



Pike Place Market Preservation and Development Authority (PDA)

FINANCE & ASSET MANAGEMENT COMMITTEE
Meeting Minutes

Tuesday November 19th, 2013
4:00 p.m. to 6:00 p.m.
Goodwin Library

Committee Members Present: Gloria Skouge, Ann Magnano, Jim Savitt, Betty Halfon, Patrice Barrentine, David Ghoddousi

Other Council Members Present:

Staff Present: Ben Franz-Knight, Sabina Proto, Brad Reinke, Steve Nelson, Matt Holland, Elsie Janson, Bob Beckstrom, Jennifer Maietta, Dianna Goodsell

Others Present: Joan Paulson, Chris Scott

The meeting was called to order at 4:02p.m. by Gloria Skouge, Chair

I. Administrative

A. Approval of the Agenda

The agenda was approved by acclamation.

B. Approval of the October 8th, 2013 Asset Management Committee Minutes & the October 15th, 2013 Finance Committee Minutes

Betty Halfon and Ann Magnano abstained from approving the October 15th, 2013 Finance Committee Minutes since they were not part of that committee at that time.

II. Announcements and Community Comments

None

III. Presentations and Discussion

A. Review of the Financial Statements for October 2013

Sabina Proto gave a brief overview of the Financial Statements for October. The following content was included with the Financial Statements for October 2013. Under Current Assets there was decrease that was reasonably related to the decrease in current liabilities. Designated Cash decreased related to the capital expenditures during the month of October. Restricted Cash increased because of the contribution to the Debt Service Account. Fixed Assets increased because of the work performed in different capital projects. Current Liabilities decreased mainly in Accounts Payable and Payroll Accrual categories. Long Term Debt decreased due to the monthly payments on our long term obligations. Under the Accounts Receivable Activity Report, the accounts receivable decreased in October compared to September in the commercial and residential categories.

Under the PDA Operating Statement, the Total Revenue for the end of October 2013 was \$13,144,927 or over budget by \$364,445. The Total Operating Expense YTD was \$9,130,692 or over budget by \$491,130.

The Net Operating Result YTD for October was \$4,014, 235 or \$491,130 over budget. Under the Net Result after Debt Service & Reserves, the Annual Budget was \$ 1,884,836 and for the end of October the actual amount was \$2,220,184, which exceeded the annual projection by \$ 335,348.

Footnotes on the Operating Expenses noted the following: Commercial Revenue was over budget; Base Rent was on track and the Percent Rent was \$321,453 over budget. Residential Revenue was over budget overall by \$ 18,814. Surface Revenue was on track for the end of October, Garage Revenue was over budget by \$61,973 and Miscellaneous Revenue was over budget at the end of October in Trademark. Under Operating Expenses, Residential expenses were over budget mostly in payroll and in Bad Debt, Daystall expenses were over budget due to the spending of the Arcade Lights Event, Surface Lots expenses were over budget because of the larger amount of the Management fee due to the increase in Revenue and the Utilities were over budget mainly due to the higher electricity consumption and the price rate increases. Percent Rent was over Budget by \$321,453 compared to the same period of the last year.

Ben Franz-Knight noted that the Desimone lot continues to trend below 1-2%. He noted that with the Viaduct blocked off from parking due to construction, we anticipate that the early bird rate may attract increased parkers from Viaduct construction. He noted that we would be monitoring the garage usage closely while the Viaduct Construction is underway.

Ben Franz-Knight discussed the timeline for the City Council activities regarding the Seattle City Light charges. He noted that we would meet with the City Council in March regarding the 2014-2015 rates and adjusting our rate schedule. He added that in the meantime, Seattle City Light is working with us regarding solar energy, LED's and other energy efficiency savings.

Betty Halfon inquired about third-party meter system tracking; she was wondering if there is a local way to conduct the sub metering in the Market.

David Ghoddousi inquired if we are going to notify Market businesses regarding the increased electricity rates for 2014. He inquired about the total amount rate increase from this year and how it has affected the budget.

Ann Magnano inquired about the likelihood about getting into a different rate schedule class with Seattle City Light.

There was a brief discussion regarding investment strategies and the Capital Reserves.

Betty Halfon inquired about the Capital Needs Assessment and if our Capital Reserves and allocations to reserves are adequate.

I. Checking Account Activity Report

The Checking Account Activity Report was distributed to Dianna Goodsell, Administrative Services Coordinator.

IV. Reports and Action Items

A. **Action Item:** Proposed Resolution **13-70:** Adoption 2014 PDA Operating and Capital Projects Budget

Sabina Proto introduced the resolution which states that the PDA is a public corporation responsible for the efficient development and operation of the Market and for the effective provision of services designed to preserve and promote the economic health of the Market and its tenants consistent with the Urban Renewal Plan, the Historic District Ordinance and Guidelines, the PDA Charter, deed restrictions, and other City and State ordinances and laws; and, WHEREAS, as a public corporation, the PDA operates on a non-profit basis, where any excess of revenues over expenditures is reinvested in the Market; and, WHEREAS, the PDA desires to communicate to the Market community and the public the bases for its financial, operational and other policy and program decisions; WHEREAS, except for HUD contract rents, the PDA's operations are not subsidized by public funds and rely on rental and miscellaneous income for its total operating and capital revenues; and, WHEREAS, the Budget schedule and summary were made available to tenants; the PDA Council's Finance & Asset Management Committee conducted working sessions, considered public testimony, and suggested amendments to the 2014 Proposed Budget; and has

recommended adoption of the 2014 Budgets; and WHEREAS, the 2014 Operating and Capital budgets are approved as a whole, with the exception of the Employee Pension contribution which will be determined in February 2014 based on the 2013 Final Operating Statements.

NOW, THEREFORE, BE IT RESOLVED, that the PDA Council does hereby adopt the 2014 PDA Operating and Capital Budgets as outlined in the 2014 Budget Document attached hereto as Exhibit A,

AND BE IT FURTHER RESOLVED, that the PDA Council affirms its established budget, revenue and operating policies as follows:

- (1) All tenant sectors of the Market bear a responsibility for PDA costs incurred to serve the Market's operating and capital needs as a whole, and to fulfill the public interest purposes of the PDA, to preserve and promote the traditional character of the Market;
- (2) The PDA Council recognizes that external economic conditions and competitive pressures affect Market businesses and residents and attempts to prudently and sensitively take these factors and their potential effects into account in setting revenue estimates and requirements and in conducting its property management responsibilities in the course of the year;
- (3) The Market is operated as an integrated whole with services distributed in accordance with ongoing maintenance and operations requirements, current and future capital needs, and needs for response to critical or emergency demands. The flexibility created by operating the Market as a whole, instead of as independent and exclusive separate and individual buildings or tenant groups, enables the PDA to maximize efficiency and responsiveness to community-wide and Market-wide needs, while still providing attention to individual tenant needs.

This operating mode, combined with the PDA's fulfillment of Charter-mandated public interest and preservation objectives, does not lend itself to a strict relationship between costs and revenues from individual buildings or between costs and revenues from individuals or groups of tenants. While costs and revenues can be estimated for subgroups of Market facilities and tenants, it is not appropriate from a policy or operational standpoint to develop the budget and operate the Market on a strict cost center basis.

Jim Savitt moved, Ann Magnano seconded

Jim Savitt inquired if there were additional request from the community on changes to the 2014 Proposed Budget. He noted that he would like to have the idea of including 65k in the budget for a Farm Outreach Coordinator discussed at the December Market Programs Meeting; he would like to have a vote at the Full Council in December as well. He lastly noted that if this investment in adding a Farm Outreach Coordinator has a good chance of working we need to do it.

Ann Magnano noted that we may not see the return this year on the Farm Coordinator Position, but it is an investment for future years.

For: Gloria Skouge, Ann Magnano, Jim Savitt, Betty Halfon, Patrice Barrentine, David Ghoddousi

Against: 0

Abstain: 0

Resolution 13-70 passed unanimously

B. Action Item: Proposed Resolution 13-66: Authorization for Contract Authority - Replace Sanitary Market Building Apartment Awnings

Bob Beckstrom introduced the resolution which states that 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, in order to maintain the viability of the Pike Place Market buildings the PPMFDA has determined the Sanitary Market Building awnings are badly worn and are in need of replacements and repairs. WHEREAS, the PPMFDA has executed a competitive bid process to replace the Sanitary Market Building apartment awnings, including repairs. BE IT RESOLVED that the PPMFDA Council authorizes the PPMFDA Executive Director or his designee to enter into a contract with Sunrise Shading, in an amount not to exceed \$19,381.62 for the execution of replacing the awnings at the Sanitary Market Building.

The funds for this project will be drawn from the Capital Projects Budget, Accounting Code 163745-00.

Betty Halfon moved, David Ghoddousi seconded

For: Gloria Skouge, Ann Magnano, Jim Savitt Betty Halfon, Patrice Barrentine, David Ghoddousi

Against: 0

Abstain: 0

Resolution 13-66 passed unanimously

C. **Action Item:** Proposed Resolution **13-67:** Authorization for Contract Authority - Capital Projects Management - Barton Construction Consulting

Steve Nelson introduced the resolution which states that 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, in order to maintain the viability of the Pike Place Market buildings the PPMFDA has determined the need for a temporary Capital Projects Manager. WHEREAS, the PPMFDA has determined that Barton Construction Consulting has the experience and understanding working with tenants at the Market. BE IT RESOLVED that the PPMFDA Council authorizes the PPMFDA Executive Director or his designee to enter into a contract with Barton Construction Consulting, in an amount not to exceed \$15,000 for the execution of project management. The funds for this project will be drawn from the Capital Projects Payroll Budget, Accounting Code 482501-00.

Steve Nelson noted that the resolution was result of Tyler Jamison's vacant staffing position. He reported that an offer letter was recently sent out for Tyler's previous position.

Betty Halfon moved, Jim Savitt seconded

For: Gloria Skouge, Ann Magnano, Jim Savitt, Betty Halfon, Patrice Barrentine, David Ghoddousi

Against: 0

Abstain: 0

Resolution 13-67 passed unanimously

D. **Action Item:** Proposed Resolution **13-68:** Authorization for Contract Authority - Capital Projects Management - Western Avenue Window Restoration Project

Bob Beckstrom introduced the resolution which states that the 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, in order to maintain the viability of the Pike Place Market buildings the PPMFDA has determined the need for a temporary Capital Projects Manager. WHEREAS, the PPMFDA has determined that Barton Construction Consulting has the experience and understanding working with tenants at the Market. BE IT RESOLVED that the PPMFDA Council authorizes the PPMFDA Executive Director or his designee to enter into a contract with Barton Construction Consulting, in an amount not to exceed \$60,000 for the execution of project management on the Western Avenue Window Restoration Project.

The funds for this project will be drawn from the Levy Phase III budget Accounting Code 163726-00

Betty Halfon moved, Jim Savitt seconded

For: Gloria Skouge, Ann Magnano, Jim Savitt Betty Halfon, Patrice Barrentine, Jim Savitt, David Ghoddousi
Against: 0
Abstain: 0

Resolution 13-68 passed unanimously

V. Public Comment Items

Joan Paulson thanked the Committee in including an Organizational Chart of the PDA in the Budget materials. She noted several suggestions for the 2014 Proposed Budget including; relocating the Rummage Hall space to the PPM-WE, installation of solar panels at the PPM-WE and creating a goal to reach critical mass in the number of farmers at the Market.

VI. Property Management

A. Residential Property Management Report

Elise Janson distributed a copy of the Residential Property Management Report on behalf of John Turnbull's absence. A copy of the Residential Property Management Report was included with the meeting minute's record.

Closed Session started at 5:13p.m.

B. Closed Session (RCW 42.30.110 [c])

- I. Review of Lease Proposals
- II. Lease Renewal - Market Magic and Novelty, Inc. - 1501 Pike Place # 427
- III. Review of Delinquency Report
 - a. Vacancy Report
 - b. Current Lease Negotiations

C. Potential Litigation - Livingston Baker Building (Closed Session Per (RCW 42.30.110(l)(b))

D. Open Session: Approval of Lease Proposals

Closed Session ended at 5:47p.m.

Open Session started at 5:48p.m.

E. Action Item: Proposed Resolution 13-71: Lease Proposals - November 2013

Jennifer Maietta introduced the resolution which states the Lease Proposals for November 2013 below:

<u>Tenant</u>	<u>Term</u>	<u>Start Date</u>
Market Magic and Novelty, Inc. Darryl Beckmann and Sheila Lyon	Five (5) Years	November 1, 2013

Betty Halfon moved, Ann Magnano seconded

For: Gloria Skouge, Ann Magnano, Jim Savitt Betty Halfon, Patrice Barrentine, David Ghoddousi
Against: 0
Abstain: 0

Resolution 13-71 passed unanimously

F. Action Item: Proposed Resolution 13-73: Authorization for Contract Authority - Livingston Baker Building Hot Water Loop - MacDonald Miller

Ben Franz-Knight introduced the resolution which states that in order to maintain the viability of the Pike Place Market buildings the PMPDA has determined the need make payment to change order #2 to MacDonald-Miller. WHEREAS, the PMPDA has determined that MacDonald-Miller has in good faith completed the Livingston Building hot water loop project, and agreed between MacDonald-Miller and the Pike Place Market PDA to a change order to compensate for additional charges for unknown conditions on this project. BE IT RESOLVED that the PMPDA Council authorizes the PMPDA Executive Director or his designee to enter into a contract with MacDonald-Miller, in an amount of \$28,211.15 for the execution of change order #2 on the Livingston-Baker Residential Hot Water Loop. The funds for this project will be drawn from: Replace Livingston-Baker Building Residential Hot Water Loop, Accounting Code 163715-00

Jim Savitt proposed a minor change in the resolution language to include after the fourth paragraph "In exchange from a complete release from MacDonald Miller". The changes were accepted by Patrice Barrentine and Ann Magnano.

Patrice Barrentine moved, Ann Magnano seconded

For: Gloria Skouge, Ann Magnano, Jim Savitt Betty Halfon, Patrice Barrentine, David Ghoddousi

Against: 0

Abstain: 0

Resolution 13-73 passed unanimously

VII. Resolution(s) to be added to the Consent Agenda

Resolutions 13- 66, 13-67, 13-68, 13-71 and 13-73 were moved to the Consent Agenda.

VIII. Concerns of Committee Members

Ann Magnano noted that she would like to see previous members from the Finance Committee to serve on the combined Finance & Asset Management Committee.

IX. Adjournment

The meeting was adjourned at 5:50 p.m. by Gloria Skouge, Chair

Meeting minutes submitted by:

Dianna Goodsell, Administrative Services Coordinator