Asset Management - Meeting Agenda

Date: Monday October 8th, 2012
Time: 4:30 p.m. – 6:00 p.m.
Location: Elliot Bay Conference Room (Top of the Economy Market)
Committee Members: Patrick Kerr (Chair), John Finke (Vice-Chair), Betty Halfon, David Ghoddousi, Gerry Kumata, Bruce Lorig, Tony Puma (Non-Voting), Joshua Anderson (Non-Voting), and Mark Ellerbrook (Non-Voting)

4:30pm  I. Administrative: Chair
A. Approval of Agenda
B. Approval of the Asset Management September 10th, Meeting Minutes

4:35pm  II. Announcements and Community Comments

4:40pm  III. Levy Phase III Update: Joe Paar

4:45pm  IV. Action Item(s)
   John Turnbull
B. **Action Item**: Proposed Resolution 12-78: Authorization for Contract Authority - Repair Windows on Western
   Bob Beckstrom

5:20pm  V. Property Management
A. Residential Property Management Report John Turnbull
B. Closed Session (RCW 42.30.110 [c])
   I. Review of Lease Proposals Jennifer Maietta
   II. New Lease - Zaccagni’s - 97B Pike Street
      Lease Renewal - Raven’s Nest Treasures - 85B Pike Place
      Lease Renewal - Sosio’s Produce - 1527 Pike Place
   III. Review of Delinquency Report
      a. Vacancy Report
      b. Current Lease Negotiations
C. Open Session: Approval of Lease Proposals Jennifer Maietta
D. **Action Item**: Proposed Resolution 12-79: Lease Proposals - September 2012

5:45pm  VI. Resolution(s) to be Added to Consent Agenda Chair

5:50pm  VII. Public Comment

5:55pm  VIII. Concerns of Committee Members

6:00pm  IX. Adjournment Chair
Committee Members Present: Patrick Kerr, Betty Halfon, David Ghoddousi, Gerry Kumata, Bruce Lorig, Mark Ellerbrook,

Other Council Members Present: Gloria Skouge

Staff Present: Ben Franz-Knight, John Turnbull, Jennifer Maietta, Brittany Farrow, Matt Holland, Allison Krueger

Others Present: Joshua Green, Howard Aller, Paul Dunn

The meeting was called to order at 4:30 p.m. by Patrick Kerr, Chair

I. Administration
   A. Approval of Agenda.
      Proposed Resolution 12-69 under Section V, Item A was stricken from the agenda.
      The agenda was approved, as amended, by acclamation
   
   B. Approval of August 13th, 2012 Minutes
      The minutes were approved by acclamation.

II. Announcements and Community Comments
   Paul Dunn commented on his concern with the Gum Wall and the public use and up keeping of the wall. He noted that should be a longer term solution for maintenance and cleaning of the gum wall. He also made comment about the renovations for Victor Steinbrueck Park regarding the Parks Levy. He noted that the Friends of the Market are working with the oversight committee regarding levy efforts.

   Ben Franz-Knight commented on the gum wall and the complex issue of up keeping and the maintenance of the wall. He has spent some time drafting a maintenance policy for the gumwall. He noted that there is a PR campaign in development that would help educate visitors in how to enjoy the wall while respecting the historical building.

III. Levy Phase III Update
   Ben Franz Knight reported that we are still working on the windows on Western in which there should be a resolution presented next month. He added that there have been several meetings with Mark about reviewing the remaining funds and cash flow from the renovation. He noted the possibility of recommendation to purchase one to two additional climate cool units in November or December.

   There was a brief discussion regarding the windows on Western.
IV. Key Issues & Discussion Items

A. Update on Proposed Capital Projects

Ben Franz-Knight gave a brief report on the update on proposed capital projects. He noted next month we will be looking at the Atrium Demonstration Kitchen project. He stated that we have accomplished a great number of capital projects so far. The preschool renovation will be addressed next month. With all the capital related resolutions passed last month, the PDA other funds available balance is at $494,804. The Atrium Kitchen project would bring the balance to $202,304, while the preschool renovations expenses are anticipated to cost around $40,000 to $60,000. He lastly noted that we have allocated a majority of those funds from the PDA other funds available; one of the things we are looking at in the capital planning period is the second level of medium priority projects.

I. Review of Other Funds Project Status

None

V. Action Item(s)


The resolution proposes that the PPMDA desires to provide a public facility to further focus upon food and nutrition education, cooking classes, chef demonstrations, preparation of value added food products by local farmers and chefs, catered events featuring local food products and other special events compatible with the operation of the Public Market. Developing the Economy Atrium Kitchen and the Economy Market Event Spaces creates an opportunity to expand the relationship with our existing customers and to cultivate new ones by allowing shoppers to complete the farm-to-table cycle while enjoying a unique experience in one of the city’s most iconic locations. The PPMPDA has previously authorized design services for the Economy Atrium Kitchen in the amount of $37,500 and has distributed a bid set for pricing from local contractors, with estimates received ranging from $205,000 to $280,000 inclusive of sales tax and an estimate of additional equipment to establish operations in the amount of $62,000. The estimated cost for additional equipment to be provided in the finished space is estimated to be at $62,000. The PPMPDA Council has reviewed a proposed business plan which identifies operating expense assumptions, income from space rentals and general usage patterns identified as benchmarks for effective use of these spaces. It be requested that the PPMPDA Council authorizes the PPMPDA Executive Director or her designee to solicit bids for the construction of the Atrium Kitchen and to proceed with purchasing of related equipment in an amount not to exceed $280,000. It be further requested that the Executive Director shall report to the PDA Council within one year of this resolution on the operating costs, income, usage and other benefits from operations of the Atrium Kitchen and Economy Market Event spaces with a recommendation on whether to continue such operations or convert the subject spaces to conventional leased commercial space. This work is intended to be paid for from Other PDA Capital Funds GL Code – 163222-00.

This item was stricken from the agenda.

VI. Property Management

A. Residential Property Management Report

John Turnbull distributed the residential vacancy report. He noted that the residential vacancy report was based on August’s report. He reported that the units in the Stewart House continued to be leased out; they are down to one vacant unit due to the renovation. He also reported that the Section 8 Renewal for the Stewart House is in place now. Lastly, he added that we are doing the exhaustive analysis for the apartment rents for next year’s budget.

Closed session began at 4:45 p.m.

B. Closed Session (RCW 42.30.110 [c])
   i. Review of Lease Proposals
   ii. New Lease - Radiator Whiskey - 94 Pike Street # 30
Lease Renewal - El Mercado Latino - 1514 Pike Place # 5 Lease Renewal - Pharaoh’s Treasures -1501 Pike Place #314
Lease Renewal - Polish Pottery -1501 Pike Place # 515
Lease Renewal - Ruby’s Seattle Gift Gallery - 1501 Pike Place # 505
Lease Renewal - The Soap Box - 1916 Pike Place # 13
Lease Renewal - Taj Mahal - 1501 Pike Place #513

iii. Review of Delinquency Report
   a) Vacancy Report
   b) Current Lease Negotiations

C. Open Session: Approval of Lease Proposals

Closed session ended at 5:10 p.m.

D. Action Item: Proposed Resolution 12-76: Lease Proposals - September 2012:
Jennifer introduced the resolution which states the Lease Proposals for September 2012 below:

<table>
<thead>
<tr>
<th>Name</th>
<th>Term</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Radiator Whiskey</td>
<td>5 Year</td>
<td>October 8, 2012</td>
</tr>
<tr>
<td>Radiator Whiskey, LLC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>El Mercado Latino</td>
<td>5 Years</td>
<td>September 1, 2012</td>
</tr>
<tr>
<td>Jilasco, LLC</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pharaoh’s Treasures</td>
<td>5 Years</td>
<td>October 1, 2012</td>
</tr>
<tr>
<td>Hesham Elhoucy</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Polish Pottery</td>
<td>3 Year</td>
<td>October 1, 2012</td>
</tr>
<tr>
<td>Hanna Tabaczynski &amp; Margaret Rzymowska</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ruby’s Seattle Gift Gallery</td>
<td>5 Years</td>
<td>September 1, 2012</td>
</tr>
<tr>
<td>Rodelio &amp; Ruby Francisco</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Soap Box</td>
<td>5 Years</td>
<td>September 1, 2012</td>
</tr>
<tr>
<td>DoriLea Gaffaney</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Taj Mahal</td>
<td>5 Years</td>
<td>September 1, 2012</td>
</tr>
<tr>
<td>Varendra (Kaka) &amp; Rani Dhingra</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

David Ghoddousi moved, Gerry Kumata seconded
Approve: Gerry Kumata, Betty Halfon, David Ghoddousi, Bruce Lorig, Patrick Kerr
Against:  0
Abstain:  0

Resolution 12-76 passed unanimously.

VII. Items for the Consent Agenda
Resolution 12-76 was moved to the Consent Agenda.

VIII. Public Comment
None

IX. Concerns of Committee Members
Betty Halfon commented on Market tenant performance and the PDA’s ability to either assist or direct businesses that are underperforming or need assistance.

Bruce Lorig commented on the possibility of looking closer at some of the lower performance tenants in order to assist or direct them. He also commented on the cleanliness and signage of the parking garage and also restriping the lines/ restructuring the parking rates. He noted that our goal is to have a lot of people come to the Market.
Patrick Kerr commented on the PDA website and the possibility of advertising the parking garage reduced rates on the homepage.

Howard Aller commented that he and fellow friends have difficulty with the parking garage space availability, especially monthly parking tenants who are not guaranteed a place to park.

X. Adjournment
The meeting was adjourned at 5:20 p.m. by Patrick Kerr, Chair.

Meeting minutes submitted by:
Dianna Goodsell, Administrative Services Coordinator
Table of Contents

Executive Summary 2
Mission Statement 3
Potential Uses 3
Promotional Value 3
Needs Assessment 4
Management and Operations 6
Financial Model 8
Development Schedule 12
Promotion and Partnerships 13
Atrium Kitchen Design Concepts 14
Community Comments 16

Appendix available upon request.
Executive Summary

The food and event industry is expanding in dramatic ways. Nutrition and locally-sourced foods have become major topics of interest, especially in consumer groups with discretionary income. The importance of educating children as well as adults about healthy eating habits is now a national priority championed by First Lady Michelle Obama. Event venues are increasingly becoming an essential element within any central shopping district to provide the hands-on experiences customers demand. The Pike Place Market currently has no facilities dedicated to these functions.

Developing the Atrium Kitchen and Economy Market Event Spaces creates an opportunity to expand the relationship with our existing customers and to cultivate new ones by allowing shoppers to complete the farm-to-table cycle while enjoying a unique experience in one of the city's most iconic locations.

Facilities include the historic Goodwin Library with a view of Pike Place, a large meeting room and annex (formerly operated as Top of the Market), and the Economy Atrium. All levels are now accessible by elevator with a convenient loading bay on Post Alley.

The newest feature will be the Atrium Kitchen—a new commercial kitchen designed specifically for educational events, private dining and catering for larger events, as well as providing an approved space for Market farmers to prepare samples and clean the equipment used in their daily businesses.

This business venture is designed to bring additional food shoppers into the Market, to celebrate its location and identity as a food destination of international appeal, and on a very simple basis, to introduce people to the joy of cooking and sharing meals together. Importantly, these new facilities are especially suited to creating activation in the Market during winter months and on weekdays, times most likely to attract local, regular customers.

The facilities will also provide a unique opportunity to host special food-related entertainment—networking groups, public demonstrations, product launches, and competitive cooking events—targeted toward the ever-increasing “foodies” audience.

This business sector is a natural extension of current PDA business operations which include the daily operation of commercial spaces, administration of daily leasing, and all facility support services for a public commercial setting. The service will be of value to current tenants of the Pike Place Market PDA seeking temporary venues for special events they are unable to host on their premises, in addition to the many farmers who have expressed interest in using a commissary space to prepare their product and clean their equipment. There are also opportunities to expand current PDA programs, which may include providing ongoing education to farmers interested in developing cottage-industry businesses and value-added goods; cooking classes that may range from basic cooking skills to “tasting tours” of the Pike Place Market; and possible partnerships with area non-profits that promote nutrition and food security. (“Food security” relates to having sufficient quantities of food and the economic resources with which to obtain it—as well as access to basic nutritional information—to ensure good health.)

The rental of these facilities should provide sufficient revenue to cover operating expenses and approximate rental income that would be derived from this commercial space if leased to a tenant. At the end of twelve months of continuous operation, a progress report including financial performance, client satisfaction and advance bookings will be presented to Council.
Mission Statement

The development of kitchen and event facilities at the Pike Place Market will:

- Support food-related classes, demonstrations, tastings, and programs featuring the use of regional produce, supporting local agriculture, and increased activity in slower times of the year
- Provide opportunities to our merchants to expand their current offering and increase profitability through catering, food preparation, and product development
- Create a stronger connection between the Market and the Seattle-area community by being a destination for education, events, and memorable celebrations
- Position the Market as an integral part of the regional food economy and cultivate our status as a national icon of quality food

Potential Uses

Individually, or in combination, the Atrium Kitchen and Economy Market Conference Facilities provide opportunities for the following:

- Community gatherings
- Educational classes and demonstrations
- Meetings, retreats, seminars, and networking events
- Private events and entertainment
- Testing and development of value-added products by Market farmers
- Auxiliary space for other Market events - Cheese Festival, Sunset Supper, Arcade Lights, etc.
- Catered event space for Market restaurants
- Filming location or filming support area
- Product sampling for food and beverage producers
- Prep/cleanup space for Market farmers providing samples or prepared products

Promotional Value

In addition to the uses and benefits outlined above, there is tremendous promotional value that can be ascribed to the activities taking place in the kitchen and event facilities.

With an estimated potential for up to 500 events per year, and a conservative average of 25 participants per event, the kitchen and conference rooms stand to generate an additional 12,500 visitors to the Market, the majority of whom will be local.

We can also expect to receive a great deal of promotion surrounding public programming in the spaces. Due to the high level of brand awareness surrounding the Pike Place Market, any activity here receives instant recognition and repetition. As an example, during our recent “Thank You Seattle” campaign one press release and interviews with seven local media outlets resulted in 47 stories nationally, 1.8 million impressions and an earned-media value of $115,983.
Needs Assessment

For over 25 years, the large meeting rooms in the Economy Market have been managed as event facilities by private companies. These commercial activities were modestly successful, and their primary obstacle—lack of elevator access—has been remedied through the recent renovation.

Given the established precedent for profitably operating meeting and event rooms in the Economy Market, the commercial kitchen aspect of this plan has been the primary focus of competitive analysis and needs assessment.

The benefits of a community kitchen have been the subject of discussion for many years, and the development of this type of facility was designated as a priority in the 2012 Other PDA Funds and Capital Projects list.

In order to explore the viability, sustainability, potential uses and best practices for operating an on-site community kitchen, the PDA, in cooperation with the not-for-profit Leadership Tomorrow program, has conducted research, user focus groups, surveys, and individual interviews.

The competitive set for this business would include the following:

- **Private meeting rooms:** Some office buildings and private organizations in Seattle offer spaces suitable for meetings or social events. These facilities typically do not have full-fledged kitchens. Rates for these spaces run $75 to $200 per hour depending on size, location and amenities.

- **Private event facilities:** Whether part of a hotel or a purpose-built event space, these facilities offer fully-equipped kitchens or catering prep areas. Suited primarily for larger events (200-500 people), these range in price from $100 to $200 an hour. Many can only be rented for a flat rate starting at around $1,200.

- **Public meeting and event facilities:** Seattle Public Libraries and the Seattle Parks and Recreation Department offer meeting and event spaces for daily use. These spaces range from simple meeting rooms to complete event venues with basic kitchen equipment. The quality and amenities available for these spaces varies greatly, but none of them offer more than basic design or “rustic charm.” Rates range from free to $200 per hour.

- **In-store demonstration kitchens:** Typically tied to a grocery store (Uwajimaya, PCC, Whole Foods) or commercial equipment vendor (Bargreen Ellingson), these kitchens are used for demonstrations, classes, and education programs sponsored by the store. Participation fees may be charged to customers.

- **Cooking schools:** There are a number of cooking schools in the area that offer demonstrations or hands-on learning experiences. Most operate from a dedicated venue, rented by the school and tuition fees are charged as part of the business. Some are private business ventures, others are part of continuing education programs. Rates for a single 90-minute class are in the $50 to $125 dollar range.

- **Private commercial kitchens:** Designed solely for preparation and production, these kitchens offer back-of-house support for food-related enterprises. Rates run from $10 to $50 per hour.
This competitive research indicates that the Atrium Kitchen and Economy Market event rooms could offer a unique blend of facilities that would be well-suited for supporting a variety of educational, event and dining experiences. This, combined with affordable rates and a highly desirable location, set the stage for a successful venture.

Our focus groups, surveys, and interviews have provided additional insights into the demand for this type of facility:

- **There is a lot of enthusiasm for this project.** Potential users across all levels have expressed strong interest in the kitchen and anticipate many benefits for both their businesses and the Market as a whole.
- **The flexibility of the atrium space is an attractive element.** Being able to scale the kitchen to accommodate both small, intimate classes as well as larger social events supports a wider range of potential users and uses.
- **The Atrium Kitchen would stand alone as a venue well-suited to production, education, and private dining events.** Of the 11 Seattle-area kitchens available for private rental surveyed (see appendix), none offer our unique combination of uses and availability.
- **The Atrium Kitchen would provide an opportunity for Market restaurants to develop their catering options.** Due to space limitations, Market restaurants often turn down requests to cater private dining events. Strong interest has been expressed by several chefs to provide expanded options for their guests.
- **Surveys have identified a strong level of interest in a “neutral turf” for specialty food promotions or cooking events.** Currently, such functions are hosted by private businesses and identified with those commercial enterprises. No event facility was identified that is suited to public presentations or spectators in a large public space.
- **Easy access to affordable kitchen space would support our farmers.** Whether used for preparing samples, cleaning their equipment, or developing recipes and test-batches of value-added product, the kitchen could help our farm vendors grow their businesses and increase profits.

As plans for the design and operations of the Atrium Kitchen become more refined, we are surveying potential customers to determine the extent to which interest in a food event facility in Pike Place Market would translate into actual rental income.

The survey will be distributed to a targeted list of restaurant professionals and event promoters with a description of likely rental rates, related fees, and scheduling information. Included with this approach will be a request of interest from those who would like to prelease or reserve special dates, and identification of groups, businesses, and organizations interested in booking multiple dates on a contract. We will use this information to validate the assumptions made in our preliminary operating budget and make adjustments as necessary.
Management and Operations

The management of event and kitchen facilities is a natural extension of current PDA business operations, which include the daily operation of commercial spaces, administration of daily leasing and secondary support services (marketing, facilities, security, etc.) necessary for a public venue.

For the Atrium Kitchen, the PDA would hold a Seattle & King County permanent food establishment permit. All users (with the exception of educational programs) would be required to provide temporary food establishment permits in addition to all other mandatory permits related to that particular use (i.e. WSDA, food handler’s permits, banquet license, etc.).

Staffing
Support for the promotion, scheduling, and administration for the kitchen and event facilities is currently being managed by the Marketing and Communications department as an extension of its existing special event review process. However, we recommend that these duties eventually be transferred to the Daystall department as it has jurisdiction over all other daily rental contracts—daystall, rummage hall, etc. It is recommended that one individual be named the primary point of contact for event inquiries to both effectively manage all of the details required, as well as to provide consistent customer service. As demand for the spaces grows we anticipate creating a dedicated position to support this service offering.

Rate Structure
By offering a competitive rate structure that provides incentives to current commercial tenants, non-profit organizations, and repeat bookings we will both encourage maximum use of the facilities while maintaining our mission of supporting local agriculture and Market businesses, as well as strengthening the public’s perception of and relationship to the Market.

Event Space Rates and Availability

<table>
<thead>
<tr>
<th>Room</th>
<th>Capacity</th>
<th>Mon–Thurs 8am–10pm</th>
<th>Saturday, Sunday 8am–5pm</th>
<th>Friday – Sunday 5pm – midnight</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Hourly rate, 2hr min</td>
<td>Hourly rate, 2hr min</td>
<td>Flat rate</td>
</tr>
<tr>
<td>Atrium Conference</td>
<td>150</td>
<td>$75</td>
<td>$100</td>
<td>$500</td>
</tr>
<tr>
<td>Elliott Bay</td>
<td>50</td>
<td>Reserved for PDA use</td>
<td>$50</td>
<td>$250</td>
</tr>
<tr>
<td>Greenroom</td>
<td>N/A</td>
<td>$25</td>
<td>$25</td>
<td>$125</td>
</tr>
<tr>
<td>Goodwin Library</td>
<td>25</td>
<td>Reserved for PDA use</td>
<td>$50</td>
<td>$250</td>
</tr>
<tr>
<td>Atrium Main Floor</td>
<td>125</td>
<td>Open to public</td>
<td>Open to public</td>
<td>$750</td>
</tr>
<tr>
<td>Atrium Kitchen</td>
<td>15</td>
<td>$35</td>
<td>$50</td>
<td>$250</td>
</tr>
</tbody>
</table>

Additional Rental Information

- Preferred Pricing
  - Market commercial tenants will receive 50% off one room reservation per year. After that they will be eligible for the non-profit rate of %15 off.
  - Qualified non-profits and repeat booking of 10 or more will receive 15% off of the regular rates.
Market farmers with a minimum of 20 days selling at any Pike Place Market location will be able to rent the Atrium Kitchen for $15 an hour, or have access for preparation or cleanup times for a flat rate of $50 per month.

- Additional Fees
  - Security: $25/hour per officer. One officer is required for all events occurring past 6pm. Two officers are required for events using the Atrium Floor.
  - Processing Fee: $25 (non-refundable)
  - Facilities Fee: $25 - $150 (varies by event & location)
  - Damage/Cleaning Deposit: $250 / with alcohol $500 (refundable)
  - Portable Screen & Sound System: $35

- Additional Info
  - All rentals have a two-hour minimum.
  - Events must be completed and the room returned in original condition by midnight.
  - Elevator access is available to all levels of the building.
  - Post Alley alcove may be used for load-in/prep area at no charge with any facility rental.
  - This facility is located in a public area, and activities occurring prior to 6pm cannot restrict access to public areas or private businesses.
  - No helium balloons or glitter allowed.
  - Painter’s tape is the only tape permissible.

- Required Permits
  - Event Insurance: Certificate of Insurance with the Pike Place Market PDA listed as additional insured in the amount of one million dollars ($1,000,000) for property damage and two million dollars ($2,000,000) per accident.
  - Alcohol Permits: required to serve or sell alcohol.
    - Banquet Permits: Required for the service and consumption of liquor at a private, invitation only banquet or gathering.
    - Special Occasion License: Issued to non-profit organizations to sell alcohol on-premise for a specific date and location.
    - MAST Training and Mixologists licenses: If alcohol is being sold, all paid or volunteer staff involved in the sale, serving, or pouring of alcoholic beverages must be MAST trained and hold CLASS 12 Mixologist licenses.

- Reservation Process
  - A completed application and signed General Terms and Conditions must be received before any reservation will be processed.
  - All required paperwork, deposits, rental fees, and proof of insurance are due two weeks prior to event date. Reservations are subject to cancellation if payment and information are not received by the two week deadline.
Financial Model

**Capital Investment**

Because this venue will be the host of public events and professional chefs, the finished kitchen will exemplify high-quality, utilitarian equipment and finishes. The proposed design takes maximum advantage of the “light industrial” finishes and materials used in renovation of the Economy Market and other facilities.

The build-out budget proposed is minimal to provide a commercial kitchen. Additional resources could provide for better finishes and more equipment.

For initial build-out the major expenses will be for the ventilation hood, storefront doors, and utility walls. These features are necessary for any commercial food-related business in the location.

Several professional chefs, including the operations manager for the Tom Douglas restaurants, have reviewed the plans and equipment list and found them to be highly functional. When appropriate, equipment and furnishings can be borrowed, donated, or loaned from suppliers, purchased used or purchased new. Most smaller equipment can be added over time or provided by event sponsors as needed.

In the interest of preserving the location as an open venue and avoiding a confusing message from cross-merchandising, we have not proposed a capital sponsorship campaign for the full build-out of the facility.

**Atrium Kitchen – Estimated Design and Construction Costs**

<table>
<thead>
<tr>
<th>Item</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Design</td>
<td>$40,000</td>
</tr>
<tr>
<td>General Construction</td>
<td>$205,000</td>
</tr>
<tr>
<td>(based on bid set)</td>
<td></td>
</tr>
<tr>
<td>Plumbing</td>
<td>$12,000</td>
</tr>
<tr>
<td>Electrical</td>
<td>$10,000</td>
</tr>
<tr>
<td>Equipment</td>
<td>$28,000</td>
</tr>
<tr>
<td>Appliances</td>
<td>$1,000</td>
</tr>
<tr>
<td>Furnishings</td>
<td>$6,500</td>
</tr>
<tr>
<td>Other</td>
<td>$5,000</td>
</tr>
<tr>
<td>Contingency 5%</td>
<td>$13,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$320,500</strong></td>
</tr>
</tbody>
</table>
Operational Costs and Revenue

The economics of the business proposal depend on several factors:

- Direct administration and operating costs
- Capital equipment
- Income to offset value of assumed rent
- Economics of event users
- Promotional value to the Pike Place Market
- Competitive rental rates/demand for space

The following financial model is based on a two-year start-up period. This allows adequate time to develop a client base and fully test the variety of uses. At the end of 12 months, a progress report including financial performance, client satisfaction, and advance bookings will be presented to Council. Based on discussion about how reservations and revenues are measured against our initial assumptions and future projections, the PDA could, at that time, direct modifications to the rate structure or business model.

**ATRIUM KITCHEN AND EVENT SPACES – INITIAL REVENUE FORECAST**

DRAFT: 6/27/2012

<table>
<thead>
<tr>
<th>Events</th>
<th>Min Rates per use</th>
<th>max #/mo</th>
<th>TOTAL YEAR 1 Events</th>
<th>YEAR 1 $</th>
<th>YEAR 1 utilization</th>
<th>TOTAL YEAR 2 Events</th>
<th>YEAR 2 $</th>
<th>YEAR 2 utilization</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Weekdays</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen - day</td>
<td>$ 70</td>
<td>16</td>
<td>83</td>
<td>$ 5,810</td>
<td>43%</td>
<td>96</td>
<td>$ 6,720</td>
<td>50%</td>
</tr>
<tr>
<td>Kitchen - night</td>
<td>$ 70</td>
<td>16</td>
<td>27</td>
<td>$ 1,890</td>
<td>14%</td>
<td>48</td>
<td>$ 3,360</td>
<td>25%</td>
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<tr>
<td>Atrium - night</td>
<td>$ -</td>
<td>0</td>
<td>0</td>
<td>$ -</td>
<td>-</td>
<td>0</td>
<td>$ -</td>
<td>-</td>
</tr>
<tr>
<td>Conference - day</td>
<td>$ 150</td>
<td>16</td>
<td>27</td>
<td>$ 4,050</td>
<td>14%</td>
<td>36</td>
<td>$ 5,400</td>
<td>19%</td>
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<tr>
<td>Conference - night</td>
<td>$ 150</td>
<td>16</td>
<td>23</td>
<td>$ 3,450</td>
<td>12%</td>
<td>48</td>
<td>$ 7,200</td>
<td>25%</td>
</tr>
<tr>
<td>Elliot Bay - night</td>
<td>$ 70</td>
<td>16</td>
<td>10</td>
<td>$ 700</td>
<td>5%</td>
<td>12</td>
<td>$ 840</td>
<td>6%</td>
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<tr>
<td>Goodwin - night</td>
<td>$ 70</td>
<td>8</td>
<td>19</td>
<td>$ 1,330</td>
<td>20%</td>
<td>36</td>
<td>$ 2,520</td>
<td>38%</td>
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<tr>
<td><strong>Weekends</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen - day</td>
<td>$ 100</td>
<td>12</td>
<td>55</td>
<td>$ 5,500</td>
<td>38%</td>
<td>72</td>
<td>$ 7,200</td>
<td>50%</td>
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<tr>
<td>Kitchen - night</td>
<td>$ 250</td>
<td>12</td>
<td>33</td>
<td>$ 8,250</td>
<td>23%</td>
<td>72</td>
<td>$ 18,000</td>
<td>50%</td>
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<tr>
<td>Atrium - night</td>
<td>$ 750</td>
<td>12</td>
<td>8</td>
<td>$ 6,000</td>
<td>6%</td>
<td>12</td>
<td>$ 9,000</td>
<td>8%</td>
</tr>
<tr>
<td>Conference - day</td>
<td>$ 100</td>
<td>12</td>
<td>7</td>
<td>$ 700</td>
<td>5%</td>
<td>12</td>
<td>$ 1,200</td>
<td>8%</td>
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<tr>
<td>Conference - night</td>
<td>$ 500</td>
<td>12</td>
<td>24</td>
<td>$ 2,000</td>
<td>17%</td>
<td>36</td>
<td>$ 18,000</td>
<td>25%</td>
</tr>
<tr>
<td>Elliot Bay - night</td>
<td>$ 250</td>
<td>12</td>
<td>11</td>
<td>$ 2,750</td>
<td>8%</td>
<td>24</td>
<td>$ 6,000</td>
<td>17%</td>
</tr>
<tr>
<td>Goodwin - night</td>
<td>$ 250</td>
<td>12</td>
<td>16</td>
<td>$ 4,000</td>
<td>11%</td>
<td>24</td>
<td>$ 6,000</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Total events</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kitchen - Avg $</td>
<td>$ 108</td>
<td>56</td>
<td>198</td>
<td>$ 21,450</td>
<td>29%</td>
<td>288</td>
<td>$ 552</td>
<td>43%</td>
</tr>
<tr>
<td>Total events - other - Avg $</td>
<td>$ 241</td>
<td>116</td>
<td>145</td>
<td>$ 34,980</td>
<td>10%</td>
<td>240</td>
<td>$ 90,888</td>
<td>17%</td>
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<tr>
<td><strong>Bookings/month</strong></td>
<td>172</td>
<td>343</td>
<td>56,430</td>
<td>17%</td>
<td>528</td>
<td>182,880</td>
<td>26%</td>
<td></td>
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<tr>
<td><strong>Revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Rentals</td>
<td>$ 56,430</td>
<td></td>
<td>$ 56,430</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 91,440</td>
</tr>
<tr>
<td>Other ( per event)</td>
<td>$ 10</td>
<td></td>
<td>$ 3,430</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 5,280</td>
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<tr>
<td><strong>GROSS REVENUE</strong></td>
<td>$ 59,860</td>
<td></td>
<td>$ 59,860</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>$ 96,720</td>
</tr>
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</table>
The pro forma analysis is based on the following assumptions:

1. Direct administrative costs will include a part time position in the PDA to handle on-site bookings and inspections. Processing of rental payments and facility maintenance will be incorporated into ongoing operations staff functions, although a per event fee will be used to offset any increase in staff costs, especially overtime. The PDA would use existing administrative procedures to allocate and track costs incurred in operating this separate facility. Additional overhead for operations will include a system for event tracking, client registration and contact information. This would be done with existing PDA equipment and software. We do not expect any increase in insurance costs. Additional operating costs are likely to include a web/internet line separate from the PDA server, AV equipment operation and miscellaneous conference room supplies and equipment (similar to a business courtesy station at a hotel). A utility charge and security charge would be assessed for events requiring these services. A damage deposit fee would offset incidental cleaning and repairs.

2. Capital equipment will include both fixed improvements and equipment. Build-out of the space is anticipated to cost $250,000. Design fees and construction costs can be funded from other PDA funds. There is the potential to supplement or replace this source of funding through a campaign to solicit donations of equipment for promotional value. No loan is anticipated. Net operating revenue will be assigned to a special reserve for capital equipment, a practice similar to that currently done with the Market Senior Center.

3. Of the facilities proposed for rent as event use, some were formerly offered as commercial spaces. Others have been reserved for PDA and Market community functions without charge. It should also be noted that in the event these spaces were rented to commercial tenants, the PDA would likely provide a tenant improvement allowance or rent discount to allow for build-out. The Atrium Kitchen, at 700 sq ft, would generate rents in the range of $24 sf/yr for commercial use. The location is not well suited to early morning or evening operation because of access limitations. Based on our experience with the temporary location of Three Girls Bakery in this spot last year, we would not expect substantial percentage rent income above base rent. The former Top of the Market spaces are now being used in part for ongoing PDA and community functions. The large conference room of 1,100 sq ft will be available for weekday use under this plan (suitable for corporate and business meetings). Location is not the most desirable so an effective rent rate would need to be discounted to about $15 sf/yr. The Goodwin and Elliot Bay rooms would not be available except for after-hours use. Budget operating models therefore identify approximately $3,000 a month as a base rental offset for these spaces. Added income from rental of the Atrium, Goodwin, and Elliot Bay rooms at other hours would contribute to this income.

4. Economics of event users, most likely caterers and business seminars, tend to include a 10% to 15% allowance for room rentals based on the revenue generated from admission or food sales. This is consistent with operating budget data provided to the PDA from the Top of the Market which formerly occupied the space. That business generated the majority of its income from affiliation with a catering business which supplied food, beverages and other services for clients. The PDA proposes a similar rate approach – targeting assumed capacity of different spaces for different events and the lower demand/participation expected for events during the early part of the week. A 10% fee would be charged (less minimum room rent charges) for any events with paid admission or per head charges (such as a private dinner). Additional event costs for equipment, event insurance, banquet permits, etc…. would be added when required.

5. The cross-promotional value of the event facilities, especially the Atrium Kitchen, is expected to be very positive, especially in terms of earned media exposures which could have an estimated minimum value of $100,000 per year to potentially over $1 million. Additional benefits are expected in terms of favorable impressions, press events, and location fees.

6. We are fortunate that the Market’s position regarding the event facilities in the Economy Market is not limited by debt service. To the extent that rent is payable from net operations and capital costs are contributed, event fees may be priced to attract and support multiple functions. Indeed, quantity of events is important to evaluate the success of this venture. Empty spaces do not attract customers or generate revenue. The previous private operation of the Top of the Market averaged 7 events a month in 2009 (excluding the traditionally busy year-end holiday season of November – January 1). Average room rental income was $13,000 per month. We have proposed a fee structure that could generate approximately the same revenue but the focus is upon a rate that would be an affordable incentive resulting in much more frequent use.
Development Schedule

The Market focus for the Economy facilities is on food-related events, which leads to an optimum opening date in the fall months, with an emphasis on feasts, specialty foods, and holiday celebrations, and encourages activation in a slower time of year.

To effectively market for this season, it would be best to have completed facilities available no later than mid-October (for previews) and for firm reservation dates beginning in November.

By opening at the end of the year, it will be possible to incorporate a progress review on performance of the facility during mid-2013, and adequately discuss the merits of continuing the operation of event spaces as part of the PDA budget process.

Specific tasks to be completed:

- **July-August 2012**
  - Formation of advisory group
  - Identification of possible partnerships
  - Complete design for permitting
  - Construction cost estimates/bids
  - Pre-booking/test marketing of kitchen demand
  - Begin rentals of event rooms using proposed rates

- **September 2012**
  - Decision to proceed with construction/award bid
  - Finalize reservation forms, event procedures
  - Establish booking and accounting procedures

- **October 2012**
  - Complete construction
  - Preview tours and promotional event
  - Begin events in November
Promotion and Partnerships

The initial task in promoting the kitchen and event facilities will be to develop a concise informational package with rates, amenities, images and reservation information. This information can then be distributed online through the Market website, as well as any number of local event planning resources.

Once information is readily available, promotion of the kitchen and event space will essentially be a business-to-business model, with individual outreach and relationship development the focus.

Securing a few key “anchor clients” that can be relied upon for repeat bookings will be critical to the ongoing success of the kitchen and event facilities. Work to establish these relationships specific to the Atrium Kitchen has been underway for several months, with interest continuing to be strong among those contacted.

Along with potential clients, we have also begun to develop relationships with partners who, in addition to potentially providing programming, can also serve as “brand ambassadors,” promoting the venues to their contacts and associates.

Following is a brief overview of some of the organizations who have expressed strong interest in or support of the Atrium Kitchen and Economy Market Event spaces:

Pike Place Market Tenants interested in event facilities:

- Matt’s in the Market
- Maximilien’s Bistro
- Place Pigalle
- BB Ranch
- Pike Place Fish

Potential partnership opportunities:

- Seattle Tilth
- Treehouse 4 Kids
- LivingSocial/LivingSocial Gourmet
- Foodportunity
- Chefs Collaborative
- Cascade Harvest Coalition
- Seattle’s Convention and Visitors Bureau

Resources for internships/job skills training:

- Seattle Art Institute/Culinary Arts Program
- FareStart
- Seattle Central Culinary Arts
Atrium Kitchen Design Concepts

Economy Market Atrium Kitchen Looking Southwest

Economy Market Atrium Kitchen Looking East

SHKSArchitects
Community Comments

On a weekly basis our Services Team fields 8-10 requests for unique venues within our city. Clients are looking for venues with views that have fun space options and can somehow tie back into the charm Seattle has. What a great opportunity for us to start including the Economy Market and Atrium Kitchen as a recommendation option within our city for private events! I can’t wait to see the space once it reopens and learn about how to better help the Market promote its space to our groups.

-Kate Kurkjian, Director of Convention Services, Seattle’s Convention and Visitor’s Bureau

…[F]rom my experience, a conveniently located commercial kitchen would be of interest to other small businesses and producers in King County, whether or not they are current vendors or [business] owners at PPM. There are not enough options fulfilling the demand that the emerging street food culture and farmers market foodies are creating!

-Anne Smith, Sunny Honey Co.

As a farmer with many interests in processing our farm vegetables and berries, your commercial kitchen would be the perfect location and place for us. We will use the kitchen to make jams, jellies, pickle vegetables, salsas and wash our vegetables to juice.

In the future we would like to make sweet treats with our berries and bottle some of our vegetable juices.

Thank you for making this option available. As a farmer, finding an accessible commercial kitchen to make the above value-added products has been more of a challenge than I imagined it to be. Your commercial kitchen will allow our farm business to be sustainable.

-Gaosheng Cha, Gaia’s Fields of Green

Please accept my public comment letter in favor of the development and opening of the Atrium Kitchen Space. I, as a vendor and as an individual[,] believe this is a great addition to the market in the present day needs and values. I also[,] upon reviewing the historical scope, believe the concept and value of [the kitchen] space are a requirement for the board to continue to adhere to. The renovation is common to existing completions of previous PDA approvals.

I hope to be invited to promote the market as an anchor of the market and continue to offer our service and use of the atrium for teaching and as a profit center.

-William von Schneidau, BB Ranch
### Project: Pike Place Market Ahram Kitchen

#### Pricing Set

**Materials:**
- [Material 1](#) [Price]
- [Material 2](#) [Price]

**Schedules**

**Door Types**

<table>
<thead>
<tr>
<th>Door Type</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Type A</td>
<td>Description 1</td>
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<tr>
<td>Type B</td>
<td>Description 3</td>
</tr>
<tr>
<td>Type C</td>
<td>Description 4</td>
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**Door Frame Schedule**

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<tr>
<th>Frame Type</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frame A</td>
<td>Description 5</td>
</tr>
<tr>
<td>Frame B</td>
<td>Description 6</td>
</tr>
<tr>
<td>Frame C</td>
<td>Description 7</td>
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**Electrical Scheduling**

<table>
<thead>
<tr>
<th>Equipment</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment 1</td>
<td>Description 8</td>
</tr>
<tr>
<td>Equipment 2</td>
<td>Description 9</td>
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**Mechanical Scheduling**

<table>
<thead>
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<th>Details</th>
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</thead>
<tbody>
<tr>
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<td>Description 10</td>
</tr>
<tr>
<td>Equipment 2</td>
<td>Description 11</td>
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**Equipment Schedule**

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<tr>
<th>Equipment</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
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<td>Description 12</td>
</tr>
<tr>
<td>Equipment 2</td>
<td>Description 13</td>
</tr>
</tbody>
</table>

### Notes

- Review all materials and specifications for accuracy.
- Ensure all equipment is properly connected and secured.
- Follow safety protocols during installation.

---

**Date:**

- Project Approval Date: [Date]
- Construction Completion Date: [Date]

**Signatures:**

- [Name] [Position]
- [Name] [Position]
WHEREAS, Pike Place Market Preservation and Development Authority ("PPMDA") 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 promotion of the Pike Place Market as a regional center focused on food and farm products; and,

WHEREAS, the PPMDA desires to provide a public facility to further focus upon food and nutrition education, cooking classes, chef demonstrations, preparation of value added food products by local farmers and chefs, catered events featuring local food products and other special events compatible with the operation of the Public Market; and,

WHEREAS, developing the Economy Atrium Kitchen and the Economy Market Event Spaces creates an opportunity to expand the relationship with our existing customers and to cultivate new ones by allowing shoppers to complete the farm-to-table cycle while enjoying a unique experience in one of the city’s most iconic locations; and,

WHEREAS, the PPMPDA has previously authorized design services for the Economy Atrium Kitchen in the amount of $37,500 and has distributed a bid set for pricing from local contractors, with estimates received ranging from $205,000 to $280,000 inclusive of sales tax and an estimate of additional equipment to establish operations in the amount of $62,000; and,

WHEREAS, The estimated cost for additional equipment to be provided in the finished space is estimated to be at $62,000

WHEREAS, The PPMPDA Council has reviewed a proposed business plan which identifies operating expense assumptions, income from space rentals and general usage patterns identified as benchmarks for effective use of these spaces,

THEREFORE BE IT RESOLVED that the PPMPDA Council authorizes the PPMPDA Executive Director or her designee to solicit bids for the construction of the Atrium Kitchen and to proceed with purchasing of related equipment in an amount not to exceed $280,000.

BE IT FURTHER RESOLVED that the Executive Director shall report to the PDA Council within one year of this resolution on the operating costs, income, usage and other benefits from operations of the Atrium Kitchen and Economy Market Event spaces with a recommendation on whether to continue such operations or convert the subject spaces to conventional leased commercial space. This work is intended to be paid for from Other PDA Capital Funds GL Code – 163222-00.
For:  
Opposed: 
Abstained:
Pike Place Market Preservation and Development Authority (PDA)

Proposed Resolution 12-78

Authorization for Contract Authority – Repair Western Avenue Windows

October 2012

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, in order to maintain the viability of the Pike Place Market buildings the PPMPDA has determined the Western Avenue Storefronts and Constituency Office windows have deteriorated and are in need of extensive repairs.

WHEREAS, the PPMPDA has executed a competitive bid process to repair these windows and related wood framing.

BE IT RESOLVED that the PPMPDA Council authorizes the PPMPDA Executive Director or his designee to enter into a contract with Experienced Construction, Inc. in an amount not to exceed $106,598.25, for the repairs of these windows.

The funds for this project will be drawn from the Redevelopment Budget, Accounting Code 163726-00

____________________________________________________________
Gloria Skouge, Secretary/Treasurer                            Date

Date Approved by Council:

For:
Opposed:
Abstained:
Proposed Resolution: Western Avenue Window Repairs

Proposed Resolution Costs: $106,598.25

Current Budget: $200,000

Account: Redevelopment

Accounting Code: 163726-00

- Project Description:
  The storefront window framing has deteriorated and window glazing has failed, causing most windows to leak.

- Scope:
  The purpose of this project is to repair all windows and related wood framing on all storefronts along Western Avenue and the Constituency Office.

- Bid process:
  Solicited five contractors and received four bids:
  - Experienced Construction, Inc $96,907.50 ($106,598.25 with 10% contingency)
  - Sargent Construction Services $110,233.70
  - Express Construction $147,343.20
  - My-Way Construction, L.L.C. $151,870.78
  - Adatto Construction, Inc. Declined to bid due to busy construction schedule.
Pike Place Market Preservation and Development Authority (PDA)

RESOLUTION 12-79:
Lease Proposals

OCTOBER 2012

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<tr>
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<th>Term</th>
<th>Start Date</th>
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<tbody>
<tr>
<td>Zaccagni’s</td>
<td>One (1) Year</td>
<td>October 1, 2012</td>
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<tr>
<td>Darlene Boline</td>
<td></td>
<td></td>
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<tr>
<td>Raven’s Nest Treasures</td>
<td>Five (5) Years</td>
<td>September 1, 2012</td>
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<tr>
<td>Mattew Steinbrueck</td>
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<tr>
<td>Sosio’s Produce</td>
<td>Five (5) Years</td>
<td>November 1, 2012</td>
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<td>Dan Manzo Jr. / Mike Osborn / Alan Stott</td>
<td></td>
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</table>

Gloria Skouge, Secretary/Treasurer

Date

Date Approved by Council:

For:
Against:
Abstained:
Pike Place Market Preservation and Development Authority (PDA)

LEASE SUMMARY

Date: 10/08/2012

Business Name/Owner: Zaccagni’s / Darlene Boline
Address/Building/Square feet: 97B Pike Street / Economy / 90 sf
Tenant Since: New Tenant
Primary Term: One (1) Year
Options: Two (2) Years
Use Description: Northern Italy Specialty Sandwich shop, Italian Style roasted pork, beef sandwiches and rotisserie.

Business Name/Owner: Raven’s Nest Treasures / Matthew Steinbrueck
Address/Building/Square feet: 85B Pike Place / LaSalle / 980 sf
Tenant Since: 1989
Primary Term: Five (5) Year
Options: None
Use Description: Sales of Northwest Indian art; new, used, and costume jewelry as well as loose gemstones; miscellaneous antiques including furniture, glassware, small personal objects and flatware.

Business Name/Owner: Sosio’s Produce /
Address/Building/Square feet: 1527 Pike Place / Fairley / 868 sf
Tenant Since: 1993
Primary Term: Five (5) Years
Options: Five (5) Years
Use Description: High Stall specializing in sale of fruits, vegetables.