



Pike Place Market Preservation and Development Authority (PDA)

**FINANCE & ASSET MANAGEMENT
Meeting Minutes**

**Tuesday, September 16th, 2008
4:30 p.m. to 6:00 p.m.
PDA Conference Room**

Committee Members Present: Jim Savitt, Ann Magnano, Bruce Lorig, Gloria Skouge, David Ghoddousi

Other Council Members Present:

Staff Present: Anita Neill, Tracy Roueche, Carol Binder, Sabina Proto, Bob Beckstrom, James Haydu, Tamra Nisly, Joe Paar

Others Present: Paul Dunn, Dale Wittner,

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

I. Administration

- A. Approval of Agenda
Two proposed resolutions were added to the agenda.
The agenda was approved as amended.
- B. Approval of August 19th, 2008 Minutes
The minutes were approved.
- C. Announcements and Community Comments

II. Review of Financial Statements for August 2008

- A. PDA Operating Statements
Sabina reviewed the financial statements for August, 2008. She noted fluctuations on the balance sheet in the cash accounts were due to contributions to dept service accounts and transfers from the CRRF which reflected a decrease in the designated cash. She went on to discuss and explain the significant variance over and under budgeted amounts focusing on the major revenues and expense areas.

Jim questioned how much had been expended to renovations and would that be reimbursed with the levy money. Carol responded that \$1.3 million had been expended life to date and would be reimbursed with levy funds. Jim asked if any other transfers were expected to occur in 2008. Sabina replied that renovations projects that were completed in 2008 would be transferred to the operating statement.

In general the rental accounts receivable were on track. Sabina noted there was an outstanding balance in residential, but it was being addressed by stepping up collection efforts.

Sabina reported that the Operating statement was above budget in revenue and under budget in expenses and it was expected to reach the annual target. Sabina note an error in the budget column of the financials that made the variance look higher than it really is. This was due to an error with Yardi and has since been resolved. Sabina would have the updated statements sent to committee members and made available for the Full Council packet. Carol noted that these statements do not reflect depreciation but just operating accounts.

Sabina noted that residential was under budget due to high vacancy in the beginning of the year. In response to Jim's question last month regarding the percent change in residential. Sabina handed out a spreadsheet that reflected percent change in residential rent revenue during 2008. The Daystall was under budget due to the late start of the season and farmers experienced a delay in their crops but the crafts were on target. Surface lots and garage revenue was under due to the late implementation of the normal seasonal rate increase. This may have been due to the transitioning period of Suzanne to the position. The expenses were below budget due to staffing vacancies. Utilities continue to be above budget due to usage and rate increase. Bruce questioned why the property and operation expenses were down significantly. Carol explained that this was due to short staffing and maintenance was not contracting out for as many jobs and completing a lot of the work themselves. These account also were where the error in the budget figures were, so the variances were not as high as represented here.

III. Capital Asset Management

A. Capital Renovation Update

Carol reported that the Design Development drawings for Phase I had been completed and the report was received from SRG on Monday. The strategy was to slow down on the renovation work until the after the levy but continue to work judiciously by completing critical path items. SRG would also be working on the preliminary proposal to MHC and continue with investigative work from resolutions that were passed last month. The resolution today was part of that critical path.

ACTION ITEM: Proposed Resolution **08-51:** Authorization for Contract Authority – SRG Partnership, Inc. – Hillclimb Shoring and Grading Design for Permitting for Hillclimb Phase One Work.

Joe explained that the Hillclimb shoring and excavation work would be the first major scope of work for Phase I and was critical path item on the schedule. It was essential that design and permitting work begin so as to not delay the start of construction in spring of 2009. Jim clarified that this was the design work only and the work would not begin until April of 2009.

Note: resolution 08-51 was moved and voted on with the stipulation that the Capital Renovation committee's consideration and approval prior to the next Full Council meeting where there would be a final discussion and vote.

Ann moved and David seconded.

For: Savitt, Magnano, Lorig, Skouge, Ghoddousi

Against:

Abstain:

Proposed resolution 08-51 was passed unanimously.

Carol noted that the intention was not to bring forward resolutions piece by piece and there would be one resolution brought forward for the rest of the design architecture work for the entire levy project.

B. Capital Projects Update

Carol reviewed the capital projects budget comparison and noted projects from the summer were winding down. Ann questioned if there would be a separate budget report for renovations. Carol replied that this would appear in the Monthly Progress report from Capital Renovations that was included in the Full Council packets. Carol further explained the process that had been set up between the PDA and the City.

ACTION ITEM: Proposed Resolution **08-52:** Authorization for Contract Authority – Boiler Replacement – Stewart House SRO Units.

Bob reported that last week the boiler for the Stewart House SRO units cracked and was leaking. There was an attempt to repair and seal the crack with a metal patch kit but was unsuccessful. Tenants were without hot water and an emergency replacement was needed. With short notice and some difficulty, he was able to locate and have new water heaters installed. Bob further noted that the old boiler was over 30 years old and was well past its lifecycle of 20-25 years.

David moved and Ann seconded.

For: Savitt, Magnano, Lorig, Skouge, Ghoddousi

Against:

Abstain:

Proposed resolution 08-52 was passed unanimously.

David left at 5:15pm

C. Update on Architect Contracts

Carol reviewed resolution 07-36 and 07-37, Term Contact for On-Call Architectural Services for SHKS and BOLA architects. She gave an update on what work orders were completed with them last year and this year that were \$10,000 and over as required by the resolution.

IV. Checking Account Activity Report

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

V. Budget Process and Update

Sabina handed out the Operating and Capital Budget Schedule. Carol reported that with the economic slowdown there was less growth in revenue to be expected in the next year. Carol reviewed some highlights of what could be expected next year for the 2009 budget. Some issues expected were an increase in expenses due to inflation rising, the cost of petroleum increasing and the expense needed for experienced employees in operating the new equipment that would come with the renovation upgrades. Ann questioned if the November 20th date for budgets due was earlier than last year. Sabina noted that the process was started earlier this year due to account for the holidays. Jim noted that this would only allow three weeks to approve the budget before the Thanksgiving Holiday.

VI. Other Reports and Action Items

A. State Audit Report

Carol reported that the state audit and exit conference was completed last week and the final report would be available soon and distributed to the Finance Committee. She thanked Council members who were able to attend. There were no non-compliance findings, however there were two items from the management letter, they were the number of years included in the financial statements and a federal index number was needed on the schedule for federal funds. One exit item noted was that the purchasing and procurement policy was in need of updating. Carol noted that the policy would be reviewed, updated and brought forward to the Finance Committee in early 2009.

B. Livingston Baker Options

Carol passed out two documents that gave refinancing scenarios and an analysis of options for the Livingston Baker. She briefly reviewed these documents and noted to Council that they should read the documents to be discussed next month in a lot more detail.

VII. Public Comment

Dale questioned how the Market was surviving with the declining stock market. Carol responded that the Market was restricted to investing government backed securities, bonds etc. so we have not lost any principal, however interest rates are lower and impacting our projected income.

VIII. Concerns of Committee Members

IX. Adjournment

The meeting was adjourned at 5:46 p.m. by Jim Savitt, chair.

Meeting minutes submitted by:
Anita Neill, Executive Assistant