

Pike Place Market PDA Council Meeting Minutes

ALL PMPDA COUNCIL MEETINGS ARE BEING HELD BOTH IN PERSON AND VIRTUALLY

Date: Thursday, January 26, 2023

Time: 4:00 p.m. to 6:00 p.m.

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

Join Zoom:

<https://us02web.zoom.us/j/81690121247?pwd=eINoZTNzMjlWSXNuYWR5TWxMR010dz09>

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

Councilmembers Present: Devin McComb, JJ McKay, Nick Setten, Gordie McIntyre, Russell Monroe, Ray Ishii, Margaret Norton-Arnold, Paul Neal, Gundeep Singh, Jan Hendrickson

Staff/Consultants Present: Mary Bacarella, Karin Moughamer, Amy Wallsmith, Erica Bates, Sabina Proto, Zack Cook, John Turnbull, Marilee Combs, Darin Puryear

Others Present: Bob Messina, Joan Paulson, Muji Watanabe, Clint Bennett, Minh Chau Le, Lillian Sherman, Rowan Ring, Erin Cobb, Bruce Rutledge, Mason Lowe, Jeannie Falls

The meeting was called to order at 4:04 p.m. by Devin McComb, Chair

1. Administrative

A. Approval of the Agenda

Devin made a motion to amend the agenda removing Proposed Resolution 23-01 from the Consent Agenda and placing it under New Business. Paul Neal moved the motion and Jan Hendrickson seconded the motion. The motion passed unanimously 8-0-0.

The motion as amended was approved by acclamation.

Paul Neal noted he will be recusing himself from the vote on Proposed Resolution 23-03 as it pertains to his business.

B. Approval of December 13, 2022 Special Meeting minutes

The December 13, 2022 PDA Council Special Meeting Minutes were approved by acclamation.

2. Public Comment Including the Market Community

Jeannie Falls, Executive Director of Pike Market Senior Center and Food Bank, noted she has given her notice and she introduced Mason Lowe who has been designated interim director. Jeannie thanked the PDA for hosting the Figgy Pudding fundraiser in the Market and it was a great change and appreciated all the support.

Paul Neal thanked Jeannie for her service over the years. Mary Bacarella also thanked Jeannie for her work at the Market. JJ McKay suggested having a presentation on Figgy Pudding in November and then a follow-up presentation after the event.

Bob Messina commented on the Master Plan scope of work, citing page 14 where it states “will be driven by financial considerations identifying “highest and best uses”.” He commented he’s confused about the use of the term “highest and best uses” which he feels has been used on public documents but then also taken off future documents relating to the Master Plan. He wants to know why there has been the change and inclusion of those terms in the scope of work.

Joan Paulson supported the previous question posed by Bob Messina. She noted Victor Steinbrueck in the formation of the urban renewal plan and the PDA in the 70’s removed the term “highest and best use” from documents. She does not believe those terms should be in any current document. Joan also believes the wording of the scope implies governing documents will be changed to support the Master Plan. She urged the councilmembers to vote no on resolution 23-04 approving the master plan scope. She also noted she will provide written comments to the January Market Programs meeting.

Devin McComb noted Proposed Resolution 23-04 is not on the agenda today and is for consideration at the special meeting on January 31st.

3. Discussion Items

A. Insurance Review with Arthur Gallagher

Sabina Proto provided an introduction and outlined how Arthur Gallagher (AG) represents the PDA as the insurance provider. She noted AG knows the PDA very well and has built a relationship with the organization over a number of years to provide the best products and carriers to suit the needs of the Market. AG serves as a liaison between the Market and insurance carriers, a resource for risk management, among other things. Sabina noted the PDA’s exposure is enormous and she feels AG is an expert in the field and they guide the Market during the coverage process each year.

Marilee Combs thanked Sabina Proto and Devin McComb for the invitation today. Darin Puryear also thanked staff for the invitation and added AG is there to help the PDA through the insurance process. He noted there is a coverage detail in the packet materials which provides a clear overview of the Market’s coverage.

Ray Ishii asked if Arthur Gallagher (AG) reviews the PDA computer security or if they help clients to secure data. Marilee Combs noted the Market does have cyber security coverage and in order to receive that coverage the Market has to meet a standard, which the Market is. Darin Puryear noted AG does not provide cyber security consulting but they know carriers who do.

Ray Ishii asked if there’s a point the Market would consider self-insuring. Marilee Combs noted that has not explored that in the past but they can certainly explore it if requested.

There was a conversation on self-insuring and Marilee Combs noted the Market is a unique client with many components. Marilee described what it means to be part of a pool but the Market doesn’t fit into any specific pool. She gave the example of public entities entering into a pool of similar organizations that share the risk together. Darin Puryear noted very few companies self-insure he reviewed how some companies self-insure which he described as a mathematical analysis. He described the risk taking and financial components and how they would analyze the option of self-insuring for the Market.

Jan Hendrickson offered up the idea of looking at some areas that could be self-insured. Darin Puryear provided an example of how a company approached taking certain areas of a company that self-insured.

Ray Ishii discussed looking at certain aspects of the insurance policy and wondered if there are instances the Market may consider taking on more risk. Marilee Combs noted there are functional replacement cost coverage rather than coverage to replace in full in the example of rebuilding a building that needs to be replaced.

JJ McKay asked if there is a way to pre-buy insurance in order to incur savings. Darin Puryear responded no as the Market is only able to buy insurance for 12 months at a time.

JJ McKay asked if he can receive the quarterly market analysis that is included in the packet. Marilee Combs responded she can send that to Sabina each quarter.

JJ McKay asked if the Colorado River issues will affect insurance rates. Marilee Combs responded yes, it could have an impact since insurance carriers look at the state of the country as a whole, both in terms of inflation as well as natural disasters. Darin Puryear discussed the challenges associated with increased costs of construction and how that has affected insurance rates.

Gundeep Singh asked if carriers understand the complexity of the Market when creating their quotes. Marilee Combs responded AG has built a story about the Market and are able to help carriers understand the Market. Darin Puryear added the insurance market does not view the PPM as a public entity. Darin has wondered if a public entity pool might not be a good fit for the PPM and they are going to explore that option.

Devin McComb asked for some perspective on how AG markets the Market to insurance carriers. Darin Puryear reviewed the history of insuring PPM giving the example of one year in which 27 insurance carriers represented the Market because no one carrier would take the PPM. Marilee Combs reviewed how she markets PPM to insurance carriers. She is always trying to get creative and bring the best coverage at the most competitive price. She also tries to encourage stability in staying with a carrier for several years to build a relationship.

Paul Neal asked if there is any impact for achieving or getting part way towards carbon neutrality with regards to reduction in insurance rates. Darin Puryear responded if the move towards carbon neutrality improves physical risk factors, it won't have an impact on insurance. Darin noted there are insurance carriers moving towards sustainable companies so it's possible it could increase the competition for insurance coverage.

Sabina Proto commented there should never be a time where the PDA will be able to get coverage for the Market. Marilee Combs added it's always about finding the right carrier at the time that can provide the right coverage for all areas of the Market.

Devin McComb thanked Marilee and Darin for their time today.

B. Master Plan Update

Mary Bacarella noted there will be a special meeting on January 31st to review the scope of work and HR&A will be on Zoom to answer councilmember questions. She added all of the goals identified at the Council retreat are included in the scope.

Devin McComb commented at the meeting there will be a discussion on how the council, councilmembers and executive committee will interact with the master plan work.

4. Programs and Information Items

A. Council Chair Report

Devin McComb provided the following updates:

- The letter drafted to Councilmember Andrew Lewis was sent regarding the amendment to CB 120456. There is a city council meeting on this topic tomorrow at 9:30 am.

B. Executive Director Report

Mary Bacarella provided the following updates:

- The second set of bricks on Pike Place is currently being repaired.
- The stairwell at the PC-1S garage is being torn down tomorrow and there is a temporary stairwell in place for fire egress only.
- WASH building restoration is complete following the fire.
- Interviews are taking place for the Director of Asset Management
- Daystall Rules Review is underway and a link to the proposals is included in the packet. There will be a community meeting on February 2 followed by review of the proposals at the February Market Programs Committee meeting.
- On January 28 it's Shop Local Appreciation Day at the Market.
- The state audit exit conference took place and the report, which is a clean audit, is included in the meeting materials.
- The new convention center is open and she encouraged people to visit the beautiful new building.
- Steinbrueck Park demolition has started and she provided a month-by-month overview of what will take place. The construction is estimated to wrap up in October 2023.
- Pike Pine Corridor work starts next month with work starting at 4-6th avenues. Work on 1st and 2nd avenue should start in March and should wrap up by Memorial Day. There will be a presentation at the February council meeting on this as well as Overlook Walk.

Nick Setten noted some of the grout between the bricks is loosely packed and he wonders if that is being addressed in the repairs. Mary Bacarella responded she's not sure but that feedback has been provided to the city.

Gordie McIntyre asked if the meeting information or the Daystall community meeting is going to be shared. Karin Moughamer responded that information is included in the schedule available online but she will share the link with him.

C. Committee Chair Reports

Russell Monroe noted the 2022 year in review was presented and he highlighted the goals that were achieved, there was an increase in visitors, an overview of the programs, the gift card program, and office hours among other topics. He noted there was also an overview of the Holiday PIKE BOX program and the daystall holiday programs. In addition, the Daystall rules schedule was reviewed.

Gundeep Singh reported there is almost a 300% increase over budgeted revenues. 2022 was a phenomenal year financially for the Market. Gundeep noted there was a conversation on the outstanding balances in residential and commercial rents and there are policies in place to collect the nearly \$1mm in outstanding rents. Three new leases were reviewed and another resolution was approved related to the WASH fire.

Ray Ishii commented Sabina Proto and her team do a great job with all of the audits they are responsible for and he recognizes they are a lot of work.

D. Market Foundation Update

Russell Monroe provided the following updates from the December and January meetings:

- The Foundation celebrated its 40th birthday last year.
- Economic stability was a focus of a recent meeting.
- The seed and bulb fund granted \$346,000 to 51 farmers with over \$1mm given to Market businesses
- The Q4 holiday campaign was recapped and he noted they raised \$468,000.
- The Foundation is supporting the Friends of the Market in regards to their stance on the MHC amendment.
- The directors of the Food Bank and Preschool are stepping down.
- The preschool playground project is wrapping up.

Paul Neal asked how long the current preschool director was in place. Mary Bacarella responded the director was hired during COVID.

5. Action Items

A. New Business

i. Proposed Resolution **23-01**: Authorization to Pay ServPro for Work Associated with the Fire Incident at WASH LLC

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, on July 5, 2022 a fire occurred and resulted in water damage in the Western Avenue Senior Housing LLC; and,

WHEREAS, the Western Avenue Senior Housing LLC is an independent organization, where US Bank is the Investor Member and Pike Place Market PDA (through Western Avenue Manager, LLC, the PDA's wholly-owned subsidiary) is the Managing Member; and,

WHEREAS, the PDA as the Managing Member hired ServPro as the contractor for the reconstruction of damages in the Western Avenue Senior Housing LLC caused by the fire incident; and,

WHEREAS, Pike Place Market PDA and Western Avenue Senior Housing LLC are insured by AIG Insurance carrier for the Property coverage; and,

WHEREAS, Resolution 22-36 was passed in September 2022 approving the payment \$318,179.03 to ServPro (\$268,179.03 insurance proceeds + \$50,000 from WASH LLC); and,

WHEREAS, the contractor has submitted the second and final invoice for the completion of work. AIG carrier has approved these costs and has issued the check for \$201,534.24 to Pike Place Market PDA to be used for reimbursement of the reconstruction costs to date; and,

WHEREAS, the total costs of reconstruction was \$519,713.27. From that amount, insurance paid \$469,173.27 (first invoice \$268,179.03 and second invoice \$201,534.24), and Wash LLC paid \$50,000 for the deductible amount; and,

WHEREAS, based on the Lease Agreement between Western Avenue Senior Housing LLC and Pike Place Market PDA, and the approval of US Bank (investor), the amount of \$50,000 (deductible) is already paid to Pike Place Market PDA which was used for reconstruction costs.

THEREFORE, NOW BE IT RESOLVED that the PPMPDA Council authorizes the Executive Director or her designee to process the payment to ServPro for the amount of \$201,534.24

The receiving funds will be deposited into PDA's Operating account, and for that reason the payment to ServPro will come out of the same account.

Sabina Proto noted an invoice was received today from the insurance company and the language on the resolution presented at FAM noted the word "final" but it is not, and will change the final amount paid to ServPro for this work.

Paul Neal moved the motion and Jan Hendrickson seconded the motion.

Devin McComb noted to amend the resolution so that on the 7th WHEREAS the words "and final" are removed so it reads "the contract has submitted the second invoice for the completion of work." In addition the 8th WHEREAS should include the words "to date" so it reads "the total costs of reconstruction to date are \$519,713.24."

Devin McComb called a vote for the proposed amendment.

Yes: Jan Hendrickson, Paul Neal, Ray Ishii, JJ McKay, Devin McComb, Gundeep Singh, Russell Monroe, Nick Setten, Gordie McIntyre, Margaret Norton-Arnold

No:

Abstain:

The amendment passed by a vote of 10-0-0.

Devin McComb made a call to vote on the amended proposed resolution. Paul Neal moved the amended resolution and Jan Hendrickson seconded the motion.

Devin McComb called for a vote.

Yes: Jan Hendrickson, Paul Neal, Ray Ishii, JJ McKay, Devin McComb, Gundeep Singh, Russell Monroe, Nick Setten, Gordie McIntyre, Margaret Norton-Arnold

No:

Abstain:

The amended resolution 23-01 passed by a vote of 10-0-0

ii. Proposed Resolution **23-03**: Lease Proposal January 2023

The Chair introduced Proposed Resolution 23-03 which states:

Tenant	Term	Start Date
6H Consulting Paul Neal	Three (3) Years; Two Year Option	February 1, 2023

Jan Hendrickson moved the motion and Russell Monroe seconded.

For: Jan Hendrickson, Ray Ishii, JJ McKay, Devin McComb, Gundeep Singh, Russell Monroe, Nick Setten, Gordie McIntyre, Margaret Norton-Arnold

Against:

Abstain: Paul Neal

Proposed Resolution 23-03 passed by a vote of 9-0-1

B. Consent Agenda

ii. Proposed Amended Resolution **23-02**: Lease Proposals January 2023

The Consent Agenda was approved by acclamation

Gundeep Singh left the meeting at 5:38 pm.

6. Further Public Comment

Bob Messina had questions regarding the master plan scope and wants to know more specific details on the work outlined. He believes the councilmembers need to start digging in on what is happening with the master plan work and urged councilmembers to become more active in the process.

Joan Paulson commented she appreciated the insurance overview and she wonders if there will be a time where the Market will need to self-insure. She commented there have been meetings not open to the public regarding the master plan and there have been no meeting minutes provided. Joan thanked John Turnbull in his efforts at the PDA.

7. Concerns of Councilmembers

Nick Setten reminded councilmembers that tomorrow a group is marching to city hall at 8:30 to attend the city council meeting. He also noted the Friends of the Market have launched a scholarship program and have selected the first recipients and Nick provided examples of the projects submitted.

Devin McComb thanked councilmembers for attending tonight and he appreciates their time.

8. Adjournment

The meeting was adjourned at 5:48 p.m. by Devin McComb, Chair.

Meeting minutes submitted by:

Karin Moughamer, Executive Administrator