

The Infrastructural Basis for Sustaining Social Services

—An Analysis of the Pike Place Market Public Development Authority and Its Foundation—

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Abstract

Neoliberal urban development has brought many new programs of urban management into existence, including public-private partnerships (PPPs), community development corporations (CDCs), and public corporations. One of the most experimental of these new ventures is the public development authority (PDA), which is classified as a “special purpose government” and is created by a city for a specific purpose (such as area management or preservation of a historical market). The fundamental question this paper addresses is: How can a government provide social services for neighborhoods as an agent in a legal system? This article aims to outline the infrastructure, basic framework that sustains structure needed for such a task and analyze an actual situation where it was accomplished, by way of the test case on the PDA for the Pike Place Market and its Foundation (Seattle, WA, USA).

The Pike Place Market PDA, as a special purpose government, succeeded in creating the Pike Place Market Foundation, a nonprofit organization that was formed for the specific mission of taking charge of fundraising and providing social services (including health care, childcare, and a food bank) for low-income people in the neighborhood. (65.8% of what the Foundation has raised has gone to social services). We examine the service agreement that was established by the PDA and the Foundation to set the terms of reciprocity between the organizations, and we analyze how this core document formed the foundation needed to implement the divisional infrastructure of this project.

Keywords : Public Development Authority (PDA), social service, food bank, Pike Place Market, neoliberal urbanization

1 Background

1.1 An urban management shift in neoliberal urbanization

In many countries, such as the US, Japan, and many European countries, urban management schemes have changed dramatically. One side of it is neoliberal urbanizing, of which typical phenomenon is gentrification. Before the urban management paradigm shift, urban developments were predominantly influenced by developers, rating companies, and the power of capital in general. This early stage

is symbolized by gentrification. After the urban management paradigm shift, new systems or methods, such as public development authorities (PDAs), public-private partnerships (PPPs), and public corporations, were created so that urban development could be pursued by a relatively broad group of stakeholders in each locality (Maeyama 2013b).

1.2 NPM and public corporations

Due to budget cuts from the federal government in the 1980s, many cities in the United States, such as Portland, Oregon; Milwaukee, Wisconsin; and

Indianapolis, Indiana, used approaches such as Total Quality Management (TQM) to bring administrative reform to their local governments and improve the quality of customer service. With programs like Oregon Benchmark of 1986, many states and cities adopted the New Public Management (NPM) method that aimed to modernize and render the public sector more efficient and that was based on three disciplines: markets, managers, and measurement (Hood 1995; Hood and Peters 2004). The use of this method was part of a global trend, and many other countries, including Canada, Holland, Finland, Germany, Italy, Portugal, Sweden, and Japan also adopted it. Spurred by the recommendations of the NPM method, many states and cities introduced outsourcing and created public corporations. NPM was especially embraced by certain types of cities. New York City, under the auspices of city mayor Rudolph Giuliani, articulated five pillars for NPM: managerialism, downsizing, decentralization, debureaucratization, and privatization. The city cut its staff by 17.7%, cut the salary of teachers with the agreement of the United Federation of Teachers (UFT), disposed of city-owned apartments to the private sector, and increased its outsourcing from 10.7% of its budget in 1991 to 13.5% of its budget in 1999. For public services and projects such as building airports, freeways, bridges, and downtown office towers, the new concept of “public corporations” was introduced. In the case of NY, public corporations were called “public benefit corporations.” Through this structure, the government created its own entities for specific purposes. Public corporations were created by the state through charters, and their boards of trustees were designated by the governor without an election process.⁽¹⁾

According to Savitch & Thomas (1991), the public corporation method spread and became “financial view” in main cities.

1.3 The survival of public-owned entities?

At the end of the 1990s and the early 2000s, strong criticism of NPM was published. The essay “New Public Management is Dead: Long Live Digital Era Governance” examined the negative effects that NPM had on citizens’ capacities for solving social problems and scrutinized NPM’s over-complicated system (Dunleavy et al. 2005). Public corporations also faced strong criticism. Savitch & Thomas (1991) pointed out the alliance between top people in city government and the business sector. According to them, Mayor Giuliani led New York City to develop big projects, such as airports and highways, by way of public corporations. Even though the bond was completely paid in the short term, there was no accountability to the public, and the land acquisition of the public corporations bypassed the ordinances of the state and the city in these cases. On the surface, these projects looked like a partnership. However, the city mayor and manager took initiative for the projects and made alliances with some council members and some members of the business community. There was strong criticism and arguments against this.

1.4 An experiment with making a “public-generated governmental agency”

Among public-owned entities and public-generated entities, public development authorities (PDAs) have a distinctive character. PDAs are public-generated agencies that mainly work for a specific issue or purpose at the local level. They were invented and developed mainly on the west coast, especially in Washington State.

PDAs have three major characteristics. First, they are designed to work as agencies for specific purposes, such as the management of facilities or historical preservation. The next points make them so distinctive. Second, they are provided with a governmental legal status and created by a municipality (any entity that has the legal status of “general purpose government”) with a charter. These charters provide

PDA with the status of “special purpose government,” and each PDA must undergo a mandatory auditing process by the state every year. Third, it is mandatory that each PDA has members from the public on its board of directors. These three points give PDAs peculiar characteristics among the group of previously mentioned public-owned entities and public-generated entities.

To address criticisms about alliances among the top administrative and business people, PDAs have been designed to involve a wide range of local stakeholders.

1.5 A government committing project work on a venue level

On the other hand, the creation of PDAs has led to new situations. State, city, and county governments have outsourced project work on the on-site level, for example the management of specific facilities, management of historical preservation, and provision of services such as food banks and childcare. PDAs have faced the new reality that a special purpose government is committing this project work on a venue level.

SCIDpda, Seattle Chinatown International Development PDA, was chartered and created by the City of Seattle in 1974 in order to foster community development. Its mission and work resembles that of community development corporations (CDCs), non-profit organizations that focus on community development.

Pike Place Market PDA was chartered and created by the City of Seattle in 1971 in order to manage the historical marketplace, to oversee historical preservation by adhering to the preservation plan created by the state, and to give social and human services to low-income people in the neighborhood.

How is it possible for a government to commit project work and multi-tasked work on a venue level?

1.6 Fundamental question of this article

The fundamental question here is:

How can a government provide social services for neighborhoods as an agent in a legal system?

This article, along with examining the actual process, aims to analyze its infrastructure and the protocols for sustaining PDAs.

In order to examine this question, the first PDA, the Pike Place Market Preservation and Development Authority (Pike Place Market PDA) established in 1971, will be used as a test case. This PDA was formed as a result of discussions and fights between neoliberal development groups and citizen groups (such as “Friends of the Market”) that wanted to preserve the historical market. After direct legislation passed and the citizen movement won (on November 2, 1971), Washington State and the City of Seattle agreed to create a PDA as an entity to manage the market and oversee its historical preservation. The city, as a general purpose government, was not able to take charge of managing the on-site market itself, so it had to create an actual managing entity. Simply allowing a private company to manage it would not have been suitable because citizens’ strongly demanded a supervisory role. Therefore, a new system was necessary to be invented. Many sectors were involved in the inventing process, including Washington State, the City of Seattle, and attorneys such as O. Yale Lewis, Jr., who represented the citizens as a lawyer.⁽²⁾

Three elements are woven into PDAs: 1) management, 2) citizen supervision (board members mainly consist of citizens), and 3) legal status as a special purpose government. Just for comparison, community development corporations (CDCs) have two elements: 1) management and 2) citizen supervision. We might be able to characterize PDAs as “CDCs that have acquired the legal status of a government”.

In 1973, the first and original PDA was created by a charter. The charter provisions created the

Pike Place Market Historic District and the entity Pike Place Market Preservation and Development Authority (PDA).

1.7 The mission of Pike Place Market PDA

In the charter of Pike Place Market PDA,⁽³⁾ “Article IV: Purpose” defines its purpose. It reads:

The purpose of the PDA is to provide a legal entity under RCW 35.21.730, et seq., and City of Seattle Municipal Code Ch. 3.110 through which citizens may fulfill the aims and objectives of the Pike Place Market Historical District Ordinance 100475, the Historical Preservation Plan for the Pike Place Market Historical District (hereinafter the “Market Historical District”) (as amended), and the redevelopment plan for the Pike Place urban renewal area. The PDA will also be concerned with the rehabilitation and redevelopment of the surrounding areas which may affect the character of the Market Historical District.

(The Charter Pike Place Market Preservation and Development Authority Charter, amended as of August 28, 2003, pg. 2)⁽⁴⁾

Three concrete purposes are outlined here: 1) maintaining the Historical Preservation Plan for the Pike Place Market Historical District, 2) fulfilling the aims of the redevelopment plan for the Pike Place urban renewal area, and 3) rehabilitating and redeveloping the surrounding areas.

The following sentence reads:

The PDA, as a public trustee with the mission to ensure that the traditional character of the Public Market is preserved, is authorized to perform the renewal, rehabilitation, preservation, restoration, development, and nonprofit management of structures and

open spaces in the above-described areas in a manner that affords a continuing opportunity for Public Market farmers, merchants, residents, shoppers, and visitors to carry on their tradition and market activities. In addition to upgrading structures and public amenities in and around the Market Historical District, the PDA will initiate programs to expand food retailing in the Market Historical District, especially the sale of local farm produce; to preserve and expand the residential community, especially for low-income people [underlining by author]; and to promote the survival and predominance of small shops, marginal businesses, thrift shops, arts and crafts, and other enterprises, activities, and services which are essential to the functioning of the Public Market.⁽⁵⁾

The following missions are outlined here:

- to preserve, rehabilitate, and protect buildings within the Market;
- to increase the opportunities for farm and food retailing in the Market;
- to support small and marginal businesses; and
- to provide services for low-income individuals (which is underlined by Maeyama in the provided quote).

1.8 How was the infrastructure developed for this complicated purpose?

Pike Place Market PDA’s purpose has multiple aspects: historical preservation, the management and redevelopment for renewal, and the rehabilitation of the surrounding area that includes providing social and human services to low-income people in the neighborhood. How was the infrastructure developed for these different missions?

2 The Pike Place Market PDA and social services

Among its various missions and related projects, the Pike Place Market PDA has developed projects related to historical preservation and management and redevelopment for renewal (Maeyama 2010). Along with these projects, projects for the rehabilitation of the surrounding area have been implemented that include social and human services to low income people in the neighborhood. The formative process of the provision of social and human services in Pike Place Market should be observed.

2.1 The formative process of social and human services

According to an interview with the executive director of the Pike Place Market Foundation, Ms. Lillie Hochstein,⁽⁶⁾ the first social and human services project completed by the Foundation was the Pike Market Medical Clinic, which was established in 1970 (Figure 1). In 2012, the Pike Market Medical Clinic received 26,350 visits from 4,879 uninsured patients and provided them with services, including primary medical care, mental health counseling, social work, and nursing care for chronically homeless people who had recently moved into housing.



Figure 1 Pike Market Medical Clinic

The Pike Place Market Senior Center was established circa 1975. The Senior Center's 1,111 members visited 38,039 times for meals, wellness activities, and social work services. In 2010, 60% of the members are homeless and very low income.⁽⁷⁾

In 1982, the same year that the Pike Place Market Foundation was established, the Pike Market Childcare & Preschool (PMCCP) was established (Figure 2). Families pay on a sliding fee scale based on family size and income. The center provides care for children ages 4 months-5 years old, serving approximately 100 families every year. Over 70% of families receive financial assistance, with over half of PMCCP families earning incomes at or below the poverty level. PMCCP raises over \$250,000 each year to support families of low and moderate income levels.⁽⁸⁾



Figure 2 Pike Market Childcare & Preschool

Pike Food Bank (Figure 3) started as a part of the senior center in the middle of the 1980s.⁽⁹⁾ The food bank annually handles approximately 45,000 visits and provides more than 296 tons of groceries to seniors, the homeless, and the working poor within the Pike Place Market and downtown Seattle communities.



Figure 3 Pike Market Food Bank

The Pike Market Heritage House started in 1988. It offered private apartments with nursing care, restaurant-style dining, and housekeeping and laundry services.⁽¹⁰⁾ Nearly 500 low-income people, most of them seniors, live in 348 residential units in 8 different buildings within the Market's historic district. (An additional 64 residents live in an assisted-living center downhill from the Market on Western Avenue.)

2.2 The Foundation created by the PDA

One of the focal points of our discussion centers on the creation of the Pike Place Market Foundation by the Pike Place Market PDA. What was the background for the Pike Place Market PDA to create the Foundation?⁽¹¹⁾ It was related to budget cuts from the federal government in the early 1980s. In 1981, they, Pike Market Clinic and PMCCP, confronted the budget cuts from federal government. The Pike Market Clinic was given notice of losing a \$150,000 federal grant, which represented half of its operating budget. PMCCP received notice that its \$60,000 federal grant for playground construction was cancelled, which effectively stopped its construction as state regulations required an outdoor play area.

The PDA director (Aaron Zaretsky, then the PDA's director of community development), PDA's council member (Jean Falls), and the Clinic director

(Chris Hurley) began discussions with each other and realized the potential that starting a Market community fund might have. The PDA recruited founding board members for the Pike Place Market Foundation and established it on August 17, 1982, the day of the Market's 75th anniversary, after it was approved by the PDA's Council.⁽¹²⁾ It was established as a nonprofit organization with a 501(c)(3) tax status.⁽¹³⁾

The Foundation engages in five major programs:

1. Operation of the Market's human service agencies (the Pike Market Senior Center, Childcare & Preschool, Medical Clinic, and Food Bank);
2. Start-up of new human service programs, including the Resident Advocate (social workers who assist home-bound clients) and the Senior Wellness programs (a joint project of the Clinic and Senior Center to improve seniors' health and ability to live independently for as long as possible);
3. Development of new low-income housing in and near the Market – including Heritage House (assisted living residence managed by Providence), the Gatewood Hotel (housing formerly homeless individuals managed by Plymouth Housing), Straley House (transitional housing for street youth managed by YouthCare), and the LaSalle Addition (new senior housing managed by the PDA);
4. Public improvements and capital repairs for the Market's historic buildings; and
5. Fresh produce programs benefiting both farmers and low-income people – Market Fresh Coupons (a food coupon program), a Food Stamp Matching Program (doubling the purchasing power of Food Stamp (EBT) shoppers), and FoodLink (a gleaning program that recycles un-sold farm produce to support

our Food Bank and Senior Center).

The Foundation hires a staff of six, including an executive director, campaign manager, social service outreach coordinator, systems coordinator, communications & development coordinator, and special event manager.

2.3 The situation of fundraising and social services

We can grasp the development of the Pike Place Market PDA from the viewpoint of fundraising. The total financial scale of Pike Place Market PDA is circa \$12.1 million annually.⁽¹⁴⁾ The financial scale of the Foundation is circa \$1.25 million annually on income basis.⁽¹⁵⁾ 65.8% of the Foundation's budget goes to providing social services (Figure 4). Each service acquires costs according to their particular situation.⁽¹⁶⁾

When looking at the development of each service,⁽¹⁷⁾ we notice that the most financially developed service is the Pike Market Clinic (which rose from \$9,325 in 1984 to \$275,000 in 2014), and the

next developed services are the Pike Market Senior Center (which rose from \$9,325 in 1984 to \$190,000 in 2014) and the Pike Preschool (which rose from \$9,325 in 1984 to \$180,000 in 2014).

2.3 The creation of the Foundation and its substantial commitment to social services

Two points are particularly important. First, the Pike Place Market PDA, triggered by budget cuts from the federal government, created an entity in 1982 that fundraised and provided social services for low-income people in 1982. The reason for the creation of this entity was related to the following divisional configuration: PDA was in charge of management and historical preservation, and the Foundation was in charge of fundraising and providing social services.

Second, since 1982 (the year of the Foundation's establishment), the majority of what the Foundation has raised (65.8%) has been allocated for providing social services. Main core of fundraising by the Foundation is apprehended to be designed to focus on social services.

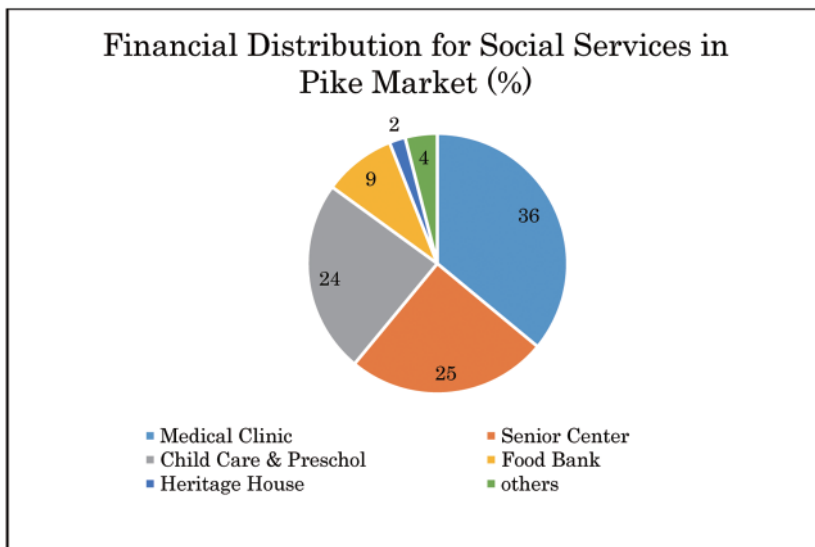


Figure 4 Financial distribution for social services in Pike Place Market Foundation (Source : Pike Place Market Foundation, 2014, Annual Report 2013)

It could be added that this function is unique to the Pike Place Market Foundation because other PDA-generated foundations do not have a mission to provide social services or the actual accomplishment of providing them.⁽¹⁸⁾

3 Infrastructure

This paper investigates how the infrastructure for division between the Market PDA and the Foundation is configured

How is the relationship between the Market PDA and the Foundation configured? How was it created, and on what was it based? After the Foundation was created, Service Agreement was drafted that described the infrastructure of the divisional settings. The Service Agreement (signed on January 1, 2013) is examined in the appendix of this article.⁽¹⁹⁾

3.1 Configuration and its authority

How is the role of the Foundation configured in the PDA's mission?

The Service Agreement reads the following about the purpose of the PDA:

"The PDA was created in 1973 by the City of Seattle, Washington (the "City") to develop, own, and manage Pike Place Market (the "Market") for the purpose of preserving the historic qualities of the Market, assuring its economic viability, and promoting good management and harmonious relationships among Market users."

The PDA Charter specifies that the purpose of the PDA is to preserve and expand the Market's residential community, especially for low-income people. For accomplishing this purpose, the Charter recognizes "that the PDA will provide a structure for working with other public and private parties to accomplish the stated Charter purposes."⁽²⁰⁾

The Charter also explores the PDA's

contribution to these purposes:

The PDA has long history of facilitating the delivery of critical human service needs to Market residents and the Market community. The PDA provides low and moderate income housing in Market buildings and provides below-market rate rental space in the Market to social service agencies including the Pike Market Medical Clinic, Pike Market Senior Center, Pike Market Food Bank, and Pike Market Childcare & Preschool.

Since the establishment of the PDA , it had agencies such as Pike Market Medical Clinic for social services. However, The PDA Charter remarks subsequently:

In the early 1980s, federal funding supporting many of the PDA's human service programs were significantly curtailed...The Foundation was created in 1982 to assist the PDA in fulfilling the purposes set forth in the Charter, and to support the Market and the human service agencies that provide services to residents of the Market community.

A crisis of budget cuts from federal funding triggered the creation of the Foundation by the PDA⁽²¹⁾. Here, we can derive the followings:

- the Foundation was created for the accomplishment of the PDA's mission.
- the Foundation was created by the PDA according to the prescription of the Charter concerning its right or authority to "provide a structure for working with other public and private parties to accomplish the stated Charter purposes."
- the Foundation was created by the PDA almost entirely for "facilitating the delivery of critical human service needs to Market residents and the Market community" which the PDA engaged by itself until then (namely, the Pike Market Medical Clinic, Pike Market

Senior Center, Pike Market Food Bank, and Pike Market Childcare & Preschool).

3.2 Configuration

In this section, the configured relationship between the PDA and the Foundation is examined. How does the Foundation support the PDA, and how does the PDA support the PDA?

3.2.1 Commitments and obligations of the Foundation

According to the Agreement, Article 1.1 Fundraisings and Campaigns, The Foundation is charged with supporting the PDA's mission and the Market by:

- conducting fundraising campaigns to provide operations support and increase capacity for programs that benefit the residents of market housing and for the low-income population in the downtown area and for one or more of the following Market Agencies: Pike Market Medical Clinic, Pike Market Senior Center, Pike Market Food Bank, Pike Market Childcare & Preschool, and Heritage House.
- providing support for entrepreneurial enterprises including small businesses, workforce development, farmers, and arts and crafters.
- providing grant writing assistance for the PDA.
- assisting with capital or operating campaigns as the Foundation and the PDA deem to be necessary for Market preservation and development efforts including PC1N.

The Foundation has made a commitment to engage in fundraising campaigns for the PDA in order to: 1) provide operations support for programs serving low-income populations (including the Pike Market Medical Clinic, Pike Market Senior Center, Pike Market Food Bank, Pike Market Childcare & Preschool, and Heritage House), 2) provide support

for small businesses, farmers, arts and crafters, and other shop owners of the Market, and 3) assist Market development efforts such as PC1N (the upcoming \$65 million "Waterfront Entrance Project"). It is interesting that administration fees are not included in the support for PDA.

3.2.2 Commitments and obligations of the PDA

The Service Agreement also outlines the commitments and obligations that the PDA made for the Foundation. Articles 2.1-2.4 elaborate three main points. First, the PDA provides the Foundation a license to use office space (which is called "Foundation Office Space" in Article 2.1) in order to facilitate the Foundation's delivery of the commitments and obligations and other licenses and convenience, such as access to the use of computer equipment and parking privileges (2.1.1-2.1.3). Second, Article 2.2.1 notes, "Subject to annual budget approval by the Governing Council of the PDA, the PDA shall fund the salary and benefits for the Foundation's Executive Director." The PDA may also, from time to time, fund the salary and benefits, as deemed reasonable and appropriate by the Governing Council, for additional Foundation employees (2.2.2).⁽²²⁾ Third, Article 2.3.2 states, "The PDA shall also offer Foundation employees the opportunity to participate in PDA-sponsored employee training programs (e.g. computer systems, management systems)." Article 2.4 adds the "use of the Market name and logo."⁽²³⁾

3.3 Particularities of the configuration between the PDA and the Foundation

The configured relationship between the PDA and the Foundation, has a peculiar dimension. The PDA (a special purpose government) created the Foundation (a nonprofit), and they made reciprocal agreements as independent entities (Figure 5). On one hand, the PDA provides the salary for the Foundation's executive director, a license to use office space, and personnel resources. On the other hand, the Foundation oversees fundraising campaigns for the low-income population

and Market agencies such as the Medical Clinic, for small business in the Market, and for the Market's specific projects. As we saw, the administration fee is not included in the fundraising.

Overall, we see that:

- After the PDA created the Foundation, both made reciprocal agreements as independent entities.
- In this reciprocal relationship, fundraising for projects was handled by the Foundation, and the majority of raised funds was directed toward serving the low-income population through operation support given to Market agencies such as the Pike Market Medical Clinic.
- The configuration here is the one that puts emphasis on social human services in terms of the PDA's Charter and background. The Service Agreement provided the infrastructure to maintain the PDA and the Foundation's focus on social services.

4 Conclusion

This article analyzes the infrastructure of the relationship between the PDA of Pike Place Market (Seattle, WA, USA) and the Pike Market Foundation.

The PDA, a special purpose government, in this case, succeeded in creating the Foundation, a nonprofit, autonomous organization, in order to take charge of fundraising and to provide social services (including health care, childcare, and food bank) for the low-income people in the neighborhood. 65.8% of what Foundation raised was used to provide social services. We examined the service agreement between the PDA and the Foundation, which was the core of the infrastructure that ensured reciprocity between these entities (licenses to use office space, salaries and benefits for employees, and indemnity). In the reciprocal configuration, fundraising for projects is designed for that the majority of raised funds was directed directly to social services by Market agencies such as the Pike Market Medical Clinic.

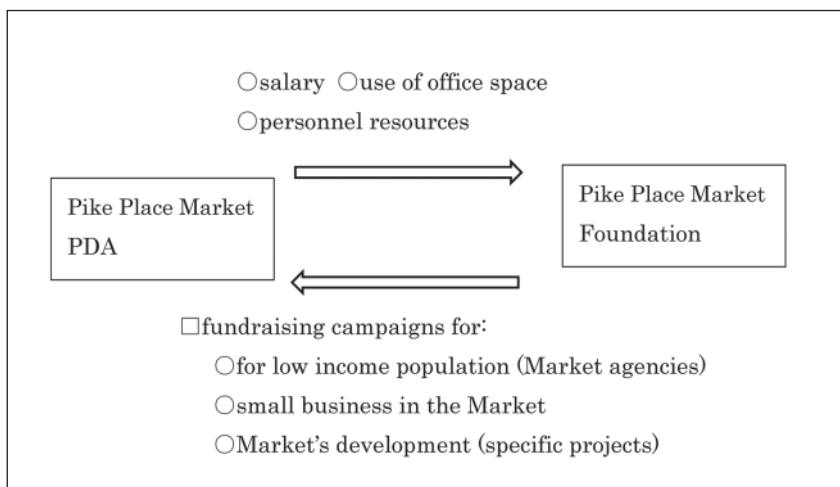


Figure 5 Configured relationship between PDA and the Foundation

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 PDA and Pike Place Market Foundation

NOTE

- (1) Business leaders, attorneys, and state- or city-
 officials from financial areas are the ones mainly
 designated to be on boards of trustees.
- (2) Interview :
 Day December 8, 2010
 Place Hendricks & Lewis PLLC
 (901 Fifth Avenue, Suite 4100, Seattle,
 Washington 98164)
- (3) The Charter Pike Place Market Preservation and
 Development Authority Charter, as of amended
 August 28, 2003, p2.
- (4) It was issued on June 23, 1973, and amended
 by city council on March 17, 1976; September 21,
 1976; March 19, 1985; October 1, 1992; November
 3, 1993; and August 28, 2003.
- (5) Ibid, p.3.
- (6) This interview took place on :
 Day August 28, 2014
 Place Office of Pike Place Market Foundation
 (85 Pike St, Seattle, WA 98101).
- (7) "The Pike Market Senior Center serves older adults
 who live in the Pike Place Market and throughout
 Seattle. Many members of the Senior Center are
 struggling with poverty and face hunger, poor health,
 and social isolation. Because of this, our Senior
 Center offers additional human services, alongside
 traditional senior center activities. All seniors age
 55 and older are welcome to visit the Pike Market
 Senior Center for nutritious meals, exercise classes,

activities, and socializing in the bright, welcoming
 dining room overlooking Elliott Bay. Social workers
 are available to connect seniors with employment,
 housing, health care, or other resources. "

(Webpage of Pike Place Market (as of September
 29, 2014)). [http://www.pikeplacemarket.org/social-
 services](http://www.pikeplacemarket.org/social-services)

- (8) Webpage of Pike Place Market Childcare &
 Preschool (as of September 29, 2014).
 (<http://www.pikemarketkids.org/>)
- (9) According to the document "Pike Place Market
 Foundation Grant Making History" (acquired from
 Ms. Hochstein), it is highly possible that Pike Market
 Food Bank started in 1984.
- (10) "Heritage House at the Market is an assisted
 living facility in the heart of our community.
 With panoramic views of Elliot Bay and the
 Olympic Mountains, Heritage House offers private
 apartments, nursing services, and a rich quality
 of life to seniors in a vibrant urban environment.
 Whether it's minimal assistance or more care that is
 needed, Heritage House is able to design a care plan
 that evolves with individuals' personal needs. Staffed
 24 hours a day, with nurses on site 16 hours a day,
 seven days a week, Heritage House brings together
 a wide range of services to meet individual needs.
 We offer comprehensive personal and nursing care,
 restaurant style dining, housekeeping and laundry
 services, and programming both in the facility and
 out in the greater community. "
 (Webpage of Pike Place Market (as of September
 29, 2014)). [http://www.pikeplacemarket.org/social-
 services](http://www.pikeplacemarket.org/social-services))
- (11) No establishing document such as charter or
 bylaw exists for the Pike Place Market Foundation.
 Therefore, this information is drawn from the
 above mentioned interview with Lillian Hochstein,
 Executive Director of the Foundation, as well as
 the webpage of the Foundation ([http://www.
 pikeplacemarketfoundation.org/about-us/our-](http://www.pikeplacemarketfoundation.org/about-us/our-)

mission/) as of September 30, 2014.

(12) The PDA itself has a governing board, the PDA Council, which was established on the basis of the Charter. Of the twelve members of the Council, four are appointed by the Mayor, four are elected by the constituency, and four are appointed by the PDA Council.

(13) Interview with Lillian Hochstein, Executive Director of the Foundation

(14) Revenue of Pike Place Foundation (2011):

Revenue	12,213,333
Expenses	3,777,063
Net Operating Result	8,436,270
Debt Service	1,731,185
Reserves	266,649
Net Result After Debt Service and Reserves	1,779,229

(Pike Place Market PDA, 2012, 2011 Year in Review, & 2012 Annual Plan)

(15) Financial scale of social services (Pike Place Market Foundation)

Income

Events:	\$486,827
Grants & earned income:	\$541,558
Contributions:	\$317,455
Capital & special projects:	\$8,500
<u>Total:</u>	<u>\$1,354,340</u>

Expenses

Grants to human services:	\$823,207
Events:	\$221,599
Fundraising:	\$137,209
Administration & depreciation:	\$69,058
<u>Total:</u>	<u>\$1,251,073</u>

(Pike Place Market Foundation, 2014, Annual Report 2013, p8)

(16) "Pike Market Medical Clinic received \$265,000, enough to cover the unfunded healthcare costs of 13,250 visits or 50% of total appointments. Pike Market Senior Center received \$183,000 to cover more than 30% of operating expenses, including breakfast, lunch, wellness activities, employment services, and case management.

Pike Market Childcare & Preschool received

\$175,000 to fund tuition assistance for 30 children – that's 74,000 hours of care over 264 days out of the year. Pike Market Food Bank received \$65,000 to cover the cost of 12,160 visits to the Food Bank. Heritage House at the Market received \$15,000 to improve the quality of life for our frailest seniors in assisted living." (Pike Place Market Foundation, 2014, Annual Report 2013, p. 5)

(17) For its 30th anniversary in 2012, the Foundation contributed more than \$17 million to the 5 programs.

(18) Interview with Lillian Hochstein

(19) It is renewed every five years.

(20) The Charter Pike Place Market Preservation and Development Authority Charter, as of amended August 28, 2003, p2.

(21) The Foundation was established as a nonprofit and recognized as a 501(c)(3) charitable corporation. The Foundation is governed by a board of directors independent of the PDA and maintains its own management and administrative functions.

(22) There is some controversy about who should pay certain salaries: "Ann Magnano noted that she does not believe the PDA should be paying for Market Foundation employees." (Pike Place Market PDA, Programs Meeting, September 13, 2012)

(23) Speaking about the substantial amount of subsidies received from the PDA, Ben Franz-knight, Executive Director of Pike Place Market PDA, remarked in a finance committee meeting held on Tuesday, June 17, 2014, "Under the terms of a service agreement, the PDA subsidizes certain Market Foundation employees' salary and benefits and subsidizes a portion of its administrative office expenses. The total subsidized expenses incurred during 2013 were \$275,949." (Finance & Asset Management Committee Meeting Agenda)

APPENDIX

“Service Agreement, January 1, 2013, Pike Place Market PDA and Pike Place Market Foundation”

SERVICES AGREEMENT

THIS SEERVICES AGREEMENT (This “Agreement”) is entered into as of this 1st day of January, 2013, by and between the Pike Place Market Preservation & Development Authority, a Washington public development authority corporation created pursuant to RCW 35.21.725 et seq. and chartered pursuant to Seattle Municipal Code Ch.3.110 (the “PDA”) and the Market Foundation, a Washington nonprofit corporation (“the Foundation”).

RECITALS

WHEREAS, the PDA was created in 1973 by the City of Seattle, Washington (the “City”) to develop, own and manage Pike Place Market (the “Market”) for the purpose of preserving the historic qualities of the Market, assuring its economic viability, and promoting good management and harmonious relationships among Market users; and

WHEREAS, the PDA Charter specifies a PDA purpose to preserve and expand the Market’s residential community, especially for low-income persons; and

WHEREAS, the Charter further directions that the PDA shall promote the survival and predominance of small shops, marginal businesses, thrift shops, arts and crafts, farmers and other services essential to the functioning of the Market; and

WHEREAS, the PDA has long history of facilitating the delivery of critical human service needs

to Market residents and the Market community; and

WHEREAS, the PDA provides low and moderate income housing in Market buildings and provides below-market rate rental space in the Market to social service agencies including the Pike Market Medical Clinic, Pike Market Senior Center, Pike Market Food Bank, and Pike Market Child Care & Preschool; and

WHEREAS, the Charter recognizes that the PDA will provide a structure for working with other public and private parties to accomplish the stated Charter purposes; and

WHEREAS, in the early 1980s, federal funding supporting many of the PDA’s human services programs was significantly curtailed; and

WHEREAS, the Foundation was created in 1982 to assist the PDA in fulfilling the purposes set forth in the Charter, and to support the Market and the human service agencies that provide services to residents of the Market community; and

WHEREAS, the Foundation is a duly formed nonprofit and recognized as a 501(c) (3) charitable corporation; and

WHEREAS, the Foundation provides a mechanism for private individuals and entities to make tax deductible contributions to support the Market’s housing and human series programs, heritage programs and farming and community relief programs; and

WHEREAS, the Foundation has been successful over the years in raising significant funds to support the Market housing and human services programs through such campaigns as the annual Care

for the Market Luncheon and the Sunset Supper event, various capital campaigns to fund capital improvements to Market facilities, and by securing public and private grants; and

WHEREAS, the Foundation is governed by a board of directors independent of the PDA and maintains its own management and administrative functions; and

WHEREAS, the PDA desires to contribute certain resources and support to the Foundation, in exchange for the Foundation's agreement to provide certain fundraising services and support to the PDA, all on terms and subject to the conditions hereinafter set forth.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing and the mutual covenants in this Agreement, the parties hereto agree as follows:

1. FOUNDATION COMMITMENTS AND OBLIGATIONS:

The Foundation agrees to provide the following services to support the PDA and its chartered mission:

1.1 Fundraising and Campaigns.

1.1.1 The foundation shall support the PDA mission and the Market by:

- (a) Conducting annual fundraising campaigns to provide operations support and increase capacity for programs that benefit the residents of market housing and for the low-income population in the downtown area and for one or more of the following Market Agencies: Pike Market Medical Clinic, Pike Market

Senior Center, Pike Market Food Bank, Pike Market Child Care & Preschool and Heritage House.

- (b) Conducting such capital campaigns, as the Foundation and the PDA deem to be necessary to fund capital improvements at Pike Market Medical Clinic, Pike Market Senior Center, Pike Market Food Bank, Pike Market Child Care & Preschool and low-income housing.

- (c) Provide support for entrepreneurial enterprises including small businesses, workforce development, farmers and arts and crafters.

- (d) Periodically providing grant writing assistance for the PDA, upon request by the PDA Executive Director.

- (e) Assisting with capital or operating campaigns as the Foundation and the PDA deem to be necessary for Market preservation and development efforts including PC1N.

- 1.1.2 The Foundation agrees to accept gifts and donations made to or for the benefit of the PDA.

1.2 Annual Needs Assessment and Recommendations

The Foundation will conduct an annual review of social service needs, including unmet and emerging needs and provide reports and recommendations to the PDA on the following annual schedule:

- FEBURARY / MARCH – Service Provider Fund Applications, including annual reports
- APRIL – “Cut the Pie” Grant Awards
- MAY/ JUNE –MF Report to PDA on Annual Grants and Emerging Needs
- SEPTEMBER- NOVEMBER – Budget allocation of PDA funds/ infrastructure support
- DECEMBER – PDA Annual Plan Adoption, including emerging needs discussion; and,

1.3 Market Heritage Exhibits. The Foundation shall be primarily responsible the maintenance of all existing heritable exhibits that remain for accessible for the public throughout the Market.

1.4 Market Fresh Coupon Program. The Foundation shall coordinate the Market Fresh Coupon program to provide low-income Market residents and residents of low-income buildings near the Market with access to fresh produce from Market vendors and farmers, and endeavor to raise funding for that program in such amounts as the Foundation may deem to be appropriate.

1.5 Special Activities. The Foundation shall consider, based upon available resources, assisting the PDA with the planning and coordination of special activities from time to time.

1.6 Fundraising Benchmarks. In performing the obligations set forth in Section 1.1 above the Foundation shall raise annually a net amount that is at least equal to the sum of: (i) the fair market value of the license for office space (based on the lease of other similar Market office space) for the same period; and (ii) any personnel expenses paid by the PDA

pursuant to Section 2.2. below; and less any Foundation funds expended to support the programs and activities described in Sections 1.3 through 1.5 above.

1.7 Accounting and Annual Report.

1.7.1 The Foundation shall establish accounting systems and segregated accounts by which to track donations, gifts, and revenue e received from any and all Foundation activities conducted on behalf of the PDA pursuant to this Agreement.

1.7.2 The Foundation shall provide the PDA with an annual report no later than six (6) months following March 31 of each year, which report shall include an accounting of : (i) for each fundraising event or campaigns conducted pursuant to Section 1.1, the total dollar amounts raised, identification of individual donors and associated contributions (if known), and the associated Foundation expenditures; (ii) a description of any activities performed by the Foundation pursuant to Section 1.3, including associated Foundation expenditures; and (iii) a description of any activities performed by the Foundation pursuant to Section 1.5, including associated Foundation expenditures.

1.8 Nonprofit Status.

1.8.1 The foundation represents and warrants that it is a nonprofit corporation duly organized, validly existing and in good standing in the State of Washington. The Foundation further represents and warrants that it is duly maintained as a 501(3)(c) tax exempt organization.

1.8.2 The Foundation shall maintain its nonprofit and tax exempt status at all times during the term of this Agreement.

2. PDA COMMITMENTS AND OBLIGATIONS:

The PDA agrees to provide the following resources to the Foundation to support the Foundation's efforts on behalf of the PDA:

2.1 License to Use Office Space. The PDA hereby provides the Foundation with a license to use certain office space, as described in Exhibit A attached hereto and hereinafter described as the "Foundation Office Space", to facilitate the Foundation's delivery of the of the commitments and obligations described in Section 1 of this Agreement. Subject to the fundraising benchmarks set forth in Section 1.6, the Foundation's license to use the office space shall be at no cost. The Foundation Office Space shall include following privileges:

2.1.1 Access to and use of associated utilities, communications and computer equipment, consistent with the access and use provided to PDA employees,

2.1.2 Office support services, including but not limited to use of photo copying facilities, facsimile machines, postage, office supplies, and IT support, all consistent with the access and use provided to PDA employees; and

2.1.3 Parking privileges for Foundation volunteers in PDA parking facilities and the occasional use PDA vehicles during events.

2.2 Compensation of Select Personnel.

2.2.1 Subject to annual budget approval by the Governing Council of the PDA, the PDA shall fund the salary and benefits for the Foundation's Executive Director. The benefits offered to the Foundation Executive Director shall be commensurate with the benefits offered to the PDA Executive Director

including reimbursement for direct business related expenses (e.g. cell phone/ smart phone usage and travel expenses).

2.2.2 Subject to annual budget approval by the Governing Council of the PDA, the PDA may, from time to time, fund the salary and benefits, as deemed reasonable and appropriate by the Governing Council, for additional Foundation employees.

2.3 Personnel Resources.

2.3.1 For employees not covered by Section 2.2, the PDA shall, at the expense of the Foundation, include Foundation employees in the PDA payroll and benefits systems and provide Foundation employees with benefits on the same basis as provided to PDA employees.

2.3.2 The PDA shall also offer Foundation employees the opportunity to participate in PDA-sponsored employee training programs (e.g. computer systems, management systems) on the same basis as PDA employees.

2.4 Fundraising Support.

Subject to the approval of the PDA Executive Director, which approval shall not be unreasonably withheld, the PDA shall provide the Foundation with the following for purposes of supporting fundraising event and activities: (i) nonexclusive use of the Market name and logo; and (ii) use of Market facilities on a rent-free basis.

3. TERM AND TERMINATION:

3.1 Term. The initial term of this Agreement shall commence upon full execution and shall expire on December 31, 2017. Thereafter, the Agreement shall continue on a year-to-year basis, subject to termination-rights contained in this Section 3.

3.2 Termination. Either party may terminate this Agreement at any time (a) upon thirty (30) days written notice to the other party or (b) upon fifteen (15) days written notice for any breach of a material term of the Agreement by the other party, where the breaching party has failed to cure or otherwise eliminate the circumstance constituting the cause for termination by the end of such fifteen (15) day period.

4. INDEMNIFICATION

4.1 PDA's Indemnity. The PDA hereby agrees to indemnify, save harmless and defend the Foundation from any and all losses, claims, actions or damage suffered by any person or entity by reason of or resulting from any act or omission of the PDA or any of its officers, agents, employees, or invitees in connection with the PDA's performance under this Agreement, but only to the extent such claims, actions, costs, damages or expenses are caused by the negligence of the PDA, its authorized offices, agents, employees or invitees. The indemnification provided for in this section shall survive any termination or expiration of this Agreement. This indemnification provision is the result of mutual negotiations.

4.2 Foundation's Indemnity. The Foundation hereby agrees to indemnify, save harmless and defend the PDA from any and all losses, claims, actions or demanded suffered by any person or entity by reason of or resulting from any act or omission of the Foundation or any of its officers, agents, employees, or invitees in connection with the Foundation's performance under this Agreement, but only to the extent such claims, actions, costs, damages or expenses are caused by the negligence of the PDA, its authorized offices, agents, employees or invitees. The indemnification provided for in this section shall survive any termination or expiration of this Agreement. This indemnification provision is the result of mutual negotiation.

5. GENERAL PROVISIONS

5.1 Governing Law; Jurisdiction and Venue. This Agreement shall be governed by and interpreted under the laws of the State of Washington applicable to agreements made and to be performed in Washington, exclusive of its conflict of law rules. The parties hereby irrevocably and unconditionally submit in any legal action or proceeding relating to the Agreement to the non-exclusive general jurisdiction of the courts of the State of Washington located in King County and the courts of the United States located in the Western District of Washington, and, in any such action or proceeding, consent to jurisdiction in such courts and waive any objection to the venue in such courts.

5.2 No Third-Party Beneficiaries. The Agreement shall not confer any rights or remedies upon any person or entity other than the parties hereto and their respective successors and permitted assigns.

5.3 Survival. The indemnification, representations, warranties, covenants, and indemnities made in this Agreement or made in writing pursuant hereto shall survive the Closing, and investigations of the matters covered thereby, by or on behalf of any party to whom they are made.

5.4 Notices. Any notice under or relating to this Agreement shall be given in writing and shall be deemed sufficiently given and served for all purposes when personally delivered, or given by machine-confirmed facsimile, or three (3) business days after a writing is deposited in the United States mail, first-class postage or other charges prepaid or registered, return receipt requested, addressed as follows:

IF to the PDA: Pike Place Market Preservation &
Development Authority
85 Pike Street #500

Seattle, WA 98101
Attn.: Chair, Governing Council

IF to the Foundation: Pike Place Market Foundation
85 Pike Street #500
Seattle, WA 98101
Attn.: Chari, Board of Directors

Either party may after the address to which communications or copies are to be sent by giving notice of such change of address in conformity with the provisions of this Section for the giving of notice.

5.5 Binding Nature of Agreement; No Assignment. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns, except that no party may assign and transfer its rights or obligations under this Agreement without the prior written consent of the other party hereto, which consent shall not be unreasonably withheld.

5.6 Entire Agreement; Waivers and Amendments. This Agreement constitutes the entire agreement of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements or undertakings, written or oral, of the PDA or Foundation, relating to subject matter hereof and thereof. The failure of any party insist on the performance of any of the terms and conditions of this Agreement shall not be construed as a waiver or relinquishment of any rights granted hereunder or of the future performance of such term, covenant or condition, but the obligations of the parties with respect thereto shall continue in full force and effect. This Agreement may be amended or supplemented only by a written instrument signed by the party against whom the amendment or supplement is sought to be enforced.

5.7 Headings. The section headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

5.8 Counterparts. This Agreement may be executed simultaneously or in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument. Delivery of facsimile copies of executed signature pages shall constitute an appropriate form of delivery hereunder.

5.9 Status of PDA. The Nonprofit hereby acknowledges that the PDA is organized pursuant to Seattle Municipal Code § 3.111 and RCW 35.21.660, 35.21.670, and 35.21.730-.755. RCW 35.21.750-.755. RCW 35.21.750 provides as follows: "All liabilities incurred by such public corporation, commission, or authority shall be satisfied exclusively from the assets and properties of such public corporation, commission or authority and no creditor or other person shall have any right of action against the city, town, or county creating such corporation, commission, or authority or account of any debts, obligations, or liabilities of such public corporation, commission, or authority"

(the remainder of this page has been intentionally left blank)

SIGNATURE PAGE – SERVICE AGREEMENT

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

PDA:
PIKE PLACE MARKET PRESERVATION
AND DEVELOPMENT AUTHORITY

NONPROFIT:
MARKET FOUNDATION

By _____

By _____

ACKNOWLEDGMENT

I would like to acknowledge the support of the following key leaders who provided me with generous access to their perspectives, information, and leadership as social leaders:

Ben Franz-Knight,
Executive Director of Pike Place Market,
Preservation and Development Authority

Lillian Hochstein,
Executive Director, Pike Place Market Foundation

O. Yale Lewis, Jr.,
Hendricks & Lewis PLLC

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準自治体(PDA)の社会的サービスを支えるインフラストラクチャー基盤 — パイクプレスマーケットPDAおよび同ファウンデーションのテストケースを基に —

前山 総一郎

要旨

新自由の都市開発の動向および、都市経営のパラダイムシフトにおいて、公民連携（PPP）、コミュニティ開発機構（CDC）、公共公団（public corporation）といった手法が開発されてきた。その中において、実験的な意味合いの強いものが、市政府（一般目的政府）によって、特定の目的（たとえば、エリアマネジメントや歴史的市場の保全等）のために、特別目的政府として創出される公共開発機構（Public Development Authority, 略称PDA）というものである。ここにおける基本的な問いは、政府（特別目的政府）がそれ自体一つのエージェントとして、地区サービスおよび社会的サービスにシステムとしてコミットし得るのはいかにしてか、というものである。よって本稿は、そのためのインフラストラクチャーを明らかにすることを目的とした。そこから本稿ではパイクプレスマーケット（米国ワシントン州シアトル市）のPDAがテストケースとして検証したが、その検討の結果、政府がエージェントとしてコミットするにあたっての一つのパターンが把握することとなり、かつそこにおけるコンフィグレーションが確認された。

特別目的政府としてのPDAは、この場合、特定の目的（この場合、資金集めと社会サービス）のために、自らの組織にあって新たな組織（Foundation）をNPOとして分枝し、そのミッションにあたらせることをもって所期の展開を確保したことが確認された。その上にさらに、PDAとFoundationとの互恵的内容を定めた「サービスアグリーメント」が設置され、その分業的インフラストラクチャーの基礎となっていることもあわせて確認された。

キーワード：Public Development Authority（PDA）、公共開発機構、社会的サービス、フードバンク、パイクプレスマーケット、新自由主義的都市化

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(基盤研究(C) 研究課題番号25380691)

