



Pike Place Market Preservation and Development Authority (PDA)

OPERATIONS & COMMUNICATIONS COMMITTEE
Meeting Minutes

Thursday, August 14th, 2008
4:00 p.m. to 6:00 p.m.
PDA Conference Room

Committee Members Present: Patrick Kerr, Bruce Lorig, Ann Magnano, Jackson Schmidt

Other Council Members Present: Jim Savitt, Gloria Skouge,

Staff Present: Carol Binder, Anita Neill, James Haydu, Tamra Nisly, Matt Holland, Brittany Farrow, Bill Stalder, Cecelia Hall, Scott Davies, Noa O'Hare

Others Present: Dale Wittner, Marcia Evans, Doug Evans, Kevin Davis, Therresa Davis, Jim Drohman, Joanne Herron

The meeting was called to order at 4:02 p.m. by Patrick Kerr, Chair.

I. Administration

A. Approval of Agenda

The agenda was approved by acclamation

B. Approval of July 17th, 2008 Minutes

The minutes were approved by acclamation.

C. Announcements and Community Comments

Jim Drohman and Joanne Herron, co-owners of Le Pichet, commented that they felt that their business suffered considerable losses in revenue due to the scaffolding that was put up on their building for repairs and maintenance. He handed out and reviewed a sheet that listed how they felt the construction impacted their business and what the precedents for action should be. He noted that the scaffolding took up valuable outdoor seating space and blocked light to the building so they appeared to be closed. Joanne further noted that they were only given 2 days notice and felt this was not nearly sufficient time to prepare.

Bruce L joined at 4:05 p.m.

Jim noted that he was advised by the property management to attend the OPSCOM meeting and request compensation for their losses. In summary they felt that the construction work significantly impacted the business and in the interest of keeping good relations with the PDA and the restaurant they suggested that they be compensated for their losses.

Therresa Davis from Steelhead Diner commented that she felt the visibility to her restaurant was significantly reduced by the scaffolding and man lift that was placed in front of their business. She felt

her business had suffered a tremendous loss financially and would take over a year to recover from those losses. She handed out photos of the building that showed the scaffolding and crane in front of her restaurant. She felt their business should have been given three months notice to prepare for the interruption in business but was only given three days notice. Therresa felt that the business should be compensated in rent abatement of 20% for the loss of revenue she felt was caused by the construction disturbance.

Patrick stated that this would be an issue to be discussed and decided upon with the property manager in closed session.

Bruce L. questioned how long the scaffolding would remain up. Cecilia responded that August 28th was the deadline but due to weather that date may be pushed out.

Jackson noted that there should be a policy discussion in open session then any lease adjustment issues would be discussed in closed session.

Ann noted that she felt this discussion should be finished now before moving on to the rest of the agenda. Jewel Hospitality also had time constraints so that was covered first then returned to this discussion.

II. Marketing

A. **ACTION ITEM:** Proposed Resolution 08-44: Authorization for Non-Exclusive Trademark Licensing Agreement with Jewel Hospitality.

Doug and Marcia Evan who own Top of the Market and Jewel Hospitality Catering Company were present to talk about the proposed trademark licensing agreement between them, the PDA and Microsoft. Jewel catering has entered into an agreement with Microsoft to put in a café at the Microsoft main campus. They would like to utilize some of the images of the Market for the café which have been trademarked. The agreement would be for \$25,000 a year for a 5 year period. Doug and Marsha noted that the goal of the café was for Microsoft to assist with employee retention by offering a high quality food service. Some revenue would be created for Market merchants as they have partnered with other business in the Market and would be offering their products.

James noted that he felt this would be a smart way to utilize the Market branding. Jackson questioned if the branding would be used locally or would it be on a broader scale. Doug responded that the agreement was to allow use of the trademarks for in the Café only. Patrick questioned as to what would happen after the 5 year contract period was up. James responded that the contract would expire or be renewed.

Jim has some questions about revenue projections to which Doug responded.

Bruce L. felt that this was a strategy issue and should be further discussed before the resolution was voted on. Carol responded it has been discussed, and a Council sub committee was formed to review and revise the trademark licensing efforts. Now, part of our strategic plan was to utilize our branding and to generate revenue from it. James noted that two years ago there was a meeting to this effect and it was decided to be more aggressive and in control of our trade marketing and a strategic plan was adopted then.

Ann noted that she felt that this decision was moving in the right direction. It was a good idea to get our branding out there and under control.

Patrick moved and Jackson seconded

Before the vote, Jackson spoke on Theresa's behalf who was not present at the meeting. Under paragraph 5, whereas, Theresa asked the PPMPDA Council be added to the whereas.

Patrick moved and Jackson seconded the proposed resolution as amended

Before the vote James and Jim noted that this was an unusual request and these types of items are typically reviewed by and the responsibility of the PDA Marketing staff. . Jim additionally noted that he

was opposed to the amendment and that any individual decisions should be made by the staff then reviewed by the Council to approve or reject.

As items are generated and progress was made on the agreement, James would make it part of the OPSCOM report.

Patrick made a motion to move the original resolution, Jackson seconded.

Carol noted that the amendment needs to be voted on first, then vote on the original resolution.

Proposed Resolution 08-44 as amended

Patrick moved, Jackson seconded

For:

Against: Kerr, Lorig, Magnano, Schmidt

Abstain:

Proposed Resolution as amended was rejected unanimously.

Proposed Resolution 08-44 as originally proposed

For: Kerr, Magnano, Schmidt

Against: Lorig

Abstain:

Proposed Resolution 08-44 passed.

Patrick noted that he would like to have a discussion in the future in regards to what would happen to the money generated by this agreement.

The discussion returned back to the issue of the scaffolding in front of Le Pichet and the Steelhead Diner and whether or not it should be considered a hardship case. Patrick apologized to the tenants and agreed that three days was not sufficient notice.

Cecilia noted that the property management was not informed as to the schedule and notice was given as soon as the methods the contractor was implementing was understood. Ultimately this was not enough or adequate notice. Carol spoke about the policy that was followed and explained why the project and notification was delayed then completed quickly. She also noted that this was a good learning experience for the PDA and there are steps being taken to improve our internal operations.

Jim inquired as to what other buildings and business were being effected by the scaffolding. Jim noted that other business are being effected similarly by the scaffolding but have not raised an issue. Jim questioned as to what policy was in place, if any, for hardship issues. Carol replied that Personal Hardship was in the lease as was long term sales decline hardship and further explained the lease policy. Jackson noted with upcoming renovations there would be a lot of scaffolding and there needs to be proactive steps with policy and tenant alerts.

Therresa from Steelhead Diner noted that she felt that the message being sent from the Council today was that they did not care about the situation. Jackson clarified that the broad policy was being discussed and specific lease issues were to be discussed in closed session then Cecilia would get back to Steelhead Diner and Le Pichet when a decision has been made.

B. ACTION ITEM: Proposed Resolution 08-45: Authorization for Renewal of the Hildt-Licata Agreement as published with no amendments.

James submitted a report of recommendation to renew the Hildt agreement with the City of Seattle. James also noted that the community was in full agreement to pass the agreement with no amendments.

Patrick moved, Jackson seconded.

For: Kerr, Lorig, Magnano, Schmidt

Against:

Abstain:

Proposed Resolution passes unanimously.

James made the following announcements, Sunset Supper was tomorrow and tents would be moved to the south end to accommodate this event. The Market 101st birthday party was on August 17th in Steinbrueck Park. Christine Gregoire would be there to give a short speech and then cut and serve cake. The re-usable fabric farm bags have been distributed to farmers and have been handed out to customers. There continues to be good media coverage on the Pike Place Palate magazine as well as a positive response from the Market merchants.

Dale had submitted questions to Jackson and James was working on collecting the information to answer them.

James noted that he would prepare and present an earned quarterly media audit report at the next OPSCOM meeting.

III. Farm Program

A. Staff Reports – Farm Program Rules Overview

James and Noa noted that they were working on examining and discussing changes to some of the farm rules. This would allow a broader range of farmers and products to be sold at the Market. It would also allow the farmers to better compete with local neighborhood markets. Staff would be coming to Council sometime in September or October to present some of these ideas. Noa additionally noted that revenue information collection has begun with the farmers.

IV. Property Management

A. Residential Property Management Report

Carol reported on the handout that was included in the packet. The vacancy rate was at 3% and staying in the target range.

B. Closed Session Closed Session (RCW 41.30.110 [c])

The meeting went into closed session at 5:07 p.m.

- i. Review of Lease Proposals
- ii. Review of Delinquency Report
- iii. Vacancy Report
- iv. Current Lease Negotiations

Closed session ended at 5:53 p.m.

C. **ACTION ITEM:** Approval of Lease Proposals

Patrick moved that all leased be approved, Jackson seconded.

For: Kerr, Lorig, Magnano, Schmidt

Opposed:

Abstained:

The lease proposals were passed unanimously.

D. Market Sales Review & 2009 Budget Implications

Carol reviewed the monthly sales reports that were included in the packet. She noted that the increase in sales was declining from the first quarter, and while sales are still up, the rate of increase was slowing. This was most pronounced in mercantile because typically these products are often the first area to decline in an economic turndown. Food sales have not been as affected and may reflect some increase due to the rising cost of food. In 2009, the rates of increase will be reviewed and Council may see a more conservative budget. Additionally there would be a higher vacancy rate, 5-6% versus 3/5%, due to staging of construction and the need for storage and/or temporary space for tenants.

V. Items for Consent Agenda

Patrick moved that the leases be moved to the consent agenda, Jackson seconded.

For: Kerr, Lorig, Magnano, Schmidt

Opposed:
Abstained:
The lease proposals were passed unanimously.

VI. Public Comments

VII. Concerns of Committee Members

VIII. Adjournment

The meeting was adjourned at 5:59 p.m. by Patrick Kerr, Chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant