Committee Members Present: Matt Hanna, Ann Magnano, Bruce Lorig, David Ghoddousi, Gerry Kumata, Gloria Skouge

Other Council Members Present:


Others Present: Liza Couchman, Marlys Erickson

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

I. Administration
   A. Approval of Agenda
      The agenda was approved by acclamation.

   B. Approval of September 21st, 2010 Minutes
      Matt noted that section V C under the NMTC transaction discussion..."US bank over committed and postponing..." should be revised to read ..."considering postponing..."
      Matt Hanna moved and Gerry Kumata second.
      The minutes were approved, as amended, by acclamation.

   C. Announcements and Community Comments
      Matt moved public community comments to after the budget presentation so the community would have opportunity to comment on the budget.

II. Budget Presentation
   Ben reported that the narrative included in the Finance packet was in draft form and a final would be distributed on Friday with the full Council packet. He noted that he had made a couple of changes to the budget and reviewed each category; one was holding off on withdrawing from the Capital Reserve funds related to the replacing Garage elevators until there was further discussion and investigation; at this point we have put in the capital budget only for the consulting costs related to this project. Two: due to the renovation there would likely be unforeseeable circumstances that negatively effect the budget, and for this reason some comments should be added to the narrative regarding these concerns. Third, the allocation of 100k for under management for consultant fees was reduced to 50k. The majority of the funds would be used for Carol’s consultation on the NMTC transaction and Strategic planning. The fourth change had to do with holding off on adding a new FTE in accounting for utility billing, allocation analysis and CAUT and COMA recalculation. The utility billing was being outsourced to a third party billing
company. They have made some mistakes in the beginning but we would like to give them another opportunity to make it right. Ben requested that Council consider the changes and determine if they were in agreement that these items could be removed from the budget and revisited mid year with the possibility of adding them in it.

Matt asked Council for their input on the changes to the budget. Gerry asked Sabina to further explain the amount for the garage elevators and the need for a new FTE for utility billing. Sabina explained that the project of replacing the elevators is costly. At this point more work is needed to assess the conditions of the elevators and the real need to repair or maybe replace them. For 2011 funds would remain in the budget for consulting work to the elevators. Steve noted that the elevators were continually breaking down and was extremely difficult to locate replacement parts. A consultant would be engaged to evaluate the work to be completed to the elevators. Sabina noted the FTE addition for the utility billing would be held off for now. Ben felt it was necessary to give the current billing agency further time to adjust to the system. Ann asked about the reduction for under management for consultant work. Ben responded that Carol would be brought on to complete NMTC work. Matt requested on page four second paragraph that the emergency language be removed.

Sabina noted that each director will do the presentation of the budgets for their departments, and directors and managers will respond to the questions and concerns addressed by the finance committee members. Matt requested moving the 2010 ytd actuals annualized next to the 2010 approved budget.

Sabina gave an overview of the budget; the economy and slow recovery would continue to have impacts on the budget. The employment was expected to rise as well as the personal income and the retail sales; real estate and construction would remain depressed with some small improvement towards the end of 2010. Renovation would continue to be a major influence on the budget predominantly in commercial and residential with some impact also in Daystall. The anticipation is that the parking revenues would continue to rise. Rates in investment income would continue to be low. The QALICB and QB2 would influence the budget. QALICB budget is based on the Operating Agreement between PDA and QALICB. In regard to QB2 budget, they are rough estimates since the NMTC deal had not closed yet. The transactions between PDA and QALICB and QB2 are presented in individual sections designated for QALICB and QB2. The investment income from the Investment Funds (NMTX) is presented in the Miscellaneous Revenue section. In Expenses: the major portion of the operating expenses is Payroll. The number of FTEs is lower than 2010; we are proposing an overall increase on the payroll budget of 2.1%. We have to comply with the union contract which provides 2% guaranteed increase for employees under the union contract. As always, the payroll increase would be contingent to the financial position of the agency. The proposed amount is based under the anticipation of the 2010 year end result, and the forecasting of the net operating result on the proposed budget for 2011. However, if the agency will not perform financially as we expect, this item will be revisited by Council before the employee annual evaluation scheduled in April. Utilities were expected to increase as rates and consumption increased. There would be a reduction in Marketing. Sabina distributed and reviewed a summary of Budget 2011 Vs. Budget 2010. Matt requested that a column for 2010 actuals be added to the bottom line sheet.

Directors reviewed their projected revenues.

John T handed out and reviewed a spreadsheet detailing the vacancy impacts the renovation work would have on commercial and residential revenue. Percent rent was calculated using the past 12 months as a guide, it was not expected to decrease. John further explained how percent rent would be configured with the temporary selling spaces on Pike street.

Marlys of the Market Foundation reviewed both revenues and expenses. Funds contributed by Market Foundation are used for Market fresh coupons to support the low income families. In expenses, the PDA paid for the Foundation Directors salary, 50% of the event coordinator position, a portion of two social work positions, parking and training. Bruce L requested that the free rent given to the Market Foundation be reflected in the budget. Marlys responded that she would include this in the comment section of the budget line item.
Sabina noted that the QALICB would continue to make lease payments, reimbursement for operating costs, and management fee to the PDA. The QB2 was different in that, because the master lease payment will be paid in full up front, however CAUT and COMA and other expenses would be reimbursed as well as the management fee. Sabina continued to explain in detail how the funds flowed through the payment structure.

John T noted that Residential would see additional increase in revenue from the Livingston Baker and Sanitary Market as the LB was rented up, the Sanitary was moving away from the section 8 HUD contract with the intention to be converted to the voucher program, and both buildings would be moving towards renting at market rate.

In Daystall, Teri reported that revenues would be generated from farmers, crafters, performers and rummage halls. There were no proposals for any rental increases and there was some anticipation of loss in attendance from farmers and crafters due to the renovations. Only 6 new tenants were calculated into the budget for that reason.

Matt noted his concerns of adequately reflecting revenue impacts particularly in the first 6 months of the year due to the renovations. Ann disagreed and noted that she felt that customers enjoyed the challenge of finding their favorite merchants amongst the construction. There was some discussion on the concerns noted by Council. Staff noted that revenues were underestimated last year due to the same reasoning.

Steve reported that the surface parking lots had been outsources to Republic Parking. Due to the increase on the Parking tax from 10% to 12.5%, revenues were expected to remain relatively flat. The garage should continue to do well with the automated system in place and the participation in the City EPark program.

Sabina reviewed the miscellaneous revenues; security service contracts, management fees and investment interest income which was expected to decrease. The investment income from the Investment Funds would increase the overall revenues under miscellaneous. James further explained that filming revenue was expected to decrease due to the renovation. The trademark agreement with Jewel Hospitality was left in the budget with the assumption that Council would allow them to continue their contract upon its expiration in early 2011.

Due to time constraints, the September Operating Statements would be reviewed in November. Matt Hanna moved and Ann Magnano seconded. It was approved unanimously.

Directors reviewed their projected expenses.

In Commercial, Jennifer noted the increase on tenant consulting and signage due to the renovation.

John T noted that the bed bug problem would continue to be a significant expense under Residential.

In Daystall, Teri noted the re-distribution of the daystall and farm staff between Daystall and Farm. James further explained the need for the move was to accurately reflect the farm expenses.

Steve reported on the following departments; Surface parking would have the added expense of the contract fee with Republic Parking. Garage expenses would increase due to the heavy credit card usage with the new automated system. Sabina pointed out the increase on the Insurance category for Garage. Sabina further explained what had caused the increase on the garage insurance, which had to do with bringing the Garage property coverage under PDA instead of keeping it under the PC-1 South Condo; this change was required by the renovation work done in Garage. Facilities would remain relatively flat due to the closure of many of the Market bathrooms for renovations thus causing a reduction in cleaning expenses. Security would also remain relatively flat with some overtime and additional labor due to patrols in the garage and renovation issues. Sabina noted the additional line item of reimbursement from the levy. She said that there are additional assignments related to the renovation in many departments. She asked Matt if these additional expenses will continue to be absorbed by the Operating budget, or should be billed to the Renovation. Matt noted that this could be further discussed in full Council. Steve continued his report; the increase on the Maintenance expenses reflect the proposed payroll increase as
well as other small changes. Capital Development remained relatively unchanged. Utilities was expected
to increase but was uncertain due to the recent installation of the new central plant.

Sabina reported that no changes were expected under Insurance but a conservative 5% increase was
added.

Ben reported that Management would increase primarily due to the consulting fees.

Sabina reported that there would be a slight increase in the Finance department due to the need of
consulting. Under Office Administration the billing for the Constituency was the only major change. Ben
noted that an additional $444.00 over last year was added to the Constituency budget line item at their
request.

Erica reported that HR increased the training budget line by 5k and payroll service expenses were
increased. There was a reduction under new hire expenses with the expectation of low turn over next
year.

In IT, Joe reported that the telephone budget was reduced due to the replacement of the old phone
system and repair expenses would not be necessary as the new system was under warranty. Internet
service expense had increased and reimbursement from the services to the garage automation would
increase.

In Marketing James reported; there was a decrease in advertising agency fees due to the change in
agencies, website development was completed last year and was removed from this years budget with
only a small amount remaining for site host fees, maintenance etc. Market Research remained the same
with the assumption of continuing with Phase II. Advertising and agency fees were reduced due to funds
remaining from the 2010 budget and the move of Pike Place Palate from hard copy to web based. Co-op
advertising was reduced due to the lack of participation in the program. The school program increased
due to the expansion of the program to include middle school children.

In Farm, Teri reported that some items were separated from Daystall in order to better track the two
departments, they included the move of one FTE from the Daystall budget to Farm expenses and the
addition of a bad debt line item. Seasonal labor was rolled into the payroll line item and there was an
increase on the farmer parking program line item.

C. Announcements and Community Comments
Liza requested one on one time to discuss the budget with Sabina and have her question addressed in
full Council.

James suggested making next years budget review meeting 3 hours.

III. Review of Financial Statements for September 2010
A. PDA Operating Statements
Due to time constraints, the September Operating Statements would be reviewed in November.
Matt Hanna moved and Ann Magnano seconded.

IV. Checking Account Activity Report
The checking account activity report was submitted to the Executive Assistant for inclusion in the
minutes.

V. Other Reports and Action Items
Parking Operation and Management Agreement.
Steve reviewed the resolution noting that the existing agreement with the City was to expire on
January 1st 2011. A renewal had been drawn up that would allow the properties to remain as a
parking service until such time as construction activities require their removal from service. Steve
explained in detail the renewal arrangement.
Gerry Kumata moved and Ann Magnano seconded.

Ann noted that the last paragraph, “her” should be changed to “him”.

For: Matt Hanna, Ann Magnano, Bruce Lorig, David Ghoddousi, Gerry Kumata, Gloria Skouge
Against: 
Abstain:

Proposed resolution 10-66 passed unanimously.

Sabina noted that the resolution was to remove Carol and add Ben as having signature authority on the PPM PDA bank accounts.

David Ghoddousi moved and Gerry Kumata seconded.

For: Matt Hanna, Ann Magnano, Bruce Lorig, David Ghoddousi, Gerry Kumata, Gloria Skouge
Against: 
Abstain:

Proposed resolution 10-67 passed unanimously.

Sabina noted that the resolution was to enter into a contract with Peterson Sullivan LLP as the PDA auditors for next years audit.

Gerry Kumata moved and David Ghoddousi seconded.

For: Matt Hanna, Ann Magnano, Bruce Lorig, David Ghoddousi, Gerry Kumata, Gloria Skouge
Against: 
Abstain:

Ann noted that the last paragraph, “her” should be changed to “him”.

Proposed resolution 10-68 passed unanimously.

John Turnbull noted that this was a walk on resolution regarding the temporary selling containers on Pike street. This resolution amended resolution 10-63 which was approved by Council last month. John T noted that it was discovered that to properly outfit the spaces with electrical it was going to cost more than originally anticipated.

Ann Magnano moved and Gerry Kumata seconded.

For: Matt Hanna, Ann Magnano, Bruce Lorig, David Ghoddousi, Gerry Kumata, Gloria Skouge
Against: 
Abstain:

Ann noted that the last paragraph, “her” should be changed to “him”.

There was some discussion of what was included and how funding would come from a combination of levy and non levy funds. John noted that the street use permit was a large component of the expense.

Proposed resolution 10-70 passed unanimously.
VI. Items for the Consent Agenda
Matt placed proposed resolution 10-67, Bank Accounts and Signature Authority, to the consent agenda.

VII. Public Comment
None

VIII. Concerns of Committee Members
None

IX. Adjournment
The meeting was adjourned at 6:22 p.m. by Matt Hanna, Chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant