



Finance & Asset Management Committee Meeting Minutes

Tuesday, October 20th, 2015
3:10 p.m. to 6:00 p.m.
The Atrium Loft

Committee Members Present: Gloria Skouge, David Ghoddousi, Betty Halfon, Jim Savitt, Ann Magnano, Patrice Barrentine

Other Council Members Present: Ray Ishii

Staff Present: Sabina Proto, Jay Schalow, Tamra Nisly, Jennifer Maietta, John Turnbull, Cathy Silva, Brady Morrison, Zack Cook, David Dickinson, Steve Nelson, Sue Gilbert Mooers, Jeff Jarvis, Holly Southern, Elsie Jansen, Joseph Strong, Randy Stegmeier, Lillian Sherman, Matt Holland, Erica Bates, Dianna Goodsell

Others Present: Howard Aller, Joan Paulson, Chris Scott, Sharon Mukai

The meeting was called to order at 3:11 p.m. by Gloria Skouge, Chair.

I. Administration

A. Approval of the Agenda

The agenda was approved by Acclamation

B. Approval of the Finance & Asset Management Committee September 21st, Finance & Asset Management meeting minutes.

The Finance & Asset Management Committee September 21, 2015 meeting minutes were approved by Acclamation.

II. Announcements and Community Comments

Gloria Skouge introduced Ray Ishii to his first official meeting as a PDA councilmember.

III. Reports & Discussion Items

A. PDA Budget Presentation for 2016

The PDA Director of Finance, Sabina Proto, presented the proposed budget for 2016 along with PDA department directors and staff. She said that the budget presented tonight was merely a proposal which would be finalized with further input from the Council and Community. She spoke briefly on the current economic climate in Seattle noting an increase in jobs, wages and a reduction in gas prices. She said that we have been performing very well in 2015.

Sabina Proto reported on the QALICB. She noted that one of the QALICB's had recently been dissolved; the remaining QB2 would continue to operate. She mentioned that we are in the process of engaging in another New Market Tax Credit (NMTC) transaction; the progress of this transaction was too premature though to include in the 2016 proposed budget.

Sabina Proto briefly reported on the MarketFront project noting that the operating budget had not been included in the 2016 budget proposal; additional clarity would be needed on the construction schedule and parking revenues. An amendment to the 2016 budget would be anticipated mid-year in relation to the operating budget for the MarketFront.

Sabina briefly discussed the review process for this year's 2016 budget noting that there would be a public meeting on November 4th for additional community input on the proposed budget. She said that the final proposed 2016 budget would come to the November 10th Finance & Asset Management for committee approval and lastly to the Full Council on November 19th.

The PDA Directors and Managers presented their respective department's budget line items as noted in the draft proposed budget for 2016.

There was a brief discussion during and following after the draft budget presentation.

Ray Ishii asked about the commercial vacancy rate for the Market which was projected at 1 percent for next year's budget.

Ann Magnano noted that a few years the commercial vacancy rate was around 3-4 percent which has since improved.

Betty Halfon noted her concern about the drought and its impact to the farmers. She said she would like to be conservative with any projected revenue figures for next year on this front.

Patrice Barrentine had inquired about the night market concept that was presented at the PDA Council retreat; she was curious if this addition would be included with the current proposed budget.

Ann Magnano had asked about the new parking garage for the MarketFront and when it would be officially operable. She had asked about the current parking figures including how many parking spots the Market had available currently and how many parking spots would we gain after the completion of the MarketFront project.

Jim Savitt noted

Ray Ishii asked about the top performing businesses in the Market and the effect of losing one of those tenants, including the generated revenue from percent rent. He asked about the notice process for termination or non-renewal of a lease for commercial tenants.

Ann Magnano had asked about the new commercial tenants coming on board that could impact revenue projections for 2016.

David Ghoddousi inquired about the electricity rates for the Market and how the rates were calculated for Market tenants. He asked if the PDA has considered looking at energy efficient alternatives in regards to electricity use in the Market.

Jim Savitt inquired about the Minimum Operating Reserves (MOR) which calculated at 1.3 million.

Gloria Skouge and the Finance & Asset Management Committee members thanked staff for their work on the 2016 budget.

There was public comment received after the 2016 budget presentation.

Joan Paulson said the budget presentation was good as usual. She asked if the PDA would have enough put away in the reserves in order to accommodate with the expansion of PC1N as well as renovation efforts for the Heritage House; she added that we would be increasing the Market square footage by twenty five percent. She noted that we have ordinance obligations noting that the budget currently tells you about the money but not how the money is spent between the preservation and development of the Market. She said there should be an analysis done on the ordinance obligations between the preservation and development of the Market and to see if we are actually meeting those obligations.

B. Review of the Financial Statements for September 2015

Sabina Proto, PDA Director of Finance presented a review of the Preliminary Financial Statements for September 2015. Sabina Proto discussed the PDA Balance Sheet with the Committee. She reported that there was a slight decrease from the prior month under Current Assets. Designated cash showed an increase from the prior month due to monthly contribution to Capitol Reserves Replacement Fund. Restricted cash had reported a very small change. Fixed Assets had increased due to the work completed under Capital Projects. Current Liabilities had increased in categories including accrued payroll and other liabilities. Long Term Debt had decreased due to payment on 2009 bond. Our Net Position for the current year operating result was \$3,776,060. Lastly, under the Accounts Receivable Report, the accounts receivable indicated a slight decrease compared to August.

Under the PDA Operating Statement, the Total Revenue for the end of September 2015 was \$13,659,763, over budget by \$739,514. The Total Operating Expense year-to-date was \$9,535,626, under budget by \$79,104. The Net Operating Result YTD for the end of September was \$4,124,137, over budget by \$818,618. The Net Result after Debt Service & Reserves that was included in the following Annual Budget was \$2,055,516. The Net Result after Debt Service & Reserves for the end of September 2015 year-to-date was \$2,424,618.

Lastly, Sabina Proto reported on the footnotes for the Operating Statements. Commercial Revenue was over budget mainly in percent rent by \$411,126 for the January to September period. Residential Revenue was over budget \$32,935. Daystall Revenue was under budget with lower attendance seen overall. Surface and Garage Revenue was over budget with Garage Revenue over budget by \$266,672. Operating Expenses were under budget in most departments besides the parking, surface parking management fee, garage expenses and utilities.

I. Checking Account Activity Report

The Checking Account Activity Report for the month of September 2015 was distributed to Dianna Goodsell, Executive Administrator.

IV. **Action Items**

A. **Action Item:** Proposed Resolution **15-64:** Authorization for Contract Authority – Residential Laundry Services Contract – Ken Hainsworth Company

John Turnbull introduced Proposed Resolution 15-64: Authorization for Contract Authority – Residential Laundry Services Contract – Ken Hainsworth Company which states that the Pike Place Market Preservation and Development Authority (PPMPDA) was chartered by the City of Seattle pursuant to RCW 35.21.730 et. Seq with the mission of promoting enterprises essential to the functioning of the Pike Place Market, including the preservation and expansion of the low-income residential community, the promotion and survival of small businesses , and the expansion of services to the public market and community; and, whereas, the PPMPDA currently manages several residential buildings including the Lasalle, Leland, Sanitary Market, Stewart House, Market House and Livingston Baker whose building includes an on-site laundry room; and, whereas, the residential on-site laundry rooms are leased to commercial laundry services and provide “coin-op” equipment and servicing under long term contracts; and, whereas, the current 10 year contract for operation of laundry room equipment with Mac-Gray expires December 7, 2015; and, whereas, the PPMPDA issued a request for proposals in 2014, received two responses and has recommended the selection of Ken Hainsworth Company, Inc. as the vendor providing the best combination of energy saving laundry equipment and customer service features for residential buildings.

Now, therefore be it resolved that the PPMPDA Council authorizes the PPMPDA Executive Director or his designee to enter into 7-year leases beginning December 7, 2015 with Ken Hainsworth Company, Inc to lease the residential laundry rooms in six buildings (Lasalle, Leland, Sanitary Market, Stewart House, Market House and Livingston Baker) under a revenue sharing contract. The income from these leases is paid from operating revenues from the equipment, at a rate of 50% of receipts for equipment that is coin operated, 44% for equipment which accepts credit card and debit payments.

Betty Halfon moved, David Ghoddousi seconded

For: Gloria Skouge, Betty Halfon, David Ghoddousi, Patrice Barrentine, Ann Magnano, Jim Savitt

Against: 0
Abstained: 0

Resolution **15-64**: Authorization for Contract Authority – Residential Laundry Services Contract – Ken Hainsworth Company had passed with a vote of 6-0-0.

- B. **Action Item**: Proposed Resolution **15-67**: Authorization for Contract Authority – Replace Stewart House Hydraulic Valve – Schindler Elevator Corporation

Steve Nelson introduced Proposed Resolution 15-67: Authorization for Contract Authority – Replace Stewart House Hydraulic Valve – Schindler Elevator Corporation which states that the Pike Place Market Preservation and Development Authority (PPMPDA) was chartered by the City of Seattle pursuant to RCW 35.21.730 et. Seq with the mission of promoting enterprises essential to the functioning of the Pike Place Market, including the preservation and expansion of the low-income residential community, the promotion and survival of small businesses , and the expansion of services to the public market and community; and, whereas, in order to maintain the viability of the Pike Place Market buildings the PPMPDA has determined that the Stewart House Freight Elevator hydraulic valve is failing and is in need of repair; and, whereas, the PPMPDA has executed a bid process to replace the hydraulic valve in the Stewart House Fright Elevator; and,

Now, therefore be it resolved that the PPMPDA Council authorizes the PPMPDA Executive Director or his designee to enter into a contract with Schindler Elevator Corporation in an amount not to exceed \$14,112.10 for the replacement of the Stewart House Freight Elevator hydraulic valve.

The funds for this project will be drawn from the Capital Inventory Budget, Elevators 2015 COMSTE – 160880--00

For: Gloria Skouge, Betty Halfon, David Ghoddousi, Patrice Barrentine, Ann Magnano, Jim Savitt

Against: 0
Abstained: 0

Resolution **15-67**: Authorization for Contract Authority – Replace Stewart House Hydraulic Valve – Schindler Elevator Corporation had passed with a vote of 6-0-0.

- C. **Action Item**: Proposed Resolution **15-68**: Authorization for Contract Authority – Replacement of Residential Hot Water Tanks in Pine Building - STOP Inc.

Steve Nelson introduced Proposed Resolution 15-68: Authorization for Contract Authority – Replacement of Residential Hot Water Tanks in Pine Building - STOP Inc. which states that the Pike Place Market Preservation and Development Authority (PPMPDA) was chartered by the City of Seattle pursuant to RCW 35.21.730 et. Seq with the mission of promoting enterprises essential to the functioning of the Pike Place

Market, including the preservation and expansion of the low-income residential community, the promotion and survival of small businesses , and the expansion of services to the public market and community; and, whereas, in order to maintain the viability of the Pike Place Market buildings the PPMPDA has determined that the two residential Hot Water tanks in the Pine Building have failed and are in need of replacement; and, whereas, the PPMPDA has executed a bid process to replace both of the residential hot water tanks located in Pine Building.

Now, therefore be it resolved that the PPMPDA Council authorizes the PPMPDA Executive Director or his designee to enter into a contract with STOP Inc. in an amount not to exceed \$17,669.04 for the replacement of the two residential hot water tanks at the Pine Building.

The funds for this project will be drawn from the Residential Capital Inventory Budget, RPIN – 160190—00.

Resolution **15-68**: Authorization for Contract Authority – Replacement of Residential Hot Water Tanks in Pine Building - STOP Inc. had passed with a vote of 6-0-0.

V. Property Management

A. Residential Property Management Report

John Turnbull presented the Residential Property Management Report for the month of September 2015. He reported that the residential vacancy rate at the Market was roughly below 2%. He

VI. Public Comment

None

VII. Closed Session

The Committee entered into Closed Session at 5:16pm

- I. Property Management Report - *Closed Session (RCW 42.30.110[c])*
- II. Review of Lease Proposals
- III. Review of Delinquency Report
 - a. Vacancy Report
 - b. Current Lease Negotiations

The Committee entered into Open Session at 5:35pm

VIII. Open Session

IX. Resolutions to be added to the Consent Agenda

Resolutions **15-64**: Authorization for Contract Authority – Residential Laundry Services Contract – Ken Hainsworth Company, **15-67**: Authorization for Contract Authority –

Replace Stewart House Hydraulic Valve – Schindler Elevator Corporation and **15-68:** Authorization for Contract Authority – Replacement of Residential Hot Water Tanks in Pine Building - STOP Inc. were added to the October 29th PDA Council meeting Consent Agenda.

X. Concerns of Committee Members

None

XI. Adjournment

The meeting was adjourned at 5:37p.m by Gloria Skouge, Chair

Meeting minutes submitted by:
Dianna Goodsell, Executive Administrator