



Pike Place Market Preservation and Development Authority (PDA)

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**COUNCIL MEETING MINUTES – SEPTEMBER 2009**

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Thursday, September 24<sup>th</sup>, 2009  
4:00 p.m. to 6:00 p.m.  
PDA Conference Room

**Council Members: James Savitt, Ann Magnano, Gloria Skouge, Patrick Kerr, Jackson Schmidt, Bruce Burger, Matt Hanna, Gerry Kumata, Bruce Lorig**

**Staff Present: Carol Binder, Anita Neill, Teri Wheeler, Tamra Nisly, Matt Holland, Kateesha Atterberry, Sabina Proto, John Turnbull, Brittney Farrow**

**Others Present: Ken Johnson, Ellen von Wandruszka, Marlys Erickson, Kevin Lee, Amy Watson, Anjulie Ganti, Rahul Gupta**

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

**I. Administration**

**A. Adoption of Agenda**

Jim handed out a revised agenda that included time changes and a second public comment added at the end of the agenda.

The agenda was approved, as amended, by acclamation.

**B. Review and Approval of Minutes of August 27<sup>th</sup>, 2009**

The Minutes were approved by acclamation.

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

None

**III. Presentation and Discussion of Key Issues**

**A. Levy / Capital Project Cost Control**

- i. How We Do Cost Control
- ii. Lessons Learned
- iii. Anticipated Issues / Problems
- iv. How Might We Improve?

Carol and Ken gave a PowerPoint presentation on the key issues of control costs for the levy and capital projects. Carol reviewed the Capital Renovation team and described the role of each person in the department.

Gerry Kumata joined at 4:06 p.m.

Ken noted some of the cost control mechanisms used in Phase I included; replacing the original project manager early on with one that was better suited for the project, having a project manager on site daily to respond to problems in a timely manner, keeping costly change orders to a minimum, closely monitoring the budget spreadsheet in the Monthly Progress Report. Ken also noted that Joe

was doing a great job with monitoring and controlling costs. Some of the cost control challenges included having to conduct Public Works Contracting which was not always the best deal. Important lessons learned from Phase I included the extent of tenant impacts and how they could be minimized for the next phases of the renovations. Carol noted that some of the current budget issues were created at the schematic design level because standard numbers were used in determining the budget and they were not sufficient to cover costs, because of this, most of the contingencies would be used up. Additionally, relocation expenses were much more than originally budgeted but are more accurately reflected in the current reports. For Phase II, tenants would be worked with well in advance and a relocation specialist would be hired. Project management was needed to be much more hands on than originally predicted and it was necessary to hire additional staff.

Bruce B. noted that he was impressed with the management teams and how well they had worked together as a team over the past year. He also noted that he was concerned that there were not a lot of contractors bidding. Ken responded that due to the complexity of the projects, some contractors, who were expected to bid, backed down and never submitted a bid. Council agreed that management was doing a good job in managing the many cost challenges.

Jim brought up several factors for consideration as Phase II developed and continued to progress; if there were any foreseeable issues with the Market Historic Commission they should be addressed in advance. Carol noted that the seismic bracing and some of the structural issues could be a problem and that we were briefing the commission and showing them the improvements now. Relocation and rent abatement should be dealt with well in advance. Carol noted that when the MPR budget reporting was changed the number was adjusted and should more accurately reflect the costs. Billing should be kept on top of; there was a long discussion on how this was done. There was concern from several Council members that there were not a lot of bids coming in for projects and wanted to know why and how to raise more interest to drive the costs down. Ken noted that a lot of contractors were more interested in the 'easy', predictable jobs. Ken further described the bidding trend and that a lot of bids did not always mean better pricing, that it was just as important to get good subcontractors as the cheapest. Bruce Lorig and Gerry Kumata concurred with this.

- B. 2010 Budget Process and Issues
  - i. Schedule and Process
  - ii. Key Issues

Carol handed out the budget schedule and list of items to be included in the 2010 budget package. Carol reported that public meetings would be held and have been advertised in an attempt to get as much public involvement as possible. She then reviewed what was to be included in the 2010 budget package. Carol reported that operations accounted for over 50% of expenses which did not include capital projects. Even during the recession costs did not go down and were expected to remain high for next year. Next year the utility line item would be a lot different. With the new central plant metering system installed the PDA would be charged the full amount of the utilities then a third party would bill the tenants while before the tenants were being billed directly from Seattle City Light. Property management accounted for about 9% of the expenses and most of the expenses were the cost of staffing in commercial and residential departments. Parking accounted for 10% of expenses and 14% of revenue. Next year with the installation of the automated system there would be a savings in a few places including staffing. The Marketing and Programs created no direct revenue and accounted for about 15% of expenses. Next year the retail sales were expected to increase as the economy recovered slowly, but not at the rate as sales had increased in recent years. Commercial revenue was expected to drop mainly due to the relocation and shutting down of tenant spaces for construction of Phase II of the renovations. There was some discussion about capital spending and taking advantage of the bid climate and complete some projects.

Jim urged Council to review the budget before the October full Council meeting and be ready for discussion and make any suggested changes. Jim also requested that the resolution regarding the policy for general authorization of selected charter section 2 transactions, \$10,000 purchases, be included with the packet for review. Carol suggested that Council attend the Finance meeting if they had any questions, concerns or changes to the budget.

#### IV. Reports and Information Items

##### A. Preschool update

Ellen, Marlys and Amy gave a PowerPoint presentation update on the Preschool. Ellen gave background on the clientele of the preschool, and an explanation of the need to expand the school to meet current licensing requirements and expand their service to include infants. To date the renovations were on schedule.

Marlys reviewed the preschool budget noting how much was from committed sources and what had been spent as of August. The PDA provided the largest allocation of funds from the New Market Tax Credit donation. Marlys continued to review the playground and temporary relocation budget and what was covered under levy funds and what was also required but where the levy funds fell short. All tolled with the temporary and new planned preschool it looks like there is about \$1,000,000 needed to fund the preschool's expansion. To make up for these shortcomings the Foundation has applied for a New Market Tax Credit.

Amy Watson, board president for the preschool, reviewed the issue of the Electromagnetic Field emissions from the vault that was to be located under the new playground. One of the issues is that there were no conclusive studies about EMF emissions and their effects, but some experts believe that these emissions can cause medical problems. The PDA was working with the Preschool in researching the issue but what the levels would be at could not be determined until after the vault had been installed and was up to full operation which would take up to a year. Amy thanked the Council and PDA for their assistance so far and acknowledged the shielding that would be done to the vault under the playground area. She stated Preschool was continuing to have the situation evaluated by consultants.

Marlys noted that the Preschool would find out in early November weather the NMTC application was approved or not. If it was not approved the Preschool would fall short on the funding for their renovations and they would need to seek funds from other sources. One possibility was applying for community funds through Washington State and remain on the 3<sup>rd</sup> floor until the proper funds could be raised.

Patrick asked what the Council's position would be on helping the Preschool out if they did not receive the NMTC funding. There was a long discussion about how funds could be leveraged by applying for other NMTC or a CTED or other sources. Jim noted that further discussion of the topic was needed. It was decided that the discussion would be put on November's full Council agenda for discussion. Matt noted that he felt the Finance committee should discuss the NMTC subject at the October meeting and come up with some options before the November full Council meeting.

##### B. Follow up on public comment items

Carol reported the following; the Summer Sunday street closure issue was discussed at the last OPSCOM meeting. In October, James would be working with merchants to determine the effect the closure had on businesses. Ideas were discussed on how the street could be more pedestrian friendly without closing the street all day. One possibility was to close the street for only a half day. It was decided that a better understanding of the impacts were necessary before the PDA could adjust accordingly.

In the Executive committee it was discussed that with the upcoming mayoral elections there was a possibility that the newly elected mayor would be opposed to the tunnel as a replacement for the Viaduct and derail the project. It would and important step for the PDA Council to state their position in favor of the bored tunnel and the PDA involvement in the decision making process. It was suggested that a letter be sent to the Governor stating the PDA's position. It was decided that a letter would be drafted and presented at today's full Council meeting. Bruce B. wondered if the letter should also be mailed to the Mayor elects. Carol responded that something should be done separately for the mayoral elects.

Jackson Schmidt moved the motion to send the letter to the Governor and Ann Magnano seconded.

For: James Savitt, Ann Magnano, Gloria Skouge, Patrick Kerr, Jackson Schmidt, Bruce Burger, Matt Hanna, Gerry Kumata, Bruce Lorig  
Against:  
Abstain:

The motion passed unanimously.

C. Reports from committee chairs (re non-action items)

At Matt's request, Carol gave a brief update on the state audit exit conference. The auditors reported a finding that the PDA had not properly reported its component units (the LaSalle and Market Housing). The PDA had plans to incorporate these units into the 2009 budget reports but the auditors required it to be completed for 2008. The PDA disagreed with the finding and noted that the PDA was following the auditor's guidance from the prior year. The finding was removed from the report. The auditors had also attempted to require the Foundation be added as a component unit of the PDA and incorporate the financials. It was found that the Foundation was not under the PDA control and was not required to be included as a component unit.

D. Executive Director Report / Questions from Councilmembers

There were no questions from Councilmembers.

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

A. Consent Agenda

Gerry Kumata moved and Bruce Burger seconded.

For: James Savitt, Ann Magnano, Gloria Skouge, Patrick Kerr, Jackson Schmidt, Bruce Burger, Matt Hanna, Gerry Kumata, Bruce Lorig  
Against:  
Abstain:

The consent agenda passed unanimously.

**VI. Concerns of Councilmembers**

None

**VII. Adjournment**

The meeting was adjourned at 5:49 p.m. by James Savitt, Chair.

Meeting minutes submitted by:  
Anita Neill, Executive Assistant