

Pike Place Market PDA Council Meeting Minutes

Date: Thursday, December 21, 2023

Time: 4:00 p.m. – 6:00 p.m.

Location: Economy Building Classroom (1435 First Ave, 3rd Floor) **OR**

Join Zoom:

<https://us02web.zoom.us/j/81690121247?pwd=eNoZTNzMjlWSXNuYWR5TWxMR010dz09>

OR Dial 253-215-8782 (alternative number 253-205-0468), Meeting ID: 816 9012 1247, Passcode 850646

ALL PPMPDA COUNCIL MEETINGS ARE BEING HELD BOTH IN PERSON AND VIRTUALLY VIA ZOOM.

Council Members Present: Devin McComb (Chair), Patrice Barrentine (Vice-Chair), Jan Hendrickson (Secretary), Gundeep Singh (Treasurer), Gina Karaba, Ray Ishii, Gordie McIntyre, JJ McKay, Russell Monroe, Paul Neal, Margaret Norton-Arnold, and Nick Setten

Staff/Consultants Present: Mary Bacarella, Karin Moughamer, John Turnbull, EJ Griffin, Amy Wallsmith, Erica Bates, Brady Morrison, Sabina Proto, Zack Cook, Bijesh Gautam, Allegra Calder, Suling Carling, Candace Damon, Deb Guenther

Others Present: Jean Bateman, Traci Calderon, Ruth Danner, Craig Eidsmoe, Jonny Hahn, Maggie Haines, Haley Land, Annie Lannin, Bob Messina, Joan Paulson, Heather Pihl, Alex Rasmussen, Chris Scott, Jessica Shapiro, Lillian Sherman, Elisa Shostak, Christine Vaughan, Janet Way, and four other members of the public.

The meeting was called to order at 4:03 p.m. by Devin McComb, Chair.

1. Administration

A. Approval of the Agenda

The agenda was approved by acclamation.

B. Approval of the November 30, 2023 Meeting Minutes

The November 30, 2023 Meeting Minutes were approved by acclamation.

2. Public Comment Including the Market Community

Jonny Hahn commented on the Physical Experience presentation shared at the PDA Council Retreat in October. He opposed making Pine Street a one-way street with benches.

Heather Pihl commented in opposition to the interference of outside agencies in Pike Place Market. She requested the PDA Council work with Friends of the Market and the Constituency in opposing outside control and changes, like the changes proposed by the Seattle Department of Transportation. She expressed her disappointment at the lack of sufficient support for farmers in the Master Plan.

Ruth Danner shared concerns from Save the Market Entrance on removal of the totem poles in Victor Steinbreuck Park. She encouraged seeking guidance from Tribes on art and culturally relevant displays.

She encouraged the mission of the Market and its authenticity be retained when considering the adoption of the Master Plan.

Traci Calderon commented on the challenges to small business in Pike Place Market in limiting extensions to two years. She noted with unexpected utility expenses, it made it difficult to plan for the future. She noted after speaking to the Commercial department, she had been told these changes were related to the Master Plan.

Bob Messina commented on allowing pre-established businesses into the Market. He felt it was in opposition to the authenticity of the Market.

Jean Bateman agreed with previous comments noting it would be challenging to execute the idea presented in the Physical Experience slide on using half of Pine Street for seating. She encouraged the PDA Council listen to Marvin Oliver's 2018 talk on the poles in Victor Steinbreuck Park.

Joan Paulson commented on the financial analysis and expressed concern on its basis on highest and best use. She then expressed concerns regarding a move from being a public to private market.

3. Discussion Topics

A. Master Plan: Discussion on financial analysis and introduction to draft Master Plan

Devin McComb led the discussion noting the amount of working leading to the draft Master Plan and expressed appreciation to the HR&A and consulting team for their shaping of the draft. He stated the purpose of the day's conversation was to show the financial implications of the Master Plan.

Candace Damon reiterated where in the process the Master Plan was and upcoming steps. She noted tonight's conversation would also examine the financial future of Pike Place Market and potential strategies that could be adopted.

Sulin Carling shared the PDA's historic operating margins, noting the Net Operating Result has historically remained between 15-23%, which allowed the PDA to operate through COVID and perform capital maintenance. She noted expenses were rising quicker than revenue, and financial sustainability while maintaining authenticity was one of the major goals for the Master Plan.

She then shared a chart detailing a rise in operating expenses, with an increase of 5% projected annually over the next ten years, with a 62% increase in total. She contrasted this chart with a chart forecasting revenue, with an annual increase of 3% projected, totaling 34%-57% after ten years. Increasing lease escalation clause to 5% would result in revenue growth matching expense growth.

She next shared a chart noting even with a 5% increase on rent escalation, the PDA would not be able to maintain its goal of a 25% margin.

Sulin Carling then gave an overview of the ten year projections for the capital projects, which would be necessary to keep the Market operational. The ten year plan requires the PDA to spend nearly 60% of the Market's net operating margin over the next decade. There would also be costs associated with implementation of the Master Plan.

She presented a graph detailing PDA revenues today, noting the largest contributors to revenue were commercial rents making up 49% of revenue, residential 20%, and garage 17%. This was followed by four potential strategies for revenue generation, which were:

- Increased garage rates
- Tenant curation
- Recovered revenues from streamlined POS
- New earned-income programming (mission-based sponsorships, local delivery, app & AR experiences)

On the potential strategy for garage assumptions, Sulin Carling noted Pike Place Market garage parking rates are 159% below market-rate. Nearby garages range from \$10-11 an hour compared to the Market's \$4 an hour. She also noted the PDA is currently reviewing regulatory barriers to increasing rates for visitors only and excluding Market community members.

Sulin Carling shared the assumptions for a streamlined POS implementation, which were:

- Reduced operational costs and increased sales performance by 5%
- Better inventory management and reporting
- Better time savings
- More streamlined and efficient customer experience
- Improvement customer management and data collection
- Improved customer marketing and personalization
- Benefits to the PDA included: more precise reporting of percentage rent, timelier and more accurate sales reporting of tenants, and better evaluation of marketing promotions and events.

Sulin Carling presented assumptions on new earned-income programming, which included:

- \$400K from mission-based sponsorships (four annually averaging at 100k each)
- \$1.2M from local delivery
- \$1.5M App and AR experience

She concluded in sharing the assumptions for commercial sales and tenant assumptions, which indicated a 20% increase in tenant sales achieved through marketing of Food Life, programmatic support of business growth and more intentional tenant recruitment and curation could add around \$2M in additional annual percentage rent for the PDA. With a more proactive approach, an additional \$3.6M could be added.

She then shared data indicating increased tenant sales will not only support the Market's financial sustainability long term, but also support income and wealth generations for the Market's vendors.

Sulin Carling then gave an overview of the challenges to tenant curation, which included:

- Slow lease turnover
- Failing businesses continue to occupy space, which are different from marginal businesses
- MHC guidelines are based on 50-year-old assumptions about how businesses are operated, constraining leasing and merchandising flexibility
- Infrastructure and capital investments are needed to support operations and reconfiguring businesses is challenging

Sulin Carling summarized the potential revenue generating strategies, noting that with the four proposed strategies, an additional \$6.3M could be added to annual revenue. The PDA could tailor its curation approach depending on future capital needs.

She then discussed capital project financing at Pike Place Market, noting:

- The PDA understands it is responsible for capital projects associated with regular maintenance
- To support large scale projects, the PDA historically has received funds through a voter-approved levy and should engage the City now to understand the process
- Revenue-generating projects identified by the Master Plan could be part of the levy, but could also be funded by increased Market revenues

Sulin Carling shared the graphic detailing a potential timeline and next steps for implementation of the revenue generating strategies, ranging from 2024 to 2027.

Mary Bacarella noted after budget discussions, she hoped the Council had an understanding how things had changed. She stressed the importance of having a plan in place to address future changes.

Nick Setten asked how the strategy would adapt should Food Life not work, what the change would look like in the DownUnder, and how invasive changes would be on buildings. Mary Bacarella noted these were things that would need to be studied. Devin McComb commented these were questions he had as well and there were disruptive forces that could move faster than potential strategies. He noted these strategies would have to be discussed and explored further, but there was no definitive answer. Mary Bacarella commented it was not just the DownUnder, but there were spaces within the Market where ideas were attempted and did not succeed and it was important to study. She noted there have been cases where businesses will take over an old space and do well and it was important to analyze those cases and potential opportunities.

Candace Damon noted the strategies would need to suit the needs of the Market, and while the team was providing a direction, it was not up to the consultant team to decide what works best. She added the development of the Waterfront provided exciting opportunities, especially to the DownUnder. She noted that there was also the option to create hidden for locals only type of spaces, which connected with the goal of re-attracting locals. She concluded noting one of the goals of the Master Plan should be supporting businesses who want to succeed and reconfiguring the space to allow those businesses to do so.

Ray Ishii asked if the capital project financing slide was based on the previous capital needs assessment or based on Mithun's estimates. Mary Bacarella confirmed it was from the 30 year plan. Ray Ishii asked if the inflation assumptions needed to be adjusted. Mary Bacarella confirmed it would.

Ray Ishii asked if there had been an analysis conducted on the 5% increase on leases and the impact it would have on smaller businesses. Mary Bacarella answered it had not been examined yet. Candace Damon noted this was a general idea and a refined plan would need to be put into place. For businesses that weren't growing, it would mean helping them find a way to grow or a new place to establish a business and welcome in new businesses. She emphasized the final plan would call for more refinement and collaboration with businesses within the Market.

Ray Ishii asked if there had been analysis into cost containment. Mary Bacarella noted they had looked into costs and the team had noted it was very lean. Candace Damon confirmed the costs were lean and the PDA kept a frugal budget, with little room for cuts to costs. An audit could be conducted, but it would likely be more expensive than any savings generated.

Ray Ishii commented staffing capacity would likely need to grow.

Margaret Norton-Arnold asked how tenant curation would be different from current operations. Mary Bacarella answered it would likely call for a specialist in managing spaces in markets and while it happens now, it should be expanded upon. Candace Damon clarified it would be a specialist who could find smaller businesses around Seattle and who understands the needs of the Market. Mary Bacarella shared an anecdote of meeting someone who would like to open an Ethiopian restaurant in the Market.

Patrice Barrentine noted the timeline was useful for understanding implementation. She asked for further information on what an AR/App experience meant. Sulin Carling explained it would be along the lines of someone doing a self-guided tour through a museum. The fee might be small, but would add up with number of visitors. It could mean augmented reality, a directory of businesses, or histories of different vendors in the Market. Patrice Barrentine thanked Sulin Carling for the clarification and commented it would be important to consider how Meet the Producer could be feasible through an app. Nick Setten noted there was a self-guided tour provided by HistoryLink.

Nick Setten asked if annual growth for businesses would be the only metric used for a business' success and what other markets had done. He shared a quote from Friends of the Market on the importance of preservation. Candace Damon thanked Nick Setten for his comments and noted the goal was not growth for growth's sake. She argued a successful path forward must include DEI, investment in business success, wealth creation for businesses and their ability to pay their workers a living wage and if a business making well under \$300K would most likely not be meeting those goals. She felt the Market should support entrepreneurship, BIPOC businesses, and new businesses.

Nick Setten noted the Market Foundation had concluded final COVID relief payments to businesses, which involved many interviews and working with businesses on an individual level. He stressed the importance of a refined approach. Mary Bacarella noted this was the approach the PDA has been taking and will continue to take in supporting businesses achieve success.

Paul Neal commented growth and predictable growth differed from growth for growth's sake, and was not the goal of the plan. He noted the growth sought from businesses was more to match industry standards. He concluded his comments noting decisions would be revisited in the action plan to determine a program's success and given the chart at the beginning of the presentation, he felt the need to improve revenue was clear. He added the suggested strategies were not major departures from current strategies at the Market.

Jan Hendrickson commented she found the financial analysis reasonable and the potential strategies within the core competencies of the PDA. She thanked Nick Setten for his questioning on growth for the sake of growth to ensure the approach. She asked when cost estimates would be updated on capital projects. Mary Bacarella answered that could be included in the timeline of revenue generating strategies.

Sulin Carling shared the updated timeline for the Master Plan. Some of the important pieces included:

- January 15: PDA to provide feedback to HR&A
- Second week of January, date TBD: meetups with the community to be held
- More meetings in the interim were scheduled to allow for more feedback and collaboration on special topics
- A revised draft will be shared in early February

She encouraged council members to review the final slides later as they review the Master Plan. There were questions she also encouraged council members reflect on as they evaluate the materials.

Devin McComb thanked Sulin Carling and Candace Damon for the presentation and recommended council members review questions shared by Karin Moughamer to help review the Master Plan. He noted it was important to share feedback for further analysis in order to have the most thorough discussion.

Paul Neal commented the three weeks to evaluate the draft Master Plan was useful for the most thoughtful examination.

Gordie McIntyre asked if the team was proposing an integrated POS system market wide as one of the strategies. Devin McComb confirmed that was the suggested strategy.

4. Closed Session

A. Review of Lease Proposals (This will take place on a private Zoom. Council members will return to the Zoom meeting following this closed session)

The Council Chair stated that the committee would go into closed session at 5:32 p.m. to review lease proposals and return into public session at approximately 5:45 p.m.

- A. Property Management Report - RCW 42.30.110(c)
- B. Vacancy Report - RCW 42.30.110(c)
- C. Current Lease Negotiations - RCW 42.30.110(c)
- D. Review of Lease Proposals - RCW 42.30.110(c)
 - i. Lease Renewal: Ageless Acupuncture, 1515 First Avenue
 - ii. Lease Renewal: Double Dorjee, 1501 Pike Pl #511
 - iii. Lease Renewal: Golesh Architecture, 93 Pike St #315A

The Council entered into open session at 5:43 p.m.

The committee discussed current lease negotiations and lease proposals during the closed session.

5. Action Items

A. New Business

- i. Proposed Resolution 23-61: Authorization for Contract Authority – Expansion of current PPMPDA security camera system

Bijesh Gautam introduced Proposed Resolution 23-57, which states:

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 security and viability of the Pike Place Market buildings the PPMPDA has determined that additional security camera coverage for the Market Garage PC1 is required; and,

WHEREAS, the PPMPDA has executed a bid process for Market Parking Garage PC1 Camera Installation Project.

NOW, THEREFORE, BE IT RESOLVED that the PPMPDA Council authorizes the PPMPDA Executive Director or her designee to enter into a contract with Security Solutions Northwest in an amount not to exceed \$30,406.95 to install the 16 new cameras in the Market Garage PC1.

Gundeep Singh moved the proposed resolution and Jan Hendrickson seconded.

Gina Karaba asked if this resolution would include cameras in the Daystall locker areas. Bijesh Gautam answered no, this resolution was intended to add more cameras to the parking garage.

For: Devin McComb, Patrice Barrentine, Jan Hendrickson, Gundeep Singh, Gina Karaba, Ray Ishii, Gordie McIntyre, Russell Monroe, Paul Neal, Margaret Norton-Arnold, and Nick Setten

Against: none

Abstain: none

Proposed Resolution 23-61 passed by a vote of 11-0-0.

Gundeep Singh left the meeting at 5:47 p.m.

ii. Proposed Resolution 23-62: Authorization for Contract Authority – Replace Doors at 1st & Pine Post Alley
Bijesh Gautam introduced Proposed Resolution 23-62, which states:

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 that the doors accessing the First and Pine building from Post Alley are at the end of their useful life and have been damaged beyond the point of repair; and,

WHEREAS, the PPMPDA has executed a bid process to upgrade the current doors to provide better security and functionality.

NOW, THEREFORE, BE IT RESOLVED that the PPMPDA Council authorizes the PPMPDA Executive Director or her designee to enter into a contract with Cressy Doors Company Inc. in an amount not to exceed \$45,557.45 to replace a new pair of four panel doors (1/4" clear laminated glass) painted green.

Jan Hendrickson moved the proposed resolution and Nick Setten seconded.

Nick Setten asked if there was a warranty. Bijesh Gautam answered it was one year.

Devin McComb asked if this was the normal price for a door. Bijesh Gautam confirmed it was and that with lead times it was normal if not lower in cost.

For: Devin McComb, Patrice Barrentine, Jan Hendrickson, Gina Karaba, Ray Ishii, Gordie McIntyre, Russell Monroe, Paul Neal, Margaret Norton-Arnold, and Nick Setten

Against:

Abstain:

Proposed Resolution 23-62 passed by a vote of 10-0-0.

iii. Proposed Resolution 23-63: Lease Proposals December 2023

Devin McComb introduced Proposed Resolution 23-63, which states:

<u>Tenant</u>	<u>Term</u>	<u>Start Date</u>
Ageless Acupuncture/Maria Portnaya	Two (2) Year Lease w/ Two (2) Year Option	January 1, 2024
Double Dorjee/Tenzin Chodak	Two (2) Year Lease w/ Two (2) Year Option	January 1, 2024
Golesh Architecture/Luke Golesh	Two (2) Year Lease	January 1, 2024

Patrice Barrentine moved the proposed resolution and Jan Hendrickson seconded.

For: Devin McComb, Patrice Barrentine, Jan Hendrickson, Gina Karaba, Ray Ishii, Gordie McIntyre, Russell Monroe, Paul Neal, Margaret Norton-Arnold, and Nick Setten

Against: none

Abstain: none

Proposed Resolution 23-63 passed by a vote of 10-0-0.

iv. Proposed Resolution 23-64: Authorization for Contract Authority - Project Management Services Next Bold Move LLC

Mary Bacarella introduced Proposed Resolution 23-64, which states:

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, since February 2019, Next Bold Move has provided the PDA with project management services related to the demolition of the Alaskan Way Viaduct, Waterfront Seattle construction coordination, garage modifications project management and PC-1S elevator project management; and,

WHEREAS, in 2023 Next Bold Move began providing strategic support and project management, including coordination with Seattle Parks for construction related to Victor Steinbrueck Park. That work

will continue into 2024 along with project management services for work associated with Overlook Walk, Pike Pine Corridor and the Seattle Aquarium Ocean Pavilion.

NOW THEREFORE, BE IT RESOLVED that the PDA Council authorizes the PDA Executive Director or her designee to continue contract services with Next Bold Move, LLC and approve funds in an amount not to exceed \$50,000.00 for work associated with project management services in 2024.

Mary Bacarella noted this would support Angie Battazzo, who has worked with the PDA for the last four years on the various projects happening around Pike Place Market. The projects are coming to an end and she has served as a liaison on these various projects

Patrice Barrentine moved the proposed resolution and Gordie McIntyre seconded.

Ray Ishii asked if the PDA Council was required to seek bids for the work. Mary Bacarella answered at the start of the work, bids had been sought and were not required for the continuation of work per the counsel of Gerry Johnson.

Nick Setten asked if this was to support coordination with Victor Steinbreuck Park. Mary Bacarella clarified Angie Battazzo would be supporting various projects, such as the park, Overlook Walk, the aquarium, and the Pike Pine Corridor.

For: Devin McComb, Patrice Barrentine, Jan Hendrickson, Gina Karaba, Ray Ishii, Gordie McIntyre, Russell Monroe, Paul Neal, Margaret Norton-Arnold, and Nick Setten

Against:

Abstain:

Proposed Resolution 23-64 passed by a vote of 10-1-0.

6. Public Comment

Heather Pihl commented expressing concerns for how the Market Historical Commission and the guidelines were portrayed as a barrier. She read from the Pike Place Market Historical District Ordinance and noted the commission's guideline on use follow that ordinance.

Chris Scott commented he understood the PDA Council and consultant team were not going after the highest profits possible, but were aiming to sustain the Market. He commented the critics of the plan did not have a viable alternative on how to achieve their goals. He shared his experience working in a business owned by a third generation legacy owner and helping expand the business.

Haley Land commented there would be pushback on pushing businesses to earn \$300k or more. He noted irreconcilable tensions had been mentioned and felt the conversations on growth and sustainability were irreconcilable tensions. He noted he had requested in previous meeting that input from the community be shown in the Master Plan, but he did not see that reflected in the draft.

Bob Messina commented the strategies were growing more specific with the Master Plan, and that in referring to the DownUnder, it seemed the consultant team was referring to level four. He felt it should be more specific if it was one floor. He asked if the failing businesses mentioned referred to level four of the DownUnder. He asked if building by building the number of failing businesses could be announced and those businesses given the chance to improve.

Joan Paulson thanked Heather Pihl for her comments on the ordinance. She shared her hopes for the Market in 2024, which were stopping the eroding of the historical district boundaries, removing the phrase highest and best use, implementing a 363 day marketing plan. She concluded her comments encouraging people looking to the Space Needle, which was largely changed from its original design. She complimented the holiday lights.

7. Concerns of Councilmembers

Margaret Norton-Arnold asked for an update on the letter to SDOT regarding the First Avenue Streetcar. Devin McComb clarified he signed onto a letter. Mary Bacarella commented the other letter was on turning Pike Place into a café street and was in November's PDA packet.

Ray Ishii noted the price for Proposed Resolution 23-62 was a shock and the cost for compliance with the guidelines seemed high. He wanted further evaluation of this in future Master Plan discussions. He wished everyone happy holidays.

Paul Neal commented on making it clear which parts of the Master Plan came from public comments. He noted the boxes on the side of the draft plan were an attempt to highlight comments. He felt it was highly informed by public comments and wanted to make sure that was clear. He shared his experience visiting Borough Market and how impressed he was at how much more complex the work was at Pike Place Market.

Devin McComb thanked Karin Moughamer and EJ Griffin for their AV support during meetings. He thanked the PDA staff for their work in preparing the financial analysis for the presentation. He thanked everyone for their attendance and their attendance throughout the year with so many meetings.

8. Adjournment

The meeting was adjourned at 6:13 p.m. by Devin McComb, Chair.

Meeting minutes submitted by: EJ Griffin, Executive Administrator