



Pike Place Market Preservation and Development Authority (PDA)

COUNCIL MEETING MINUTES – OCTOBER 2009

Thursday October 29th, 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, John Turnbull, James Haydu, Steve Nelson, Teri Wheeler, Jay Schalow, Dorothy Malinski, Ryan Hostetler, Sabina Proto, Scott Davies, Cecilia Hall, Matt Holland, Tamra Nisly

Others Present: Marlys Erickson, Lesa Valarwela, Dale Wittner, Ellen Von Wandruszka, Matthew Zarate, Paul Dunn, Nancy Hutto, Anjulie Ganti, Kevin Lee

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

I. Administration

A. Adoption of Agenda

Jim had made some revisions to the agenda and had distributed it to Council members via email prior to the meeting. Additional copies were distributed at the meeting. The agenda, as amended, was approved by acclamation.

Jim noted that there was a lot of material to cover in the meeting and if necessary an additional meeting could be scheduled but due to time constraints the meeting could not go past 6 p.m.

B. Review and Approval of Minutes of September 24th, 2009

Theresa noted that in the percent rent spreadsheet there were inconsistencies in the numbers and they had been skewed since July. Jim noted that the spreadsheet was not part of the minutes but if there was an error, it should be corrected. Carol explained that July was the month that the budget was revised with a decrease in projected percent rent and the adjustment was made without going back and correcting the prior months figures. Jim asked that the minutes reflect a clear explanation of the report.

Matt noted that his comments from the last Finance meeting were to reflect that the actual percent rent amounts were looking good relative to year to date 2008 and 2007 and his comment was not about the budgeted amounts.

The Minutes were approved by acclamation.

II. Public Comment Including the Market Community

Ellen thanked the Council for including the Preschool on tonight's agenda and again for all their support.

Jackson shared a book he found at a garage sale and passed it around. It was entitled "Reflections in Pike Place Market"

Nancy Hutto read out loud a letter she wrote to the PDA Council. It addressed how she felt about the farm program and how the farmers were treated unfairly by the PDA. A copy was included as part of the record.

Dale reiterated how unjust he felt it was for the PDA to raise the residential rents in the state of a poor economy.

Gerry Kumata joined at 4:09 p.m.

III. Presentation and Discussion of Key Issues: 2010 Preliminary Budget

- A. Marketing and Farm Budget
- B. Parking Strategy
- C. Impacts from the economy and renovations to the Market
- D. Discussion and Questions of Council

Copies of the 2010 proposed budget were handed out along with copies of resolution 09-31, "Policy Regarding General Authorization of Selected Charter Section 2 Transactions."

Carol gave a PowerPoint presentation and reviewed the major points in the proposed 2010 Budget. She noted that residential rent rates were reviewed by an appraiser annually per HUD requirements and both HUD and market rate rental rates were compared to this report in budgeting rents. In other revenue, 2009 was a banner year for Daystall and Farm due to the long growing season and was not expected to reoccur in 2010. The predicted amounts in expenses included a payroll merit increase at a 4% maximum, but was generally less than the maximum allowed. Fixed costs including debt services, reserves, and bonds were expected to remain relatively flat. The capital projects program was budgeted for an aggressive year, with the proposed transfer of funds from the CRRF reserve account to capitalize on a lucrative bidding environment. The largest of the capital projects was the Livingston Baker and the installation of new fire safe doors, hardware and carpets to be replaced in the common areas, these items were being funded by a state grant. Marketing would see the elimination of the transit ads and a focus on electronic social media networking which was an inexpensive way to reach a wide array of consumers. The farm program would continue with its promotional events that were increasing foot traffic and sales in the market. Additionally, it would expand on its participation in agricultural programs. The parking program was looking to increase their revenues by reviewing various opportunities including increased advertising and participating in the City's automated sign program.

Matt noted that Carol's presentation accurately represented the budget discussion at the October Finance meeting. There were no change recommendations that came from that meeting. He noted that the following items should be further discussed in detail at the next Finance meeting; payroll as being the single highest expense item and does it make sense to assume the maximum merit increase of 4%. Percent rent reflected as ending well above what was budgeted and this was due to the mid year budget revisions. Matt questioned if this would accurately reflect what to predict for 2010 and should it be raised. It should be made clear that the capital projects transfer of CRRF reserve funds was not due to any shortcomings but an aggressive approach in taking advantage of a favorable bidding environment. Expenses from the Market Foundation personnel, this item should be revisited, and further analyze if it was an appropriate time to increase residential revenue by increasing rates. Lastly, should parking make such a significant investment in an automated system while revenues were expected to remain relatively flat and would it be the most advantageous step to take.

Bruce B. agreed that a flat 4% increase would not be an accurate reflection in the budget and questioned the amount to be allotted to the website redesign. Carol and James noted that with all the additional items being stored on the website including meeting minutes and all the renovation information required to be posted per the PDA ordinance with the city, it was necessary to complete a fairly major overhaul of the website.

Carol noted that the parking automation upgrade was not part of the 2010 budget because it was included in the 2009 budget and a resolution would be brought forward at the December full Council meeting.

Pat noted that he was in opposition to the wage increase, rent increase, operational increase and the parking automation upgrade. He was also confused with some of the numbers in the budget regarding salaries and other items. These were further explained to him by staff and Council, reconciling the detail information to the summarized information.

Bruce L. questioned when there would be a reduction in the garage salary expenses. Carol noted that this was unknown and could not be evaluated until after the automation was installed and operational.

Several Council members questioned why staffing was budgeted at a hundred percent rather than at their actuals.

Theresa noted on the spreadsheet of the operating statement by revenue source was skewed in a way to somehow show the farmers in a negative light. She was very upset about this and felt that it was intentional to offend the farmers. Other Council members and staff explained that in fact it was the opposite. They felt that the farmers were a very important and integral part of the Market. Historically the farm program was not a revenue generating program and was subsidized each year to ensure the farmers' success. The spreadsheet was intended for informational purposes for the Council and was in no way intended as an insult to the farmers. Carol noted that most farmers markets are not profit making endeavors and are supported by governments, farm organizations, grants and other fundraising methods, so this information was not unique to Pike Place Market.

John F. noted that the Council should vote on what issues should be further discussed at the next Finance meeting the come back to full Council in November. It was agreed by the Council.

Jim reviewed the issues that were raised during the meeting and took an informal vote, and it was decided that the following items would be further discussed in the November Finance meeting; payroll revisions so they accurately reflect what was expected payroll to be at, actual numbers of percentage of employment and merit increases, as close to accurate as possible verses a conservative reflection, Carol noted that Council should understand that this could cause the variance to go to the negative side. Lastly, it was decided that the residential rent increase and the Night Manager position would be further reviewed and discussed in the November Finance meeting. The majority agreed that the web redesign amount would be left as is.

Matt noted that he felt that the Council would like further information and discussion at the OPSCOM meeting on the garage automation before being brought forward to full Council and a final decision made. It was also decided that Carol and Suzanne would give a presentation on the garage at that meeting. Matt noted that the presentation should cover the various components of the system, compare the automated system to manual and how each one functioned. Carol noted that for years this project has been on the table and approved by Council to proceed.

IV. Reports and Information Items

A. Update regarding Preschool Issues: and Council Discussion

Carol circulated two memos to Council prior to today's meeting. One was addressed to Ellen of the Preschool back in 8/7/09 and one addressed to the Council in 10/28/09. The purpose of the memos was to give background information on the EMF issue in preparation of today's discussion at full Council. The memo to the Council addressed the PDA's position on the situation as requested by Ellen. She noted that the PDA would continue forward with the program and the emissions would be tested when the vault was installed and turned on and could not be done before then. At that time the Preschool would need to make their decision on what they would like to do. She also noted the due diligence that was taken before the decision to proceed was made.

Jackson noted that Council members Patrick, John F by phone and himself along with Carol and John T. met with the Preschool and the Market Foundation Board, there was also a person from Seattle City Light there. The purpose of the meeting was to exchange information and see where everyone was at. What was discussed was the EMF and construction of the electrical vault. The shielding to go

on the vaults roof was designed to keep the levels below 5-6 mg, but until it was built this was not known for sure. There was a discussion on this then there was discussion on the funding for the preschool and the possible allocation of a New Market Tax Credit that they should hear back on in the next week or two. If the preschool failed to get that funding, other sources were possibly available for Tax Credits. Jackson made a personal comment that he felt that if the PDA Council and staff were going to be investing this considerable amount of money, time and resources into the project they would be in a better position to run the project and that they should be the ones in control, particularly with regards to the costs. The last area of discussion of the meeting was that the Preschool needed to test the shielding before they could commit to the construction of and occupying the new space. As noted earlier in the meeting, the vault would need to be completed and turned on before testing could be completed, sometime in June. He noted that due to construction timing issues the Preschool build out should be held off until they could decided if they wanted to occupy the space with that playground.

Theresa noted that if it was determined that the playground was found to not be safe for children, she felt it was irresponsible and immoral of the Council to place small children in danger. Additionally she agreed with Jackson's statement of holding off on moving forward with plans for the preschool until issues could be decided on, and disagreed that the PDA Council and Staff should continue to support the Preschool in putting together their financial packets because she did not want to see a repeat of the NMTC allocation earlier in the year and another sale of a PDA building.

There was some discussion about what the preschool and the PDA Staff would do if the preschool did not get further funding and decided not to use the playground. Ellen noted that she hoped the Preschool and PDA staff and Council could continue to work together if the space above the vault didn't work and that the issue was not black and white. John noted that, and wanted to ensure that, the minutes correctly reflected this, the issue was not black and white and that the PDA had been diligent in seeking space and designing a space that would be safe for the Preschool and this was only a delay until the emissions can be tested.

John F. clarified that the Preschool would be the ones to seek funding sources including NMTC. The PDA was not actively doing this for them. If they find an allocation and need assistance in leveraging the MNTC it would be their responsibility to approach the PDA staff and Council for their support and it would not involve the selling of any property.

Theresa noted her concern and her objection regarding the use of the PDA Market resources while assisting the preschool. Carol noted that a not a significant amount of resources had been used.

Bruce B. questioned if there was anything that would improve the shielding. Jackson responded that an expert from Seattle City Light noted that the designs already included a significant amount of shielding.

David asked if the preschool could use their current space on top of the LaSalle building. Jim and Ellen responded that that would not be possible because it was licensed on a temporary waiver and it was outdoor common space for tenants of the LaSalle building.

B. Executive Director Report / Questions from Councilmembers
None

C. Reports from Committee Chairs (re Non-Action Items)
None

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

A. Consent Agenda

John Finke moved the consent agenda and Theresa Alexander seconded. It was approved unanimously by acclamation.

B. New Business (if any)

Theresa noted that she would like the Council to do something in recognition of Sue Manzo who has cancer. Carol noted that she agreed and stated Sue was a long time Market Merchant and former PDA Councilmember..

VI. Public Comment

Ellen again thanked the Council for their help to the Preschool.

VII. Concerns of Council Members

Ann noted that she felt that the Council should continue to help and support the Preschool in whatever decision that they make regarding the playground, but that it is their decision whether or not to go forward with the expansion.

VIII. Adjournment

The meeting was adjourned at 5:57 p.m. by James Savitt, Chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant