



Pike Place Market Preservation and Development Authority (PDA)

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**COUNCIL MEETING MINUTES – NOVEMBER 2009**

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Thursday November 19<sup>th</sup>, 2009  
4:00 p.m. to 6:00 p.m.  
PDA Conference Room

**Council Members:** James Savitt, John Finke, Ann Magnano, Gloria Skouge, Patrick Kerr, Jackson Schmidt, Theresa Alexander, Bruce Burger, David Ghoddousi, Matt Hanna, Gerry Kumata, Bruce Lorig

**Staff Present:** Carol Binder, Anita Neill, James Haydu, Bill Stalder, Steve Nelson, John Turnbull, Dorothy Malinski, Zach Cook, Brittney Farrow, Tamra Nisly, Daphne Tomchak, Jeff Jarvis, Sabina Proto, Shere'e Robinson, Teri Wheeler, Elsie Janson, Tyler Jamison, Robert Harder, Cecilia Hall, Jay Schalow, Coyle Jefferson, Bryan Houghton, Kelly McQuade, Scott Davies, Tamra Nisly

**Others Present:** Jill Andrews, Liza Couchman, Dale Wittner, Sharon Mukai, Tom Graham, Jay Hwang

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

**I. Administration**

- A. Adoption of Agenda  
The agenda was approved by acclamation
- B. Review and Approval of Minutes of October 29<sup>th</sup>, 2009  
The Minutes were approved by acclamation

**II. Public Comment Including the Market Community**

Jim read a letter submitted by Issie of Best Flowers. It noted her opposition to the proposed rent and staff salary increases in the 2010 budget. The letter was submitted to the Executive Assistant for inclusion to the minutes.

Sharon Mukai noted that she was opposed to the rent increases to Daystallers, market rate and commercial tenants. She felt the crafters were enduring a lot of hardship due to the poor economy, space and locker rent increases and loss of locker space. She requested to know how much the rent increase would be to the Daystallers.

John Finke Joined at 4:07 p.m.

Dale Wittner noted that he was not happy with the short length of time allowed public comment at committee meetings and at the last Finance committee meeting it was skipped at the end of the meeting. Dale also expressed his opposition to the PDA wage increases for next year and wanted to know how the 4% was calculated into the budget and how it was determined what percentage employees received. He was opposed to the Market Rate residential rate increase of 1.5%. He questioned how much the PDA Christmas party for this year and last year cost. He noted strong opposition to the Pike Place Palate and questioned its cost versus benefit at over \$6 an issue.

Jill Andrews noted that she was concerned that some items from the last Finance meeting were tabled until the next committee meeting which would be after approval of the budget. Matt clarified that the budget issues were discussed in full but the monthly financials was deferred until next months meeting due to time constraints.

Tom Graham noted that in these poor economic times, the last item that should be slashed from the budget was advertising. He also noted that he was concerned about what the media might say about the PDA bonuses and Christmas party. He felt that the PDA should be putting their efforts towards finding ways to let the public know the good things that were being done for the community with the levy funds.

Jay from J & J gifts requested that the Council reconsider raising rents to tenants in these poor economic conditions and to not give PDA employees raises.

Cecilia Hall noted that due to the renovations the commercial property department workload had increased significantly. The numerous vacancies did not lessen the load but actually increased it. Her staff worked very hard and it was difficult to keep good employees and was in favor of the salary increases based on performance.

### **III. Presentation and Discussion of Key Issues: Capital Renovation Update**

#### **A. Phase II design changes, construction plan, and impacts**

John Turnbull gave an update on key issues of the next phase of the capital renovations. Phase II would have significant tenant impacts. Temporary and permanent moves and closures would be necessary. Communications with tenants had already begun to let them know the extent of the work to be completed and it was not practical to keep several businesses open. The goal was to complete the work at night and be as quick and efficient as possible. Residential tenants would be asked to move out for up to a twelve month period and some commercial for 3-4 months. Plans were being reviewed and discussed for temporary retail and storage space. There was some discussion about foot traffic, the level of impact to tenants and when a detailed schedule would be available.

#### **B. Cost Control Update Items**

This item was skipped

### **IV. Presentation and Discussion of Key Issues: 2010 Budget**

#### **A. Report from FAM regarding changes, pending issues, other items of note**

Matt briefly reviewed the budget process, what changed and why. He noted that at the last Finance meeting the budget failed to pass, but that not all committee members were in attendance. Matt noted that there were some changes to the narrative section and suggested changes by staff, they included, residential rent increase was reduced, parking expenses reduced, overall payroll costs reduced, the addition of an FTE in the facilities budget was explained and the Market Foundation Budget was explained. In the residential rent an increase of 1.5% was proposed to the market rate. Rents were already significantly lower, than other comparable apartments in the area. This was determined by a market study as prepared by PGP real estate appraisers. Parking expenses reflected estimated staff cost savings from implementation of the new automated systems. Overall Payroll Costs, merit increases were modified to reflect a reasonable expectation of the actuals but staff did not recommend budgeting a vacancy rate. The proposal of an additional FTE remained in the facilities budget, this was a much needed managerial position to oversee and quality control the evening crew. Any changes to the Market Foundation budget should not be done as a part of the budget process, but in conjunction with a more detailed review of the entire relationship and service agreement in effect.

Matt Hanna moved and Ann Magnano seconded.

Carol addressed questions raised during public comment, Daystall rents were to be raised by twenty five cents per day, She noted that she felt the PDA was helping to stimulate the economy through the renovations and keeping people employed and the overall market revenues were relatively flat, not down, and people should be proud of their success for surviving and doing well in this recession. Jim questioned how the 4% salary increase was calculated into the budget. Carol replied that the increase

was evaluated by merit by each department manager for up to a 4% increase. The actual is always something less than the max because it is based on performance. In the residential rent an increase of 1.5% was proposed to the market rate. Rents were already significantly lower, than other comparable apartments in the area. Carol noted that she did not know the budgeted amount for the 2008 or the 2009 PDA holiday party but could find out and report back. Carol further explained that the advertising budget had not been reduced but new line items had been created and the amount reallocated to more specific lines.

## B. Questions and Discussion of Council

Patrick noted his disapproval of the proposed budget.

David Ghoddousi moved to amend the budget to remove the Night Manager position, Theresa Alexander seconded.

There was a lengthy discussion about what the Council's role should be in the decision making process. Several Council members agreed that it was Council's role to assist in setting policy and it wasn't appropriate for Council to participate in an administrative capacity such as determining staff levels and duties. Carol and Steve further explained the increasing need for a night manager, there was a need for accountability and support and the renovations would create a significant impact in workload once they were completed.

John F. suggested changing the motion to, remove \$70,000, the amount designated for the Nighttime Facilities Manager, from the Capital Projects budget, as the Council's role was to adopt a budget or adjust it. The friendly amendment was accepted by David who moved the amendment and Theresa, who seconded.

For: Gloria Skouge, Theresa Alexander, David Ghoddousi, Patrick Kerr

Against: John Finke, Ann Magnano, Jackson Schmidt, Bruce Burger, Matt Hanna, Gerry Kumata, Bruce Lorig

Abstain: James Savitt

The amendment failed.

Patrick Kerr moved to amend the budget to freeze all merchant, crafts, and residential rental increases, Theresa Alexander seconded.

Due to the complicated nature of the subject, Bruce L. suggested treating each tenant category as three separate motions for discussion, it was agreed and the amendment to the motion was accepted by Patrick. Patrick further explained that the proposed amendment was to give all the tenants in the market a break from the bad economy. Bruce B. noted that he felt he could not vote on the three amendments without having an idea of the revenue / expense impacts. There was some discussion and estimation of what the numbers might be.

### 1. Freeze Daystall and farmer rents

There was some discussion about what the financial impacts would be to the Daystallers and farmers as well as the impacts to the PDA. There was some disagreement amongst Council members as to who would receive the greater impact.

For: Gloria Skouge, Patrick Kerr, Theresa Alexander, David Ghoddousi, Bruce Lorig

Against: John Finke, Ann Magnano, Jackson Schmidt, Bruce Burger, Matt Hanna, Gerry Kumata

Abstain: James Savitt

The amendment failed.

### 2. Freeze market rate residential rents (not HUD)

Carol noted that rent studies show that the market rate rents are currently up to 40-50% below market value. The PDA wants to continue to offer low rates but has recommended a slight

increase to move closer to a more reasonable level for market rate rents . This increase was to keep up with the market and not continue to fall too far behind. Theresa noted that the reports included in the packets were from earlier in the year and had outdated information. John F. noted that it was too difficult to freeze rents across the board and that the impacts to tenants should continue to be individually addressed in OPSCOM.

For: Gloria Skouge, Patrick Kerr, Theresa Alexander, David Ghoddousi  
Against: John Finke, Ann Magnano, Jackson Schmidt, Bruce Burger, Matt Hanna, Gerry Kumata, Bruce Lorig  
Abstain: James Savitt

The amendment failed.

### 3. Freeze Commercial rents

The commercial rents freeze amendment would freeze tenants rent that was up for renewal over the next year. There was some discussion on whether or not this would be a conflict of interest. Some Council members felt that hardships should be reviewed individually though OPSCOM and not as a blanket policy. It was agreed 10 to 2 to preclude this amendment.

### C. **Action Item:** Proposed Resolution **09-58:** Adoption of 2010 PDA Operating and Capital Project Budgets.

For: John Finke, Ann Magnano, Jackson Schmidt, Bruce Burger, David Ghoddousi, Matt Hanna, Gerry Kumata, Bruce Lorig  
Against: Gloria Skouge, Patrick Kerr, Theresa Alexander  
Abstain: James Savitt

Proposed resolution **09-58** passed.

## V. **Reports and Information Items**

Jim noted, in the interest of time, items in section V were skipped, and in order to cover the other items on the agenda the meeting was extended until 6:15 p.m., it was agreed.

- A. Reports from Committee Chairs (re Non-Action Items)
  - 1. Status of Compost, Sunday closure analysis (OPSCOM)
  - 2. Analysis of Possible Underutilized Spaces (STRAP)
  - 3. Other
- B. Executive Director Report / Questions from Councilmembers
  - 1. Preschool Update
  - 2. Other matters

## VI. **Resolutions and Other Action Items (Old and New Business)**

- A. Consent Agenda  
Jackson Schmitt moved and John Finke seconded, passed unanimously.
- B. **Action Item:** Proposed Resolution **09-56:** Authorization for Contract Authority – Garage Parking Controls Automation PCI Parking Garage

Matt Hanna moved Gerry Kumata seconded.

Matt noted that the current garage system has deteriorated and was in need of replacement. The PDA had executed a bid process to replace the system with an automated system that included gates, ticket dispensers, software, automatic payment machines and the required hardware. The contractor Protection Tech. Inc had been selected and the funds to pay for the new system would come from the garage capital reserves. Steve additionally noted that the system was continually breaking down and was becoming increasingly hard to find parts and was expensive to maintain. This replacement

was absolutely necessary. In time the machines would pay for themselves and a profit would be seen. There was further discussion of the anticipated savings in the reduction of expenses.

For: John Finke, Ann Magnano, Gloria Skouge, Jackson Schmidt, Theresa Alexander, Bruce Burger, David Ghoddousi, Matt Hanna, Gerry Kumata, Bruce Lorig  
Against: Patrick Kerr  
Abstain: James Savitt

Proposed resolution **09-56** passed.

- C. **Action Item:** Proposed Resolution **09-59:** Proposed Relocation Plan for the Pike Place Bakery  
Carol gave a background on the resolution.

Gerry Kumata moved John Finke seconded.

Bruce B. questioned if this move was funded by levy funds and Carol responded that it was.

Matt questioned if it was a permanent move for the bakery and Carol replied that it was.

For: John Finke, Ann Magnano, Gloria Skouge, Jackson Schmidt, Theresa Alexander, Bruce Burger, David Ghoddousi, Matt Hanna, Gerry Kumata, Bruce Lorig  
Against: Patrick Kerr  
Abstain: James Savitt

Proposed resolution **09-59** passed.

- D. **Action Item:** Proposed Resolution **09-60:** Contract for Relocation Services for Phase II  
John Finke moved and David seconded.

Carol briefed resolution. Phase II of the renovations requires extensive repairs and will require that all 21 tenants in the Sanitary Market will need to be vacated. The PDA desires to facilitate the relocation of residential tenants in accordance to the outlines provided by the relevant Seattle Relocation Ordinances and federal rules concerning subsidized housing. Additionally Phase II may require the relocation of some commercial businesses. Currently the staff does not have the capacity to handle large scale relocation efforts and would benefit from the services of a professional consultant. A RFQ for relocation advisors was issued in the fall of 2009 and the consultant Amadon Consulting was selected.

There was some discussion on the therefore be it resolved paragraph of the proposed resolution. It was decided to reword it as follows.

Therefore be it resolved, The Pike Place Market PDA authorizes its Executive Director to enter into an initial contract for the Sanitary Market residential tenants with Amadon Consulting for Relocation Services, estimated to begin December 1, 2009 and extend for 7 months with provisions for an hourly billing rate and not to exceed \$60,000 in aggregate total. The last sentence was completely deleted.

For: John Finke, Ann Magnano, Gloria Skouge, Patrick Kerr, Jackson Schmidt, Theresa Alexander, Bruce Burger, David Ghoddousi, Matt Hanna, Gerry Kumata, Bruce Lorig  
Against:  
Abstain: James Savitt

Proposed resolution **09-60** passed.

- E. Other New Business  
None

## VII. Public Comment

Sharon made another plea to not raise rents and she felt that Mr. Finke's statement that the numbers indicated that the Daystalls were money makers, was misleading.

Jill Andrews noted there was a lack of information to visitors to the Market and that it should be marketed as an attraction.

Liza Couchman noted that the idea of a map of the Market as mentioned in OPSCOM was a good idea and should be pursued.

James responded to Jill and Liza's comments and noted that many maps of the Market existed and numerous other entities including Alaska Air used the Market in their promotional ads that was free advertising for the Market and was hesitant in spending money to duplicate efforts.

#### **VIII. Concerns of Council Members**

Jim noted that staff did a good job in compiling the budget and it would be closely monitored throughout the year and revisited and revised if necessary.

John F. thanked Matt for his work with the Finance committee. He also noted that it might be worth revisiting the idea of capitalizing on the renovations as an attraction to the Market.

Theresa questioned when the new City official's reception was. James noted that it was in the works and Jim requested that it be put on next months Executive agenda.

Theresa questioned why the PDA employees received a 2% raise. Jim clarified that there was an excess in the revised budget and the wage freeze was lifted, as it was imposed in anticipation of lower revenues. It was not an added expense to the budget. The budget was doing well and a wage freeze lift was allowed. Carol re-explained the situation regarding the implementation of the wage freeze to the previously approved increases in the 2009 budget and when the Market revenues recovered over the summer months the freeze was lifted.

Bruce L. suggested starting the budget process earlier next year and drill down further into departments. Matt responded that the process included at least 5 meetings for public and Council comment and discussion and that he felt that participation rather than time would improve it.

Ann thanked Sabina, Carol and the entire finance committee and department for their hard work on the budget. She encouraged Council members to attend finance meetings throughout the year and not just during budget time. Matt noted that additional and longer meetings could be added.

#### **IX. Adjournment**

The meeting was adjourned at 6:25 p.m. by James Savitt, Chair.

Meeting minutes submitted by:  
Anita Neill, Executive Assistant