



Pike Place Market Preservation and Development Authority (PDA)

COUNCIL MEETING MINUTES – May 26th, 2011

Council Members: James Savitt-Chair, Ann Magnano, Gloria Skouge, Patrick Kerr, Bruce Burger, Jackson Schmidt, David Ghoddousi, Matt Hanna, Bruce Lorig, Gerry Kumata, John Finke

Staff Present: Ben Franz-Knight, Ryan Yale, James Haydu, Teri Wheeler, Jennifer Maietta, Sabina Proto, Ryan Hostetler, Kyle, David Dickinson, Scott Davies, Tamra Nisly, Erica Bates

Others Present: Liza Couchman, Buddy Foley, Liza Couchman, Jill Andrews,

The meeting was called to order at 4:03 p.m. by James Savitt - Chair.

I. Administration

A. Adoption of Agenda

James requested the second round of Public Comment(s) be moved ahead of the closed session. The amended agenda was approved by acclamation

B. Review and Approval of Minutes of April 28th, 2011

The minutes were approved by acclamation

II. Public Comment Including the Market Community

Hubert Foley commented on the Stewart House windows and stated tenants located in the Stewart House produce up to \$70k of income for the Market. He requested that maintenance pay more attention to the Stewart House due to the amount of money generated by the rent and tenants. Hubert continued to comment on his and other tenant's displeasure with the window replacement. Hubert suggested the windows remain the same 'in-swing' style, which is currently in place. Hubert also commented on the concerns of tenants regarding the cleanliness and up keep of the building. Hubert requested the PDA, including maintenance, pay more attention to the residents of Stewart House. Kerry Foltz commented on what he felt the PDA should be doing with the Stewart House. He noted that the PDA should be preserving the look and feel of the Stewart House windows instead of changing them. He stated that he has done various tests on the windows and feels there is no reason why they should be replaced and instead should replace with "like" windows in order to preserve the look of the Stewart House.

III. Reports and Information Items

A. Council Chair Report

Jim reported on the Commercial Real Estate overview and stated the real issue that Council should be addressing today is to what extent does Council wish to mandate any different policies than what staff is currently operating. Jim noted today's presentation will focus on current opportunities and how the PDA staff approaches them. Jim added that at the end of the presentation should we be doing something more. This item does not have to be decided today, but we do need to address Staff on how the Council feels it should proceed. Jim reported on the New Market Non-Levy funds and feels the uses to date have been prudent, but the Council does need to address the available funds and how they should be used. Jim noted that the PDA Staff does have recommendations and the Council should listen to these and respond with feedback and suggestions in order for Staff to move forward.

Jim also reported on the Council retreat and strategic planning. Jim stated he will begin to schedule this over the next couple weeks and that the retreat should be taking place sometime in September of 2011. Jim noted the retreat should be focused on how the Council should be managing the PDA. Jim stressed that Council should take a look at the type of information the Council currently receives and urged discussion amongst the Council to come to a conclusion on how they should proceed to manage the PDA and Staff. Jim discussed the nominating committee, which will take place during the June meeting. Jim noted the nominating committee will consist of himself as chair, Jackson Schmidt, Gloria Skouge, and Matt Hanna. These Council members will be reaching out to the other council members to gather information and input to make the appropriate recommendations.

Matt inquired if one of the topics of the retreat will be to lay out the parameters of strategic planning.

Jim stated he has not gotten down to that detail yet, but noted he would like to come out of the retreat with a structure that will allow the Council to address the issues, which includes strategic planning and PDA management.

B. Executive Director's Report

1. Update on Phase II Renovations

Ben reported on the record amount of activity in the Market since businesses have returned to Corner Market and Sanitary. He noted that all tenants, with the exception of Jack's Fish, will be back in the next couple of weeks. Ben commented on the latest lease negotiations with Jack's fish. Ben discussed the Seattle Met June issue, which highlighted Pike Place Market. Ben discussed Phase III work and noted that the public spaces of the Market will be construction free over the summer. He also stated that the Phase III work that will be done during the summer includes spaces in Soames Dunn, Stewart House, and the Economy Building, but will be out of sight and mind. Ben noted that the Market Theater will be relocated off site and currently the PDA is looking at the Intiman Theatre as a viable option. Ben discussed the Parking Garage Revenue and stated that the revenue has increased dramatically over the last year following the installation of an automated parking payment system in April of 2010. He noted that we can attribute much of this increase to automation, significant operational changes were implemented to further realize revenue potential, reduce expenses and reduce internal and external loss. Ben gave a summary of staff's findings and included charts that detailed the monthly revenue trends over a 12 month period for Council's review.

Bruce Burger inquired about the best way to bring back the hour of free parking for the garage. He commented on the increase in revenue greatly exceeds what the costs of supplying free parking.

Ben replied that Staff, if suggested by Council, could do a cost benefit analysis of free parking including test periods. Ben noted that there are, however, core operational issues and security issues when supplying free parking.

Jim requested Ben to gather information on the use of the parking garage to maximize it's benefit to the Market as a whole.

2. Other items

C. Committee Chair Report
None

D. Other Reports
None

IV. Commercial Leasing Presentation and Discussion:

A. Presentation: Commercial Leasing – Ben Franz-Knight & Jennifer Maietta

Ben reported on the continued efforts of Commercial Leasing and stated it is a unique time in the Market's history. Ben commented on the great job that Staff has done on developing priorities and proposed uses. In addition, we have developed an application package in order to compare tenant applications when we receive them internally, which is an excellent way of gauging the most qualified tenants. Ben introduced Jennifer Maietta.

Jennifer gave a brief presentation of some of the Commercial spaces that are available now and some that will be coming available. She described the spaces and gave recommendations on the types of tenant's that would be ideal for certain spaces. In addition, she discussed the current processes used to recruit tenants and noted that for some spaces that are coming available it may be in the PDA's best interest to use an outside broker.

A question and answer period followed.

- B. New Market Non Levy Funds – Phase I and II-IV - Ben Franz-Knight & Duncan Thieme**
- Ben reported the Levy agreement and stated that in 2009 the PDA signed a Levy agreement with the City of Seattle that outlines the terms and conditions of the Levy funds used for renovation of the Pike Place Market. He noted that the agreement includes provisions for securing additional sources of funds, which is outlined in Article 7 (Other Funding) and is attached for your reference. Consistent with this agreement the PDA secured two significant sources of additional funds through New Market Tax Credits. A summary of current available funds was included with this report. Ben stated that while reviewing and considering potential uses for remaining Non-levy funds it is important to keep in mind that the PDA has the legal obligation to fully complete all core levy projects. He added that it is critical that the uses of other funds remain consistent with the levy agreement and that we ensure the timely completion and full funding of all core levy work. Ben gave an overview of the status of current funds available for Non-Levy Phase I. He stated that there is approximately \$1,350,000 of available Non-Levy Phase I funds, which have been detailed on the attached budget report. This budget has been adjusted to incorporate the funds intended for Childcare, which have now been allocated as 'undesignated'. This change was due to the budget allocation made approximately two years ago before the Childcare secured alternate funding for their projects. Ben noted that the PDA Staff recommends that a brainstorming/charrette meeting be set up for the entire PDA Council to discuss ideas and options for the use of the remaining Non-Levy Phase I funds. The tentative time frame for this meeting will be at the end of June. Some options have previously been mentioned for the use of these funds and they include additional social services, public seating upgrades/additions, the activation of the Hillclimb, Hillclimb commercial spaces and renovations on Pike Place. Ben reported on Non-Levy Phase II available funds and stated that there is approximately \$550,000 of available Non-Levy Phase II-III funds. Ben stated that the PDA staff and consultants including the renovation department, commercial leasing department and facilities have worked closely to develop a list of priority projects and estimated funding needs. The allocation amounts were based on need and the age of operations, fixtures and equipment. While allocating these funds, the PDA also took into consideration the character and role of the business as a fabric of the Market, which includes potential revenue and cost savings associated with improvements. Ben noted that staff has identified a short list of the current priorities for these funds, which include tenant relocations/restoration, the build back of the old Fero's Meat market, and the Soames-Dunn reconfiguration. Ben noted that these proposed uses also include a commitment of \$2,674,910 for the Stewart House Re-Clad a requirement of the NPMC Community Development Partners (CDE's) to meet a minimum threshold for core "bricks and mortar" building improvements as part of the NPMC funding. Ben added that the PDA Staff recommends the PPM PDA Council direct staff to return to the Capital Renovation Committee with formal resolutions on a project-by-project basis or cumulatively when appropriate and when bids, final scope and project timelines require. Ben noted that the PDA Council could elect to postpone approving the uses for the remaining funds and include the \$550,000 in remaining Phase II-IV Non-Levy funds in the design charrettes and priority review process outlined for Phase I funds. However, staff has significant concerns the delay will result in the loss of construction efficiency and substantial monetary loss due to the timing of Phase III work. Consequently, staff strongly recommends moving forward with the remaining projects, which are consistent with proposed uses outlined in February 2011.

Ben introduced Duncan Thieme from SRG to give an overview of the possible uses of Phase I and II available funds.

Duncan presented various options where Phase I and II funds could be used. He noted that these options have been prioritized in the past, but do not represent a finalized usage of current available funds. Duncan discussed options for the Hillclimb activation including possible evening and night time uses. Duncan noted that by adding new planter boxes along the terrace levels would be a quick and simple addition to create a more inviting atmosphere to the Hillclimb. Duncan continued to

discuss different options along the Hillclimb and gave an overview of multiple options such as mobile food carts that could assist in activating areas of the Hillclimb and Pike Place.

A brief question and answer period followed.

V. Resolutions and Other Action Items (Old and New Business)

A. Consent Agenda

- B. Action Item:** Proposed Resolution 11-46: Authorization for Contract Authority – SRG Partnership, Inc. – Soames/Dunn Seismic Design Work

John Finke moved, Bruce Burger seconded

Approve: 11

Against: 0

Abstain: 0

The Consent Agenda passed by acclamation

C. New Business

- I. Amended Resolutions 11-17 and 11-18**

Ben reported on the proposed Amended Resolutions and stated that Resolutions 11-17 and 11-18 were approved at the OPSCOM Committee Meeting on March 14, 2011 and by Full Council on March 31, 2011. Both resolutions relate to important tenant build back and restoration work following renovation. The resolutions were considered in tandem with lease amendments and do not adequately address a specific source of funds. In addition, due to unforeseen conditions the actual amount required to complete the work for Chez Shea exceeded the previously approved amount by \$7,358.74. Ben noted that both resolutions provide for PDA reimbursement of a portion of tenant costs incurred in adapting their business premises to renovation. Ben state that Resolution 11-17 provided an increased allowance of tenant improvements for Matt's in the Market from \$10,000 to \$15,000. The \$10,000 was initially committed to Matt's at the lease renewal time through approved Resolution 10-69. In addition to the TI increase, Resolution 11-17 also provides up to \$14,000 towards the construction costs of a new restroom. Ben noted the total amount required for Matt's in the Market was \$29,000. Ben reported on resolution 11-18 and stated it provided \$20,000 to Chez Shea that would go towards the reconstruction of the balcony and new bathroom, which was removed during the renovation work. The actual amount needed for this work totals \$28,000.

Matt Hanna moved, David Ghoddousi seconded

Approve: 11

Against: 0

Abstain: 0

The Amended Resolutions passed by acclamation

VI. Further Public Comment

Jill Andrews commented on the allocation of New Market Non-Levy funds being used for retail space expansion and noted the PDA should be careful on how the funds are used. She noted that before the PDA begins to expand their commercial spaces, they should focus on occupying and promoting the current spaces available. She commented on a survey that was done and noted that one of the big shortfall she has heard was that people don't know about the night life within the Market. Jill added that much of this was a result from the lack of signage within the Market. She suggested that some of the uses of funds be used to create more signage to inform others the areas that the Market includes throughout the entire historic district.

Tom Graham commented on the proposed permanent daystall space uses on the street and noted that he feels it should be temporary space due to the lack of usage during the winter months. He inquired how it will be managed under the Hildt agreement. Tom requested that the outside slabs be covered.

Liza Couchman commented on the Non-Levy improvements and inquired if a commercial kitchen, as previously mentioned, was being considered as a use of funds. She suggested the Council consider the tenants on Western Avenue impacts and the Council's inquiry of holding commercial leases on Western. She noted that there should not be an arbitrary decision based on the current leasing possibilities. Liza also commented on commercial leasing presentation and noted she was concerned because she did not see policies or mention of lease considerations within the PDA capacities as an incubator of small businesses. She felt the small businesses are not encouraged and thought it was just PDA operating as they have done in the past. Liza commented on the proposed uses of 89 Pike and stated she was surprised to hear the expectations of the space are simply revenue driven, which she felt would turn Pike Place into just a food service.

The meeting went into closed session at 5:48pm

Matt Hanna left at 5:58pm

Open session resumed at 6:11pm

VIII. Concerns of Council Members

None

IX. Adjournment

The meeting was adjourned at 6:09 p.m. by James Savitt, Chair

Meeting minutes submitted by:
Ryan Yale, Executive Assistant