



**Pike Place Market Preservation and Development Authority (PDA)**

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**FINANCE & ASSET MANAGEMENT  
Meeting Minutes**

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**Tuesday October 20<sup>th</sup>, 2009  
4:00 p.m. to 6:00 p.m.  
PDA Conference Room**

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

**Other Council Members Present:**

**Staff Present: Carol Binder, Anita Neill, James Haydu, Brady Morrison, Steve Nelson, Jeff Jarvis, Erica Bates, Dorothy Malinski, Sabina Proto, Jay Schalow, Cecilia Hall, Suzanne Stevens, Teri Wheeler, Coyle Jefferson, John Turnbull, John Macklin**

**Others Present: Dale Wittner, Marlys Erickson, Becky Bogard**

The meeting was called to order at 4:01 p.m. by Matt Hanna, Chair.

**I. Administration**

**A. Approval of Agenda**

Carol noted that review of the budget was duplicated on the agenda and one was removed, and proposed resolution 09-56 was removed and moved to November's agenda. The agenda was approved, as amended, by acclamation.

**B. Approval of September 15<sup>th</sup>, 2009 Minutes**

The minutes were approved by acclamation.

**C. Announcements and Community Comments**

**II. Review of Financial Statements for September, 2009**

Sabina reviewed the financial statements for September. She noted that there was nothing unusual to point out in the balance sheet. In the operating statement, revenues continued to be above the budget and expenses were under, the budget was over after the net results with the reserves. Percent rent was doing well and above budget and she hoped that the trend continued through the end of the year. She noted that these results were due mainly in part to the budget revisions. Sabina then briefly reviewed the balance sheet for the discrete components for its' third quarter ending which was included in the financial statement packet.

**III. Checking Account Activity Report**

The checking account activity report was submitted to the Executive Assistant for inclusion in the minutes.

**IV. Other Reports and Action Items**

Proposed resolution 09-56 Authorization for Contract Authority – Garage Parking Controls Automation PCI Parking Garage, was removed and placed on November's agenda. The contract required approval

from Market Historic Commission before it could continue to the next stage. While MHC had conditionally approved the resolution there was a design detail that need completion before MHC would approve it. Matt requested a summary of all the costs for the garage automation and how it specked out as compared to the amount in the budget. Ann asked if an automation upgrade was recently done to the garage. Carol responded that the garage was last updated in 1989 when it was first built, but in 2004 new payment boxes were placed on the surface lots.

#### **V. Budget Presentation**

Carol gave an overview of the budget; last year at this time was the beginning of the downward slide of the budget with the turndown of the economy and the snow storms being major contributors. A wage freeze was put into effect and the budget was revised to help offset the budget. Slowly the economy was recovering but sales were expected to remain relatively flat and costs were expected to increase for the upcoming year. Next years budget proposed an aggressive capital project program in order to take advantage of the slowing economy and good contractor bidding environment. Carol pointed out on the 2010 operating statement by revenue source that each business and department was separated out and reflected both revenues and expenses. Matt noted that he was concerned with including social services because some auditors may mistake them to be included with the PDA. It was decided that some type of qualifying statement would be included as a footnote on the statement.

The directors and managers then presented their budgets with a brief explanation to the Council.

Matt had questioned the significant increase in percent rent over the prior year when sales are down overall. Carol noted that one new tenant had not been charged percent rent on their lease for a year as a TI concession and that time has since expired and was now paying percent rent. Matt also questioned the 6% increase in expenses was attributed to. Carol and Sabina described the detail of what made up the expense increase. Primarily it was due to proposed wage increases for staff, one new employee a night operations managers, absorption of the Livingston Baker costs that previously have been reimbursed to the PDA and reallocation of John Turnbull's salary from the renovation back to the PDA operating budget. Matt requested that the budget narrative also include a descriptive on the increased payroll expenses, an explanation of the revenues gained from the Livingston Baker and further explain the choice of supplementing the capital projects with funds from the CRRF account, paying attention to the fact that it was by choice and not some hardship and that it was an aggressive plan to take advantage of a favorable bidding environment resulting in a transfer from the CRRF.

The directors and / or managers reviewed the predicted revenues for each of their departments.

John T and Cecilia of the Commercial Department noted that they expect revenue to be down significantly next year due mainly in part to renovation and rent abatement. John also noted that a lot of storage would be lost along with the revenue that would have been generated.

Marlys of the Market Foundation reviewed both revenue and expenses. One item to note in particular was that in addition to the PDA paying for the Foundation Directors salary the Foundation was requesting that the PDA to continue to pay for half of the FTE salary of one other staff, reduced from the whole salary of this person in prior years.

Steve reviewed the Residential department revenues; he noted that revenue was expected to increase significantly mainly due in part to the purchase of the Livingston Baker and the renovation of its units to be rented at market rate. Some decreases in revenue would be seen due to the loss of storage and the significant decrease in rents from the Sanitary building due to the Phase II of the renovations which would necessitate vacating a majority of the apartments for several months.

James reviewed the revenues for Daystall. He noted that there was an expected increase in attendance of daily farmers but revenues were expected to be down slightly from 2009 which was an usually long growing season that was not expected to recur. The budgeted revenue was figured by combining the 2008 and 2009 numbers to get an average. Other factors to the revenue included cooler rent adjustment, the number of permits allowed was to be lowered and an increase in late fees.

Carol reviewed the garage and surface parking. Net revenues were expected to continue to go down slightly in 2010. Volumes remained flat even after increase in hourly parking rates and the City parking tax has been raised. Matt questioned the reimbursement to other departments. Carol explained that various departments contribute to the operations of the garage and the PDA charges back the garage for these services: accounting, security, janitorial, etc. Carol further explained that because of the way the garage was funded with bonds it was necessary to report it as a separate entity. Matt also asked about the level of staffing projected when the automation would replace the booths. Carol responded that adjustments were expected but staff would be needed to support the new system and have a presence in the garage. In addition, there was still a need to cover the surface lots. This would be reviewed, however, after the new system was installed.

Sabina briefly reviewed the miscellaneous revenue and what was included. James noted that the trademark line item was based on expected payments on existing and one pending trademark agreement. Sabina concluded by stating that the total revenue figures were expected to be at a 1% increase over last year.

The directors and / or managers reviewed the predicted expenses for each of their departments.

Cecilia noted that Commercial legal expenses were higher than budgeted in 2009 due to a significant increase in business with the preschool and the QALICB. We expect these issues to continue in 2010.

Steve reviewed the Residential expenses noting that they were pretty stable compared to 2009.

James reviewed the Daystall expenses line by line item.

Carol noted that Parking expenses were already discussed under revenues.

Steve reviewed Facilities, Security, Maintenance and the Capital Projects. He noted that the Facilities salaries were expected to increase due to the necessity of hiring a nighttime manager to oversee the night operations, as we have many staff on during the evenings and nights when all the management has left for the day. Expenses compared to budget would increase in the Maintenance department as staff would need to be trained and new FTE hired to handle the new mechanical and electrical systems. This FTE was in the 2009 budget, but was not hired, so the budget was adjusted. This would need to be addressed in 2010 as the new system was installed.

Carol reviewed the Renovation Department expenses noting that the salaries would come out of the levy expenses. Carol also briefly reviewed the utility, insurance, management and finance expenses. Utility expenses were expected to increase and while these costs were expected to be passed though the amounts are not yet known and some adjustments would need to be made after the system was installed. The budget as is, included the increased cost, but projected pass through costs could not be determined nor offsetting efficiencies at this time

Sabina reviewed the office administration and human resource expenses and noted they were pretty consistent with prior years.

Carol noted that the IT department would have additional responsibilities with two major projects in 2010, the new automated garage system and the boiler system, but would remain at 2 FTE's.

James reviewed the Marketing and Communications and the Farm and Farmers Market Expenses. Legal expenses would increase due to the increase in executing additional Trademark contracts. The website was in need of revamping. The advertising line item reflected a decrease by \$50k but was moved and added as a Farm line item. A couple of other line items were added to give Council a clear picture of how the summer programs expenses were allocated in particular the remote markets were added. Matt questioned if revenues for the remote markets were being shown. James responded that they were still reflected in the Daystall line item.

Due to time constraints Matt suggested that the remaining items be covered in November's Finance meeting. Carol reminded committee members to read the narrative because it reviewed and explained major points in the budget.

**VI. Public Comment**

Dale questioned how the PDA could justify a rent increase of 1.5% when neighborhood apartment complexes were having a hard time filling their vacancies and were bringing their rents down. He also wanted to know how the PDA could justify any staff wage increase.

**VII. Concerns of Committee Members**

None

**VIII. Adjournment**

The meeting was adjourned at 6:07 p.m. by Matt Hanna, chair.

Meeting minutes submitted by:  
Anita Neill, Executive Assistant