-Knight, Ryan Yale, Teri Wheeler, Steve Nelson, Ryan Hostetler, Matthew Holland, Jay Shallow, Scott Davies, Marlys Erickson, John Turnbull, Jennifer Maietta

Others Present: Bob Mussina

The meeting was called to order at 4:00 p.m. by James Savitt - Chair.

I. Administration

- A. Adoption of Agenda
The amended agenda was approved by acclamation
- B. Review and Approval of Minutes of October 27th, 2011
The minutes were approved by acclamation

II. Public Comment Including the Market Community

Bob Mussina commented waterfront development and the Market's involvement and he stated he was attending the meeting to get more information.

III. Reports and Information Items

- A. Council Chair Report
Jim discussed this month's agenda and stated there will be a parking presentation, discussion and resolution on the Operating Budget, a waterfront update, and a summary of the Annual retreat. He added that on next month's agenda there will be a Trademark discussion, the Annual plan for 2012, and an update on the waterfront, which will include preliminary drawings and design concepts for PC-I.
- B. Executive Director's Report
 - I. Update on Phase III Renovation
Ben commented on the ED report and he stated that it has been revamped to be a mechanism for staff, the public, and Council to track our progress. He noted that the ED report will work as a concise summary of the prior month's activities and the committee meetings. Ben gave an update on the Phase III Renovation and noted that the power shut down in the Economy Building went very well and finished ahead of schedule. During this shut down period there were electrical and plumbing upgrades, relocation of conduit and seismic upgrades over the course of a 72 hour period. Ben commented on the Stewart House renovation has posed some unanticipated challenges such as substantial water damage and unforeseen seismic deficiencies. He noted that despite a delay of nearly two weeks, he does not expect it to be a problem due to adequate reserves and contingencies. Ben commented on the Holiday marketing parking program, which will run from December 1st through the 15th and will provide two hours of free parking if you spend \$30 or more in the Market. The

promotion will also be promoting “hand made for the holidays” to encourage shopping in the Market by distributing Market sponsored buttons throughout the downtown area.

2. Update on Waterfront
Ben gave an update on the progress of the Waterfront, PC-I and the Elliott/Western Connector. He noted there have been a number of very good meetings with SRG Partnership and the Waterfront Redevelopment Committee. He added that SRG has achieved an excellent analysis of the PC-I site, including the full capacity for building and the number of restrictions in place from zoning, views and the tunnel. He stated that over the next few months the PDA and WRC will be working towards deciding the core program, conceptual design for PC-I, and adjacent spaces interact and connect to the Market, which will be done by working with the City and JCFO. Ben added that there have been a number of communications with the city regarding the Elliott/Western connector and he anticipates that in February there will be further discussions and decisions on proposed design changes.

3. Other Items
Ben reported on the PDA investment fund and stated there will be a replacement of two funds that have been underperforming, which was recommended by the PDA’s wealth management consultant.

C. Committee Chair Reports

None

D. Other Reports

IV. Key Issues Presentation and Discussion:

A. Market Parking

1. Presentation of Market Parking – Steve Nelson

Steve began the presentation of Market Parking and stated that it has been a year since the new parking system was put in place and has allowed us to get a better idea of how the garage operates. This information will help us with rates and strategies moving forward. He noted that the garage rates are approximately 30-50% cheaper than our downtown competitors. Steve gave an overview of the day-to-day operations of the garage including rates, turnover ratios, volumes by month, and revenue generated. He added that the city has introduced a new program to balance the loss of parking from the demolition of the Alaskan Way Viaduct that would require the Market to reserve spaces for short term parkers, but would reimburse the Market for any loss of revenue.

2. Discussion and Next Steps

A discussion of the presentation, the program proposed by the city, and various rate options followed the presentation.

Jim stated there are two issues that need to be further analyzed, which are how do we maximize garage revenue and/or sales within the Market and how can we better promote our garage parking to convey to the public our less expensive rates and the garage’s accessibility.

B. 2012 PDA Operating and Capital Projects Budgets

Ben discussed the budget and stated it is a balance of cautious optimism based on the resilience of the Market. He noted that the national and regional outlooks of the economy are modest at best for 2012. He added that the Market has performed incredibly well in the face of renovation and recent economic challenges based on a number of factors that include the Market being a well-known destination, entrance is free, and it provides a host of basic needs. The impacts on mercantile has been felt and that is why the need for promotion is necessary. One positive aspect of the Renovation impacts has been the influx of a daily construction workforce of up to 200 workers over the course of the last 2-3 years. Ben noted that the 2012 budget was prepared to accomplish some core goals, complete the renovation, thank Seattleites, and prepare for a post renovation Market. Maintaining a post renovation Market does have an impact on the budget due to maintenance line items such as HVAC, plumbing, energy consumption and efficiencies. Ben commented on the revenue increase including residential revenue and new commercial spaces to lease. The Capital budget reflects the continued need to re-invest and there will be a Capital assessment performed upon the completion of the renovation. He added that there will be an additional staff person added to address customer service in order to have front office coverage 7 days a week and to further assist the Council and committees. Some key initiatives included in the budget will be an increase in the funding for the

education program, which already hosts 65 classes a year. The goal is to increase the exposure of the program and to pursue additional grants in order to expand and build on the current success of the program. Ben commented on the Marketing department's budget and noted that in 2012 there will be a Thank You to Seattleites for their contribution as well as the creation and implementation of a mobile application/website. Ben added there will be a significant investment in the recruitment of new artists and craftspeople as part of the Farm/Daystall budget. Ben noted there is a substantial loan obligation of \$709k due in November of 2012 to US Bank for the LaSalle/Senior Center. This will decrease the overall contribution to the CRRF. Total revenue will increase 6.78% with overall operating expenses will increase 6.3%, with a debt service of \$2.6m, designated reserve and pension \$266k with a net surplus of \$742k. Ben proposed a mid-year budget review for 2012 and stated that overall the budget reflects a conservative approach to revenue forecast while acknowledging the resilient nature and performance of the Market. The budget also applies a thoughtful and judicial allocation of expenses and project priorities, which support the key objectives of the Market in 2012.

Action Item: Proposed Resolution **11-93:** Adoption of 2012 PDA Operating and Capital Projects Budgets

Matt Hanna moved, Gerry Kumata seconded

Matt discussed the process of the approval of the Budget, which included an extensive review and attention paid to each department and line items. He stated the \$50k line item on the capital budget for the reserve study will allow for the study to be as comprehensive as possible and to evaluate how adequate our current CRRF is. Matt commented on the payoff of the US Bank loan for LaSalle and noted that it is important to understand on the budgeting standpoint the we will have to draw down on the Reserve fund which we has not been done recently. He noted that we are projecting, in addition to the net operating result; we are anticipating another \$706k by the end of 2011, which is roughly what we expect to withdraw from the CRRF. The net performance for the year will make up for what is needed to draw down and pay off the loan and its overall impact on the current CRRF.

Bruce Lorig motioned to amend the budget resolution and requested that the list of Capital Projects Budget should not include the individual projects as line items, but instead consist of one line item. The Capital Projects will consist of one line item and a list of suggested projects and costs as an attachment which are recommended, but not necessary.

John Finke seconded

Bruce Burger motioned for an amendment to the resolution to include the word "estimate" as a part of the list of Capital Projects items. Bruce Lorig accepted

Proposed Resolution 11-93

For: Matt Hanna, Jill Andrews, Jim Savitt, Bruce Burger, Bruce Lorig, Gerry Kumata, Jackson Schmidt, Patrick Kerr, Gloria Skouge, David Ghoddousi, Ann Magnano

Against 0

Abstain: 0

The amended Resolution 11-93 passed unanimously

V. Resolutions and Other Action Items (Old and New Business)

A. Consent Agenda

Action Item: Proposed Resolution **11-86:** Sale of Surplus Property

Action Item: Proposed Resolution **11-89:** Authorization for Non-Exclusive Trademark Licensing Renewal/Agreement with the Market Foundation for Rachel Red

Action Item: Proposed Resolution **11-90:** Lease Proposals–November 2011 Shy Giant

Action Item: Proposed Resolution **11-94:** Tenant Improvement Funds for 1500 Western Avenue Retail Space

Action Item: Proposed Resolution **11-85:** Authorization for Contract Authority – SRG Partnership PDA Other Funds Design Work

Motion to approve the consent agenda
Jill Andrews motioned, Gloria Skouge seconded

For: Matt Hanna, Gloria Skouge, Jill Andrews, David Ghoddousi, Ann Magnano, Jim Savitt, Bruce Burger,
Bruce Lorig, Gerry Kumata, Jackson Schmidt, Pat Kerr, John Finke

Against 0

Abstain 0

Consent agenda passes by unanimously.

B. New Business

Action Item: Proposed Resolution **11-91:** Strategic Planning Objectives

Jim introduced the resolution, which stated that the PMPDA Strategic Planning committee established a list of Strategic Planning Issues at the July 12, 2011 meeting. The proposed list was discussed during the 2011 Council retreat on October 21st, 2011, from which five issues were unanimously agreed upon to represent the 2012 Strategic Plan. The five key issues include;

1. Metrics for Success: Establishment of Metrics to measure the health of the Market.
2. Waterfront – Property Development & Connection: Ensure the PDA and the Market is represented in the Waterfront Development, including PC-1 North design/development and the Elliot/Western Connector
3. Strategic Capital Projects: Analyze, design, and implement Capital Renovations committee's recommendations for the use of Other PDA Funds on capital projects.
4. Marketing Strategy: Establishment of a detailed marketing strategy, to include the expansion of Market Programs, the education program, promotions, and....
5. Social Services: Conduct a needs analysis study, in conjunction with the Market Foundation, to explore the possible expansion of current Social Services as well as the potential creation of additional programs.

The five key issues are to be tracked on a timeline that will be updated in accordance with the progress made over the near term 6-12 month period beginning in January 2012, but are not required to be completed at the end of the near term period. It was requested that the PDA Council adopts the five Strategic Planning Issues and Objectives for the Market for the year 2012.

Gerry Kumata moved, Bruce Burger seconded

For: Matt Hanna, Gloria Skouge, Jill Andrews, David Ghoddousi, Ann Magnano, Jim Savitt, Bruce Burger,
Bruce Lorig, Gerry Kumata, Jackson Schmidt, Pat Kerr, John Finke

Against 0

Abstain: 0

Resolution 11-91 passed unanimously

Action Item: Proposed Resolution **11-92:** Restructure of PDA Council Committees

Jim introduced the resolution, which stated that the proposed new committee structure was introduced and discussed during the 2011 Council retreat on October 21st, 2011, from which four committees were introduced and/or changed in structure to better support the responsibilities of the PDA Council in the management of PMPDA. The proposed committees consist of;

- Finance Committee,
- Asset Management Committee,
- Market Programs Committee,
- Waterfront & Redevelopment Committee

The committees will have oversight responsibilities specified in the attached Exhibit A. The PDA Council shall appoint the initial Chairs and Vice-Chairs of the above said committees according to existing PDA Council Policies and Procedures. The new committee structure shall take effect on January 1, 2012 with the existing committee structure and meeting schedule remaining in effect until that date. It is requested that the PDA Council adopts the recommended committee structure as proposed and detailed in Exhibit A

Gerry Kumata moved, John Finke seconded

For: Matt Hanna, Gloria Skouge, Jill Andrews, David Ghoddousi, Ann Magnano, Jim Savitt, Bruce Burger,
Bruce Lorig, Gerry Kumata, Jackson Schmidt, Pat Kerr, John Finke

Against 0

Abstain: 0

Resolution 11-92 passed unanimously

C. Other

Council went into closed session at 5:33pm

VII. Discussion, Information and Possible Action Item

A. Carol Binder's Compensation Request (including *Closed Session Per (RCW 42.30.110(1)(b) regarding legal advice*)

Council returned to open session at 6:02 pm

Motion to decline action on Carol Binder's informal request after the review of Carol Binder's correspondence to the Council chair dated October 5th, 2011, a hearing her statement in open session during the October 2011 Council meeting and upon consideration of the advice by legal counsel.

Jackson moved, Pat seconded

For: Matt Hanna, Gloria Skouge, Jill Andrews, David Ghoddousi, Ann Magnano, Jim Savitt, Bruce Burger,
Bruce Lorig, Gerry Kumata, Jackson Schmidt, Pat Kerr, John Finke

Against 0

Abstain: 0

The motion passed unanimously

VI. Further Public Comment

VIII. Concerns of Council Members

IX. Adjournment

The meeting was adjourned at 6:05p.m. by James Savitt, Chair

Meeting minutes submitted by:
Ryan Yale, Executive Assistant