

# **Pike Place Market Levy**

## **Ben Franz-Knight, Executive Director**

### **Contact Information**

Pike Place Market Preservation and Development Authority

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### **Department Description**

The Pike Place Market Levy, approved by voters in November 2008, collects up to \$73 million in additional property taxes over six years for major repairs, infrastructure, and accessibility upgrades to buildings owned by the Pike Place Market Preservation and Development Authority (PDA). The PDA is a nonprofit, public corporation chartered by the City of Seattle. As part of its mission, the PDA is required to preserve, rehabilitate, and protect the Market's buildings.

The PDA manages the renovation project. The City receives levy proceeds in the Pike Place Market Renovation Fund established through Ordinance 122737 and provides cash to finance the project according to the PDA's construction schedule, including issuing limited-tax general obligation bonds to meet cash flow needs. The City collects \$12.5 million per year in levy proceeds through 2013, and up to \$10.5 million in 2014.

### **Policy and Program Changes**

The PDA completed Phase I of the renovation project, which included infrastructure upgrades to the Hillclimb, Leland, and Fairley buildings, in June 2010. The PDA began construction on Phase II, which includes major infrastructure repairs and seismic updates to the Corner, Sanitary, Triangle, and First and Pine buildings, in July 2010 and expects to complete it by July 2011. Construction on Phase III, which includes the Economy, Soames Dunn, and Stewart buildings, is expected to begin in August 2011 and be completed in October 2012. Based on the PDA's revised cash flow projections, the City intends to issue \$11 million of debt in 2011 to meet the project's cash flow needs. Debt service on these bonds is paid from levy proceeds. Borrowing for 2012 will be determined next year.

## Pike Place Market Levy

| <b>Appropriations</b>   | <b>Summit<br/>Code</b>  | <b>2009<br/>Actual</b> | <b>2010<br/>Adopted</b> | <b>2011<br/>Adopted</b> | <b>2012<br/>Endorsed</b> |
|---|-------------------------|------------------------|-------------------------|-------------------------|--------------------------|
| <b>Pike Place Market Renovation Budget Control Level</b>                  |                         |                        |                         |                         |                          |
| Bond Proceeds   |                         | 6,824,777              | 0                       | 10,681,691              | 0                        |
| Levy Proceeds   |                         | 10,103,525             | 9,246,000               | 6,086,309               | 0                        |
| <b>Pike Place Market Renovation<br/>Budget Control Level</b>              | <b>PKLVYBC<br/>L-01</b> | <b>16,928,302</b>      | <b>9,246,000</b>        | <b>16,768,000</b>       | <b>0</b>                 |
| <b>Pike Place Market Renovation Debt<br/>Service Budget Control Level</b> | <b>PKLVYBC<br/>L-02</b> | <b>296,820</b>         | <b>2,574,692</b>        | <b>3,892,431</b>        | <b>4,155,564</b>         |
| <b>Department Total</b>   |                         | <b>17,225,122</b>      | <b>11,820,692</b>       | <b>20,660,431</b>       | <b>4,155,564</b>         |
| <br>  |                         |                        |                         |                         |                          |
|   |                         | <b>2009<br/>Actual</b> | <b>2010<br/>Adopted</b> | <b>2011<br/>Adopted</b> | <b>2012<br/>Endorsed</b> |
| <b>Resources</b>  |                         |                        |                         |                         |                          |
| Other   |                         | 17,225,122             | 11,820,692              | 20,660,431              | 4,155,564                |
| <b>Department Total</b>   |                         | <b>17,225,122</b>      | <b>11,820,692</b>       | <b>20,660,431</b>       | <b>4,155,564</b>         |

# Pike Place Market Levy

## Pike Place Market Renovation Budget Control Level

### Purpose Statement

The purpose of the Pike Place Market Renovation Budget Control Level is to provide appropriation authority for the City's disbursement of funds to the Pike Place Market Preservation and Development Authority (PDA) in compliance with the "Agreement regarding Levy Proceeds by and between the City of Seattle and the Pike Place Market Preservation and Development Authority" related to renovation and improvements to the Pike Place Market.

### Program Expenditures

|               | 2009              | 2010             | 2011              | 2012     |
|---------------|-------------------|------------------|-------------------|----------|
|               | Actual            | Adopted          | Adopted           | Endorsed |
| Bond Proceeds | 6,824,777         | 0                | 10,681,691        | 0        |
| Levy Proceeds | 10,103,525        | 9,246,000        | 6,086,309         | 0        |
| <b>Total</b>  | <b>16,928,302</b> | <b>9,246,000</b> | <b>16,768,000</b> | <b>0</b> |

## Pike Place Market Renovation: Bond Proceeds

### Purpose Statement

The purpose of the Bond Proceeds Program is to allow spending of bond proceeds and bond interest earnings to be tracked separately from spending of other revenues in the Pike Place Market Renovation Fund.

### Program Summary

The City received \$12 million in proceeds from the 2009 Limited Tax General Obligation (LTGO) Bond issue and \$4.8 million from the 2010 LTGO Bond issue for the Pike Place Market renovation. The City intends to issue an additional \$11 million in 3-year LTGO Bonds in early 2011. Bond proceeds are used to reimburse levy-related expenses incurred by the PDA in the renovation of Pike Place Market.

Add \$10.7 million to cover the remaining phases of the Pike Place Market Renovation project. Bond proceeds are used to cover the PDA's cash flow needs for the Pike Place Market Renovation project. Bond proceeds will be paid by levy proceeds in future years.

|               | 2009      | 2010    | 2011       | 2012     |
|---------------|-----------|---------|------------|----------|
| Expenditures  | Actual    | Adopted | Adopted    | Endorsed |
| Bond Proceeds | 6,824,777 | 0       | 10,681,691 | 0        |

# Pike Place Market Levy

## Pike Place Market Renovation: Levy Proceeds

### Purpose Statement

The purpose of the Levy Proceeds Program is to allow spending of levy proceeds and levy interest earnings to be tracked separately from bond proceeds in the Pike Place Market Renovation Fund.

### Program Summary

Add \$6.1 million to cover the remaining phases of the Pike Place Market Renovation project. Levy proceeds are used to cover the PDA's levy-related Pike Place Market renovation expenses.

|                     | <b>2009</b>   | <b>2010</b>    | <b>2011</b>    | <b>2012</b>     |
|---------------------|---------------|----------------|----------------|-----------------|
| <b>Expenditures</b> | <b>Actual</b> | <b>Adopted</b> | <b>Adopted</b> | <b>Endorsed</b> |
| Levy Proceeds       | 10,103,525    | 9,246,000      | 6,086,309      | 0               |

# Pike Place Market Levy

## Pike Place Market Renovation Debt Service Budget Control Level

### Purpose Statement

The purpose of the Pike Place Market Renovation Debt Service Budget Control Level is to provide appropriation authority for the City's payment of debt service for debt issued in support of the Pike Place Market Renovation funded by levy proceeds.

|   | <b>2009</b>   | <b>2010</b>    | <b>2011</b>    | <b>2012</b>     |
|---|---------------|----------------|----------------|-----------------|
| <b>Expenditures</b>                               | <b>Actual</b> | <b>Adopted</b> | <b>Adopted</b> | <b>Endorsed</b> |
| Pike Place Market Renovation Debt Service Program | 296,820       | 2,574,692      | 3,892,431      | 4,155,564       |

## Pike Place Market Levy

### 2011 - 2012 Estimated Revenues for the Pike Place Levy

| Summit Code            | Source                                  | 2009 Actuals      | 2010 Adopted      | 2010 Revised      | 2011 Adopted      | 2012 Endorsed     |
|------------------------|---|-------------------|-------------------|-------------------|-------------------|-------------------|
| 411100                 | REAL & PERSONAL PROPERTY TAXES          | 12,370,921        | 12,500,000        | 12,500,000        | 12,500,000        | 12,500,000        |
| 461110                 | INV EARN-RESIDUAL CASH                  | 18,514            | 55,000            | 37,000            | (7,000)           | 8,000             |
| 461320                 | UNREALD GNS/LOSSES-INV GASB31           | 34,075            | 0                 | 0                 | 0                 | 0                 |
| 587355                 | PIKE PLACE MARKET RENOVATION BOND FUNDS | 12,000,000        | 4,800,000         | 4,800,000         | 10,681,691        | 4,369,000         |
| <b>Total Revenues</b>  |   | <b>24,423,510</b> | <b>17,355,000</b> | <b>17,337,000</b> | <b>23,174,691</b> | <b>16,877,000</b> |
| 379100                 | Use of (Contribution to) Fund Balance   | 0                 | 0                 | 0                 | (2,514,260)       | (12,721,436)      |
| <b>Total Resources</b> |   | <b>24,423,510</b> | <b>17,355,000</b> | <b>17,337,000</b> | <b>20,660,431</b> | <b>4,155,564</b>  |

## Pike Place Market Levy

### Pike Place Levy

|   | 2009<br>Actuals  | 2010<br>Adopted  | 2010<br>Revised     | 2011<br>Adopted     | 2012<br>Endorsed    |
|---|------------------|------------------|---------------------|---------------------|---------------------|
| <b>Beginning Fund Balance</b>             | <b>0</b>         | <b>(777,150)</b> | <b>7,164,363</b>    | <b>(12,977,026)</b> | <b>(10,462,766)</b> |
| Accounting and Technical Adjustments      | (34,025)         | 0                | 0                   | 0                   | 0                   |
| Plus: Actual and Estimated Revenue        | 24,423,510       | 17,355,000       | 17,337,000          | 23,174,691          | 16,877,000          |
| Less: Actual and Budgeted Expenditures    | 17,225,122       | 11,820,692       | 37,478,389          | 20,660,431          | 4,155,564           |
| <b>Ending Fund Balance</b>                | <b>7,164,363</b> | <b>4,757,158</b> | <b>(12,977,026)</b> | <b>(10,462,766)</b> | <b>2,258,670</b>    |
| Reserve for Pike Place Market Renovations |                  | 4,757,158        |                     |                     |                     |
| <b>Total Reserves</b>                     | <b>0</b>         | <b>4,757,158</b> | <b>0</b>            | <b>0</b>            | <b>0</b>            |
| <b>Ending Unreserved Fund Balance</b>     | <b>7,164,363</b> | <b>0</b>         | <b>(12,977,026)</b> | <b>(10,462,766)</b> | <b>2,258,670</b>    |