



# Finance & Asset Management Committee Meeting Minutes

**Tuesday, July 16, 2019**

**4:00 p.m. to 6:00 p.m.**

Economy Building Classroom, 1433 First Avenue (3<sup>rd</sup> Floor)

**Committee Members Present:** Ray Ishii, Patrice Barrentine, David Ghoddousi, Mark Brady, JJ McKay, Devin McComb

**Other Council Members Present:** Colleen Bowman

**Staff/ Consultants Present:** Mary Bacarella, Sabina Proto, Brady Morrison, Karin Moughamer, Matthew Holland, Tyler Jamison, Elsie Janson

**Others Present:** Joe Reed, Russell Monroe

The meeting was called to order at 4:01 pm by Ray Ishii, Chair.

## **I. Administration**

A. Approval of the Agenda

*The agenda was approved by acclamation.*

B. Approval of the Finance & Asset Management Committee June 18<sup>th</sup>, 2019 Minutes

*The June 18<sup>th</sup>, 2019 meeting minutes were approved by acclamation.*

## **II. Announcements and Community Comments**

None.

## **III. Reports & Discussion Items**

A. Review of PDA Financial Statements for June 2019

Sabina Proto noted that she will not be going through the financials in complete detail as she provides written notes each month. Sabina noted the first half of 2019 was strong with revenue over budget by 10.2% and 9.5% higher than the same period last year. Expenses under budget by 8% and the PDA is up to date on debt payment and contributions to the pension plan. Net result after debt service and reserves is \$2.1 million. Commercial revenue is over budget, with percent rent 9% over budget and each month is outperforming the previous year, with the exception of February due to the snow. Residential revenue is over budget due to low vacancies, both daystall and farm are exceeding revenue budget. Sabina noted the farm revenue and expenses are higher than last year due to the CSA program. Parking revenue is 13.8% higher compared to last year and the only month that was lower in revenue compared to 2018 was February.

Mary Bacarella added hourly parking is \$19,000 over last year for the 30 days the Alaskan Way entrance/exit to the parking garage was closed for the viaduct demolition.

Sabina Proto continued miscellaneous revenue is over budget due to higher interest rates.

*Patrice Barrentine entered the meeting at 4:08pm.*

Sabina Proto continued by noting expenses are under budget due to several staffing vacancies that are now filled. Marketing expenses are under budget but that will adjust through the year at the website project begins.

Sabina Proto handed out a 5-year actuals analysis for January-June, 2015-2019. Those financials show growth in all categories year-to-year. Contribution to the capital reserve is \$2.1, which is the highest it's ever been.

Colleen Bowman noted it's amazing that marketing expenses are down compared to the last five years given all that's being done. Mary Bacarella commented that marketing is changing and money goes further with digital advertising.

Devin McComb, in referencing the 5-year comparisons, asked if the increase in farm program revenue and expenses is due to the City CSA program. Sabina Proto responded yes.

Ray Ishii asked if the number of Daystall permits has an effect on revenue. Mary Bacarella responded the Daystall department is recruiting new vendors while at the same time there is attrition so the revenue reflects that.

JJ McKay suggested reaching out to the Bellevue Arts Fair to see what their trends are showing with attendance and revenue.

Ray Ishii asked if there are policies that could be implemented now that would have an effect into the future. Mary Bacarella noted there are things that are being explored.

Sabina Proto concluded there is no need for a formal budget revision in 2019 and that topic has been removed from the FAM calendar.

#### B. Capital Projects Update

Brady Morrison began by noting the contract for the new radios was signed today. The Goodwin chair reupholstering is complete and the Soames-Dunn window replacement project is scheduling for September. He received a draft 30-year Capital Needs Assessment and provided edits to SHKS but there was some issue with formatting in the revised draft. The skybridge painting will start in September and the skybridge AC installation is in progress and awaiting City permitting.

Mark Brady asked if the FCC license was submitted. Brady Morrison responded yes, it's been submitted and paid for.

Ray Ishii asked if the projects he's working on are listed on the prior 30-year Capital Needs Assessment. Brady Morrison responded he can't be 100% sure without referencing the document, but he believes much of the work was called out in the previous assessment.

#### C. Checking Account Activity Report June 2019

Sabina Proto handed the checking account activity for June 2019 to Karin Moughamer.

#### D. Financial for Discrete Component Units, June 2019

Sabina Proto noted the handout in the packet. There are three discrete component units managed by the PDA: LaSalle Senior Housing LLC, Pike Place Market QB3, and Western Avenue Senior Housing. The PDA is the managing member for LaSalle and WASH. The investor for LaSalle is National Equity Fund (NEF) and for WASH it's US Bank. The balance sheet and income statement are provided in the packet. The amounts are negative due to depreciation. The buildings are doing well and both have very low vacancies. The PDA is up to date on reporting, auditing, taxing and insurance and are in good standing. QB3 is financed by Morgan Stanley. LaSalle only has one more year.

Ray Ishii asked if these are tracking according to the pro-forma associated with the original filing. Sabina Proto responded yes.

#### E. Enforcement and Efficiencies

Sabina Proto began by noting all managers and directors are participating in this exercise that was identified as a priority in the 2019 strategic plan. Conversations began in January to allow more time for preparing a plan in preparation for budgeting in the fall. A handout was provided.

Mary Bacarella added each area of enforcement and efficiency will have a detailed plan. Each department is working on their plan and those will be presented at various council committees.

Sabina Proto highlighted the suggestion in the commercial department to better track and participate in tenant improvements to be more efficient with funds and also not being afraid to invest in the build outs as the PDA and tenants both benefit. It would also benefit to have a dedicated staff position to track and assist with planning tenant improvements. Sabina also discussed the benefit of additional security cameras and the ideas in the parking department, including marketing the availability of electric vehicle charging stalls.

Colleen Bowman asked why the DSA city ambassadors are not in the Market. Mary Bacarella responded she has reached out to the DSA and she's been told that program is short staffed and focusing on areas in their programmed spaces.

Mark Brady asked if the work will be divided into separate work plans. Mary Bacarella responded yes and they will be reported out at different committees depending on the topic/department.

Sabina Proto noted the social service work performed by PDA staff and those costs are often not recorded and discussed during the budget time. Mary Bacarella added the maintenance and facilities department are working the different social services to find more efficient ways of operating.

There was a discussion on the changes and stresses on social services in the Market and the different ways the PDA can help support and think through new ideas on how to manage and reduce waste, especially with regards to the Pike Market Food Bank.

Patrice Barrentine suggested a processing system to improve systems training. Mary Bacarella responded she's not sure that's ever taken place and asked if Patrice thought it was beneficial. Patrice responded yes and provided examples of her experiences in such training. She has worked previously with Boeing and Virginia Mason.

JJ McKay agreed with reaching out to Virginia Mason and has a connection there. Virginia Mason has done a great job with improving their customer service through these programs and trainings.

Colleen Bowman suggested tracking in-kind costs associated with obligations to the Market Foundation. Mary Bacarella responded staff are starting to do that and are starting with costs for Sunset Supper.

Devin McComb noted the committee is there to support PDA and staff should feel empowered to move forward with their ideas.

Ray Ishii asked if risk management should be underlined in this discussion. Mary Bacarella responded that is a separate discussion item.

#### **IV. Action Items**

- A. Proposed Resolution **19-35**: Authorization for Contract Authority – Installation of Security Cameras at the LaSalle apartments  
Tyler Jamison introduction Proposed Resolution **19-35** which states:

WHEREAS, the Pike Place Market Preservation and Development Authority (PPMPDA) was chartered by the City of Seattle pursuant to RCW 35.21.730 et. Seq with the mission of promoting enterprises essential to the functioning of the Pike Place Market, including the preservation and expansion of the low-income residential community, the promotion and survival of small businesses , and the expansion of services to the public market and community; and,

WHEREAS, the Pike Place Market PDA is the managing member of the LaSalle LLC and as such it approves of this resolution relating to this building; and,

WHEREAS, in order to maintain the viability of the Pike Place Market buildings the PPMPDA has determined that the LaSalle Apartments LLC, managed by the PDA for low income housing, requires security cameras installed in the hallways; and,

WHEREAS, the PPMPDA has executed a bid process to complete the installation of the new security cameras in the hallways.

NOW, THEREFORE, BE IT RESOLVED that the PPMPDA Council authorizes the PPMPDA Executive Director or her designee to enter into a contract with **Security Solutions** in an amount not to exceed **\$40,111.63** for the purpose of supplying and installing security cameras in the hallways of the LaSalle Building.

The funds for this project will be drawn from the **LLCLAS 162902-00**.

JJ McKay moved the proposed resolution and David Ghoddousi seconded the motion.

Mark Brady asked if the new cameras will be tied to the current security system. Tyler Jamison responded yes and he has been working closely with the IT department to ensure it all works together.

JJ McKay suggested having a line-item on the resolution that notes any warranties included in the pricing. He then asked what the warranty is for this proposal. Tyler Jamison responded he will look into it but believes it's a one-year install warranty but the manufacturer may have a longer warranty for the equipment.

David Ghoddousi asked if there will be a camera in the garbage room. Tyler Jamison responded there is already an existing camera in the garbage room.

David Ghoddousi asked if there is a camera on the LaSalle common area deck. Tyler Jamison does not believe there is one for the LaSalle community garden.

For: Ray Ishii, Patrice Barrentine, David Ghoddousi, Mark Brady, JJ McKay, Devin McComb  
Against: 0  
Abstain: 0

Proposed Resolution **19-35** passed by a vote of 6-0-0.

**V. Property Management**

**A. Residential Property Management Report**

Elsie Janson began by noting vacancies are still below budget and occupancy is at 98.6%. The rent collection policy was just updated, effective July 28<sup>th</sup> and the eviction notice has been extended from three days to 14 days. A tour of WASH was provided to a representative of Senator Maria Cantwell and US Bank. Residential is currently fully staffed and they are reviewing market rate rents for conventional apartments. Staff are considering proposing market rate apartments stay within low-income rental rates. There will be a residential staff retreat on August 13<sup>th</sup>. Elsie continues to work with Seattle City Light to receive LED light donations for residents in Sanitary, Stewart, and Livingston Baker and hopes to have that finalized in August. Staff are focused on being proactive on residential turns and maintenance has been working hard on those. The LaSalle improvements continue and the residential buildings are hosting summer picnics throughout July.

Mary Bacarella noted the summer BBQ's are a really nice offering and she invited council members to attend the next one on Thursday at Stewart House.

Devin McComb asked if the PDA sends representatives to Housing Washington in the fall. Elsie Janson responded yes.

David Ghoddousi thanked Elsie for her work and congratulated her team on the low vacancy rate.

**VI. Public Comment**

None.

**VII. Closed Session**

*The Committee Chair stated that the committee would go into closed session at 5:05 p.m. to discuss the property management report and return into open session at approximately 5:35 p.m.*

*The committee entered into closed session at 5:06 p.m.*

- A. Property Management Report - *Closed Session (RCW 42.30.110(c))*
- B. Review of Lease Proposals
  - i. Lease Renewal – Read All About It-Retail, 93 Pike Street
  - ii. Lease Renewal – Read All About It-Office, 93 Pike Street #301
  - iii. Lease Renewal – Pike Place Gifts, 1501 Pike Place #429
  - iv. Lease Renewal – Choice Produce, 1514 Pike Place #4
  - v. Lease Renewal – Pike Place Naturopathic, 1532B Pike Place
  - vi. Lease Renewal – Hands of the World, 1501 Pike Place #428
- C. Review of Delinquency Report
  - i. Vacancy Report
  - ii. Current Lease Negotiations

*Colleen Bowman left the meeting at 5:35 p.m.*

*The committee entered into open session at 5:40 p.m.*

*The committee discussed the property management report which included the delinquency and vacancy report along with the current commercial lease negotiations during the closed session.*

**VIII. Open Session**

Proposed Resolution **19-36**: Lease Proposals – July 2019

<u>Tenant</u>	<u>Term</u>	<u>Start Date</u>
Read All About It-Retail Lee Lauckhart	Five (5) Years	August 1, 2019
Read All About It-Office Lee Lauckhart	Five (5) Years	August 1, 2019
Pike Place Gifts Young Sun Kim	Five (5) Years	July 1, 2019
Choice Produce Ju-Ha Lee	Five (5) Years	June 1, 2019
Pike Place Naturopathic Dr. Estaban Ryciak	Two (2) Years	August 1, 2019

Hands of the World  
Cynthia Hope

Five (5) Years

August 1, 2019

Patrice Barrentine moved the proposed resolution and JJ McKay seconded the motion.

For: Ray Ishii, Patrice Barrentine, David Ghoddousi, Mark Brady, JJ McKay, Devin McComb

Against: 0

Abstain: 0

Proposed Resolution **19-36** passed by a vote of 6-0-0.

**IX. Resolutions to be added to the Consent Agenda**

- Proposed Resolution **19-35**: Authorization for Contract Authority – Installation of Security Cameras at the LaSalle Apartments
- Proposed Resolution **19-36**: Lease Proposals July 2019

**X. Concerns of Committee Members**

None.

**XI. Adjournment**

The meeting was adjourned at 5:41 p.m. by Ray Ishii, Chair

Meeting minutes submitted by:

Karin Moughamer, Executive Administrator