



Pike Place Market Preservation and Development Authority (PDA)

COUNCIL MEETING MINUTES - AUGUST 2009

**Thursday, August 27th, 2009
4:00 p.m. to 6:00 p.m.
PDA Conference Room**

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

Staff Present: Carol Binder, Anita Neill, John Turnbull, Cecilia Hall, James Haydu, Jay Schalow, Brittney Farrow, Sabina Proto, Marlys Erickson, Daphne Tomchak, Coyle Jefferson

Others Present: Cynthia Hope, Lou Brauer, Seth Walker, Marlys Erickson, Ellen von Wandruszka, Sharon Mukai, Abdulruham Elkahout

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 July 30th, 2009
The Minutes were approved by acclamation

II. Public Comment Including the Market Community

Cynthia Hope from Hands of the World noted that with the Sunday street closures her sales were down. She had conducted pedestrian counts for customers in her store and compared them to what they were in August 2006 and found that even though the Market pedestrian counts were up in 2009, her store pedestrian counts were down.

Matt Hanna joined at 4:03 p.m.

Seth Walker of Place Pigalle noted that the special events and street closures brought more people into the Market but detracted them from their food sales.

Patrick Kerr noted that he and other merchants felt that the jugglers were deterring people from shopping and it was hurting their sales.

Sharon Mukai of the Market Merchants noted that she and her fellow merchants were in support of street closures for events like the Sunset Supper, however, the event involved a lot of security staff which kept them from patrolling and keeping the Market secure. The event was also a disruption for the craft tables and she felt that rent should be free that day.

Ellen von Wandruszka of the preschool gave thanks to Council for all their continued support with the renovations. A thank you book from the children was given to Council members.

III. Presentation and Discussion of Key Issues: Underutilized Space in the Market

A. Staff Presentation and Report

A PowerPoint presentation was given by staff which was then followed by a discussion with Council.

1. Relevant Property Management Activities
2. Measurables for Evaluation of Performance
3. Possible Underutilized Space for Consideration
4. Current and Historical Uses
5. Possible Alternative Uses and Issues

Cecilia reviewed the slides relevant to property management activities. She handed out copies of the commercial space, business plan and MHC applications. She reviewed the process and noted that her and her staff worked closely with potential tenants through the application and screening process. She continued to describe the department including the staff, budgeting and the day to day activities of the office. She then reviewed the lease renewal and vacancy strategies including percent rent, tenant negotiations and tenant service, leasing guidelines and an explanation of why Pike Place Market was different than other commercial and retail locations. Lease compliance and all administration were completed by the property management staff. This included collection calls, complaints, lease changes, sales report and acted as a tenant liaison between numerous departments and agencies including MHC, maintenance and security.

Carol narrated the 'Measurables for Evaluation of Performance' portion of the slide show. She reviewed and described the typical Market business owner and the process in determining performance noting that location was the most important factor in determining success in the Market. Comparisons in operations to other retail establishments were difficult because the Market was different in that it was highly regulated, most businesses were small single owner and operated that carried specialized products and chains were not allowed in the Market. Sales comparisons to other markets were difficult to complete because operations differed considerably from the Pike Place Market. Even so, we do use comparatives of ULI small shopping center data, other public markets and other tenants within the Market to develop target sales and rents.

John narrated the Possible Underutilized Space for Consideration, Current and Historical Uses, and Possible Alternative Uses and Issues portion of the slide show. He talked about the possibilities for the underutilized space in the Market while taking into consideration what was learned from past experiences, what worked, what didn't and why. During the renovations of the 70's several options were tried in different spaces. It was found that spaces that were inactive tended to have difficult access or visibility was poor which made it unattractive to customers and hard to lease. Several spaces that were previously rundown and shady were revitalized by putting the right businesses in the right spot. Post Alley, the farm and craft tables were successful examples of trial and error.

John reviewed the possible underutilized space for consideration. He noted areas of opportunity that were discovered from the study completed by SRG last summer. These spots included the Downunder third floor and the Economy, as well as some other out of the way areas. He reviewed the history of these spaces and how they were utilized in the past and what was successful and what was not. Some lessons learned from these experiences were that some tenants wanted to be open on Sundays or have longer hours but due to the configuration of the space it was not possible. Future spaces should offer more flexibility and offer numerous options to tenants in their use of the space.

Potential complications in following through with these opportunities included approval from the Market Historical Commission. There was some question as to what was considered historical and what was part of the renovations in the late 70's and were these renovations historical or not.

There were several opportunities for the third level Downunder particularly when the Preschool vacated to move to their permanent location. There was some discussion of having the current

tenants move to the south end and change the direction of the staircase so the north end could be closed off and used for studio and shared gallery space or other uses. This would allow for greater flexibility and a variety of other uses as well as tenant access at separate hours. Another idea was to have the West half as retail or studios and the East half for storage. There was some discussion of what the evaluation process would be to ensure that spaces were used optimally and that a good mix of tenants was selected for the Market.

Opportunities identified as historically successful were the adoption of outdoor and seasonal use spaces. Potential areas identified included several roof top deck locations. These Sweet spots would create more activity without heavy investment and they have a 'good feel' about them.

Carol noted that the PowerPoint presentation would be emailed to Council members.

B. Council Questions for Staff, and Discussion

Theresa questioned John T. as to what was meant by certain retail spaces considered problem areas and what were considered "sweet spots". John T. explained that some spaces were in the back of the building and had poor visibility to customers. "Sweet Spot" areas were areas in the Market that were not currently utilized by the Market but after a space study by SRG last year, it was discovered that several areas around the Market had great potential including the West side of the Desimone Bridge under the overhang. Theresa requested that future PowerPoint presentations have a print out of the slides so it was easier to follow along with.

Abdulruhman Elkahlout noted that he had applied for and was approved by MHC to open a Turkish coffee shop in a space located on third level Downunder. However, due to the renovations, the PDA was unsure of the future use of the third level Downunder and was unable to grant him the space. He asked Council to keep him and his store in mind if the space became available.

Matt Hanna noted that the options on ways to utilized space should be ranked and prioritized. John responded that options should be carefully weighed so as not to fall into the 'entrenchment' of a space and take the opportunity to expand while the opportunity was there. Bruce B agreed that several steps should be formulated in the process so an informed decision could be made. There was some discussion about the various ideas and approaches to take in implementing them. There was also some discussion that getting MHC to approve ideas could be an obstacle.

Bruce Burger noted that several steps should be taken in the decision making process. There was further discussion about the various ideas and the steps that should be taking to ensure an informed decision was made.

C. What, if anything, should we do with it?

Jim noted that Council needed to give staff and the Strategic committee direction then report back to Council. It was decided that the Atrium and the Downunder were top priority and storage second. Staff and STRAP would develop project plans while focusing on these two areas and Capital Renovation would handle the street use issue. In two months staff would come back to Council and present their findings and a proposal in the form of a resolution. From there they would continue with a more detailed plan.

IV. Reports and Information Items

A. Executive Director Report / Questions from Council Members

1. Follow up on Public Comment Items

Carol gave the following update on Public Comment items; at OPSCOM, a motion was made and passed that the 3% rental increase to the Leland would be postponed until after the elevator was back in operation. A public hearing was held at OPSCOM regarding the compost program, it was decided that more information would be collected then further discussed in the October meeting and attempt to come to a resolution by the next flower season. Design plans have been implemented to the security of the Leland elevator.

2. State Audit Issue

This year the auditors require that all discrete component units be included in the financial statements beginning in 2008. The auditors found that the Foundation was not under PDA control and would not be considered one of the component units to be included in the financial statements.

3. Capital Renovation Update

Carol referred Council members to the design and construction progress report in the Monthly Progress Report which was included in the Council packet.

B. Reports from Committee Chairs (re Non-Action Items)

Matt reported that the Finance committee would like to see cost center reporting included as part of the budget process for next year. He encouraged Council for any input on improving the budget process.

Jim noted that the Budget process would be discussed over the course of the next three months. Next month would be an opportunity for further input from Council; the following month would be a presentation of the budget with recommended changes and a final vote on the budget in November.

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

A. Consent Agenda

Gerry Kumata moved and Bruce Lorig seconded.

The Consent Agenda was approved by acclamation.

VI. Concerns of Committee Members

Theresa requested more information about the PDA pension plan and why PDA union employees were not on the teamsters' pension plan.

David requested that the street closure and the effect it had on the merchants be added to next months OPSCOM agenda.

Theresa noted that the PDA should not be paying for the street performers on Summer Sundays. James responded that they were permitted Buskers and not paid performers.

Matt requested that Ellen from the preschool give an update on their renovation process. Ellen responded that she would be happy to prepare something and present at the next full Council meeting.

Ann Magnano commented that she really enjoyed the satellite market at City Hall Plaza and was happy that it is a success. Bruce Burger noted that it was nicely branded.

VII. Adjournment

The meeting was adjourned at 5:41 p.m. by James Savitt, Chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant