



# Finance & Asset Management Committee Meeting Minutes

**Tuesday, October 21st, 2014**  
**3:00 p.m. to 6:00 p.m.**  
**Atrium Loft**

**Committee Members Present:** Gloria Skouge, Jim Savitt, Patrice Barrentine, David Ghoddousi, Ann Magnano, John Finke

**Other Council Members Present:** Betty Halfon

**Staff Present:** Ben Franz-Knight, Sabina Proto, Jay Schalow, Edward Belet, Brady Morrison, Matt Holland, Andre Zita, Erica Bates, Kelly Lindsay, Lillian Hochstein, Joe Strong, David Dickinson, Zack Cook, Elsie Janson, Jeff Jarvis, Mike Downing, Randy Stegmeier, Cathy Silva, Dianna Goodsell

**Others Present:** Howard Aller, Chris Scott, Joan Paulson

The meeting was called to order at 3:01 p.m. by Gloria Skouge, Chair.

## **I. Administration**

- A. Approval of the Agenda  
The agenda was approved by Acclamation
- B. Approval of the Finance & Asset Management Committee August 19<sup>th</sup>, 2014 and September 16<sup>th</sup>, 2014 Meeting Minutes.  
The minutes were not approved due to an insufficient quorum of the Committee.

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

Howard Aller commented on the work for the windows in the residential buildings and how the windows would be painted and not kept as the original wood. He commented on the fan-lighting replacement and how that would be replaced different than before with the combined fan-light-heat functions. He lastly commented on the replacement of the refrigerators and how would the food be replaced with the installation of each of the refrigerator replacements.

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

- A. 2015 PDA Budget Presentation  
Ben Franz-Knight provided an introduction to the 2015 Pike Place Market PDA Budget Presentation. He noted that the 2016 budget process would be different from previous budget processes due to the Pike Place Market Waterfront efforts. He noted several highlights of the 2015 draft budget including the utility charges and the efforts placed with writing legislation for a change in those rates.

Sabina Proto presented on the 2015 Budget Presentation. Sabina stated that the budget presented tonight was merely a proposal which will be finalized with the input from the Council and Community.

The PDA Directors and Managers presented their respective department's budget line items as follows:

Ben Franz-Knight -PDA Executive Director, briefly discussed the Commercial Revenue under the 2015 Operating Budget in John Turnbull and Jennifer Maietta's absence. Changes from the 2015 proposed budget included an increase in base rent based on a minimum rent increase 3% with 1% overall vacancy factor.

Jim Savitt asked on the amount of commercial leases that would be up for renewal in 2015-2016; he was concerned over the commercial vacancy rate at 1% in the proposed 2015 budget.

Elsie Janson - Residential Portfolio Manager briefly discussed the Residential Revenue under the 2015 Operating Budget. She reported that a Market Rate increase would be discretionary with an increase from 2-3%; Project based Section 8 rent increase will depend on HUD's 2015 OCAF.

Jim Savitt inquired on what the basis for the rent increases for residential.

Sabina Proto replied to Jim Savitt's question regarding rent increases for residential. She noted that we look at the trends historically for rental increases.

Sabina Proto - Director of Finance discussed the QALICB and QB2 section off the 2015 Operating Budget.

David Dickinson - Daystall & Crafts Manager, Zack Cook - Farm Program Manager and Kelly Lindsay - Director of Marketing & Programs presented on the Daystall and Farm Revenue under the 2014 Operating Budget. Changes noted in the 2015 Proposed Budget included a plan to recruit five new farmers who would sell at an estimated one day per week and a small increase for in revenue for the Remote Markets.

Steve Nelson - Director of Operations presented the Surface Parking and Garage Revenue under the 2015 Operating Budget. He noted that monthly revenues for the garage are higher than last year; we anticipate less revenue growth for 2015 due to the Waterfront being closed for 9 months or longer

Jim Savitt noted that as he evaluates the proposed budget he has to use the actual figures that are presented in the budget. He inquired in why the budget would be presented if it contains figures that are not annualized or accurate. He thought we could have more support materials provided i.e. 2013 budget and trends.

Lillian Hochstein reported on the Market Foundation Revenue under the 2015 Operating Statement.

*Patrice Barrentine entered the meeting at 3:59pm*

Sabina Proto reported on the Miscellaneous Revenue under the 2015 Operating Budget.

Steve Nelson briefly discussed an overview of some of the 2015 Proposed Capital Projects.

Ann Magnano inquired in where the maintenance costs were coming out of in the budget for the PPMWE project.

There was a final overview of the department expenses under the 2015 Operating Budget from PDA Staff.

There was a discussion that followed the draft budget presentation.

Jim Savitt noted a few changes in the 2015 Draft Proposed Budget. He noted under Commercial base rent that he would like to see the same vacancy rate used as this year. Under Commercial Percentage Rent he would be decide to include the 3% increase. He noted thirdly that there were five line items under Daystall where there were projected increased revenues in which he would not vote upon since the 2014 Actual Annualized figures were less than the 2014 Approved Budget figures. Under the Garage daily and monthly revenue he thinks that they should be the actuals this year. Lastly he thought the 60 percent increase in revenue would be too steep.

B. Review of the Financial Statements for September 2014

Sabina Proto, PDA Director of Finance presented a brief overview of the Financial Statements for September 2014. The following content was included under the Financial Statements for September 2014; Current Assets increased by \$184,243. Designated Cash increased because of the monthly contribution to the CRRF. Restricted cash increased due to the contribution to the Debt Service Account. Fixed Assets increased due to the work completed under Capital Projects during September. There was an increase of \$218,253 from the prior month regarding the Current Liabilities. Long Term Debt decreased due to the payments on our long term obligations and our Net Position for the current year operating result was \$3,365,784. Under the Accounts Receivable Report, the accounts receivable increased compared to the balance of the prior month.

Under the PDA Operating Statement, the Total Revenue for the end of September 2014 was \$12,779,380 or over budget by \$879,260. The Total Operating Expense YTD was \$8,983,316 or \$46,565 under budget. The Net Operating Result YTD for the end September was \$3,796,064 or \$925,825 over budget. The Net Result after Debt Service & Reserves: Annual Budget was \$ 1,618,408 and for the end of September the actual amount was \$2,112,890.

Footnotes on the Operating Expenses noted the following: Commercial Revenue was over budget mainly in Base Rent and Percent Rent, Common Area Utilities, Direct Utilities and Late Fess by \$472,588. Residential Revenue was over budget overall by \$31,286; Surface Revenue was over budget by \$61,954. Garage Revenue was over budget by \$322,369 due to increased parkers in the garage. Lastly Percent Rent was \$277,197 over budget and \$261,046 over the actuals of the same period of last year.

- 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 **14-63:** Authorization for Contract Authority - Extension of Surface Lot Parking Operation and Management Agreement

Ben Franz-Knight introduced the resolution which states that the City owns certain properties in the vicinity of the Pike Place Market that it acquired as right-of-way for the Alaskan Way Viaduct and for urban renewal purposes, and; WHEREAS, for many years, the City has contracted with the Pike Place Market Preservation and Development Authority (PPMPDA) to use, operate, and maintain such properties for controlled public parking to the extent not required for other municipal purposes, and; WHEREAS, the PPMPDA has successfully operated and maintained the properties, commonly known as the “Desimone/PC-1 North Lot” and the “Blanchard and Lenora Lots,” and has shared the revenue therefrom with the City, and; WHEREAS, the PDA Council approved resolution 10-66 approving a Parking Operation and Management Agreement (Agreement) with the City of Seattle subsequently authorized by Ordinance no. 123505, and: WHEREAS, the Agreement expires on December 31, 2014 when the surface lots were, at the time of renewal in 2010, estimated to be needed for demolition of the Viaduct, and; WHEREAS, the City of Seattle would now like to extend the Agreement until such time as the Desimone and the Blanchard and Lenora lots are no longer operated and managed as parking lots and/or until the parties decided to amend the terms and conditions in the existing agreement, and: NOW, THEREFORE BE IT RESOLVED that the PDA Council authorizes the Executive Director or his designee, to acknowledge acceptance of the Agreement extension with the City of Seattle as proposed in the attached letter from the City of Seattle office of Finance and Administrative Services.

John Finke moved, Ann Magnano seconded

There was a brief discussion that followed.

For: Gloria Skouge, Jim Savitt, Patrice Barrentine, David Ghoddousi, Ann Magnano, John Finke

Against: 0

Abstained: 0

Resolution **14-63**: Authorization for Contract Authority - Extension of Surface Lot Parking Operation and Management Agreement passed unanimously.

**B. Action Item:** Proposed Resolution **14-64**: Authorization for Contract Authority - Replacement of Refrigerators - 1<sup>st</sup> & Pine Market House

Andre Zita 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 PPMPDA has determined to perform a replacement of refrigerators in the 1<sup>st</sup> & Pine Market House. WHEREAS, the PPMPDA has secured a City of Seattle grant of \$13,000 to substantially offset labor and material costs for the replacement of the refrigerators. The City of Seattle's Department of Housing/Homewise has identified these items needing replacement as part of an ongoing effort to meet its city-wide energy conservation goals.

NOW, THEREFORE, BE IT RESOLVED that the PPMPDA Council authorizes the PPMPDA Executive Director or his designee to enter into a contract with Lowe's in an amount not to exceed \$24,883 for the execution of work necessary to accomplish this scope. The funds for this project will be drawn from the Capital Projects Budget, 2014 Winterization – Energy Conservation: 162005-00

Patrice Barrentine moved, Jim Savitt seconded

There was a brief discussion that followed.

John Finke inquired on the useful life of the potential refrigerator replacements for the residential units.

Betty Halfon asked if the refrigerators were energy efficient.

Patrice Barrentine asked if the refrigerators would be replaced similar to the previous refrigerator models.

Ann Magnano asked in how we were going to notify the tenants about the replacement of the appliance replacements.

Betty Halfon inquired on Howard Aller's previous comments regarding food storage and transferring of the food.

For: Gloria Skouge, Jim Savitt, Patrice Barrentine, David Ghoddousi, Ann Magnano, John Finke

Against: 0

Abstained: 0

Resolution **14-64**: Authorization for Contract Authority - Replacement of Refrigerators - 1<sup>st</sup> & Pine Market House passed unanimously.

**V. Property Management**

A. Residential Property Management Report

Elise Janson, Residential Portfolio Manager presented a brief Residential Management Report to the committee in absence of John Turnbull.

**VI. Public Comment**

Joan Paulson commented in regards to the 2015 PDA Budget. She noted that she did not hear any specific budget plan on maintenance issues in the Market; one being on roof maintenance prevention. She also inquired on what are the specific goals for sewage, water, and waste reduction for the Market. She noted that the PDA should be looking at a ten year plan for PC1N. Her last comment was regarding setting a goal for no bed bugs in the Market.

**VII. Closed Session**

*The Committee entered into Closed Session at 5:19p.m*

- I. Property Management Report - *Closed Session (RCW 42.30.110[c])*
- II. Review of Lease Proposals
  - Lease Renewal - Delaurenti Specialty Food & Wine - 1435 First Ave
  - Lease Renewal - First & Pike News - 93 Pike Street & 93 Pike Street #220
  - Lease Renewal - Madame Lazonga's Tattoo - 1527 Western Ave
  - Lease Renewal - Ventures - 1501 Pike Place #521
- III. Review of Delinquency Report
  - a. Vacancy Report
  - b. Current Lease Negotiations

*The Committee entered into Open Session at 5:55p.m*

**VIII. Open Session**

A. **Action Item:** Proposed Resolution **14-65**: Lease Proposals: October 2014

Matt Holland introduced the resolution which notes the following Lease Proposals for October 2014:

DeLaurenti Specialty Food & Wine	Ten (10) Years	July 1, 2014
DeLaurenti Italian & International Foods, Inc.		

First & Pike News / Read All About It    Five (5) Years    September 1, 2014  
 Lee Lauckhart  
 (Retail & Office)

Madame Lazonga's Tattoo    Three (3) Years    November 1, 2014  
 Vyvyn Lazonga

Ventures    Five (5) Years    October 1, 2014  
 (CASH)

For: Gloria Skouge, Jim Savitt, Patrice Barrentine, David Ghoddousi, Ann Magnano,  
 John Finke

Against: 0

Abstained: 0

Resolution **14-65**: Lease Proposals: October 2014 passed unanimously.

**B. Action Item:** Proposed Resolution **14-66**: Rent Account Adjustment - Pike Place Outfitters

Ben Franz-Knight introduced the resolutions which states that the Pike Place Market PDA has leased space leased at 93 Pike Street # 102 to Philip Cheung d/b/a Pike Place Outfitters (Tenant) on a month to month holdover of a prior lease; and WHEREAS, the tenant has notified the PDA earlier in the year of his intent to terminate the rental agreement no later than October 31, 2014; and WHEREAS, the tenant has fulfilled all obligations and payment of negotiated monthly rent terms under that agreement since providing notice of intent to vacate. NOW, THEREFORE, BE IT RESOLVED that the Pike Place Market PDA Council approves a credit to the accrued rental account for the Tenant in the amount of \$17,500 according to the terms of the negotiated agreement for the move out period. This amount is considered a credit adjustment to monthly rent, and is not a payment or reimbursement to the Tenant.

David Ghoddousi moved, Patrice Barrentine seconded

For: Gloria Skouge, Jim Savitt, Patrice Barrentine, David Ghoddousi, Ann Magnano,  
 John Finke

Against: 0

Abstained: 0

Resolution **14-66**: Rent Account Adjustment - Pike Place Outfitters passed unanimously.

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

Proposed Resolutions 14-63, 14-64, 14-65 and 14-66 were placed under the Consent Agenda.

**X. Concerns of Committee Members**

None

**XI. Adjournment**

The meeting was adjourned at 5:58p.m by Gloria Skouge, Chair

Meeting minutes submitted by:

Dianna Goodsell, Administrative Services Coordinator