

Bay Area Headquarters Authority



Date: June 25, 2025

Proposed FY 2025-26 Operating and Capital Budget



Bay Area Headquarters Authority (BAHA) Overview

BAHA purchased 375 Beale Street in 2011

- In 2016, the three entities below moved into the building, and established a condominium corporation to divide ownership
 - Metropolitan Transportation Commission (MTC)
 - Bay Area Air Quality Management District (BAAQMD)
 - Association of Bay Area Governments (ABAG)
- Revenue to fund the budget is derived from:
 - Assessments from the three condominium owners
 - Lease income from private tenants
 - Miscellaneous (e.g., Parking, investments)

Bay Area Headquarters Authority (BAHA) Overview (continued)

- Expenses are categorized in three ways:
 - Common Area (Expenses shared by all tenants: ex: atrium lighting, water, garbage)
 - Shared Services (Benefit the condo owners – ex: Board room technology improvements)
 - Capital (High dollar, long-lasting projects – ex: Wi-Fi upgrades and maintenance, stairwell improvements, roofing)
 - Cushman and Wakefield (CW) provides professional property management (lease collection, repairs and maintenance, etc.)



Setting the Stage – Budget Challenges

- 375 Beale requires ongoing capital maintenance to maintain a safe and functional building, and to make the building desirable to future tenants
- Capital projects are funded by operating surpluses and accumulated reserves
- Existing tenants have not renewed leases and a competitive office rental market is directly affecting rental income; BAHA is unable to cover both operating and capital expenses without a draw from reserves
- Proposed FY 2025-26 Operating budget includes a \$2.4 million deficit, funded by drawing from reserves
- Capital Project requests total \$8.4 million, including addressing recommendations from a recently completed facade inspection
- Staff is working with owners to evaluate an additional assessment for capital improvements.

BAHA

Proposed FY 2025-26 Operating Budget

Total Revenue – \$14.9 million -18%

- Assessments are decreased proportionally to decreased expenses
- Lease revenue (provided by Cushman and Wakefield)
- Other – Decrease projected from investment returns

Expenses - \$17.3 million -8%

- Salary & Benefit – Cost of Living adjustment and 1 new FTE
- Tech. (Backnet infrastructure, Security, Hybrid telepresence)
- Property Mgt. (Cleaning, administrative, Repairs & Maint., Security, labor/benefits)
- Other (Legal, hybrid space adjustments/furniture, temporary employees, supplies, etc.).
- Operating deficit covered by a draw from Operating Reserves

Revenue Source	FY 2024-25 Approved (thousands)	FY 2025-26 Proposed (thousands)	Change
Assessments	\$9,741	\$8,923	(8%)
Lease	6,428	4,502	(13%)
Other	2,092	1,498	(28%)
Total Revenue	\$18,261	\$14,923	(18%)
Expense			
Salary, Benefit & Overhead	\$3,062	\$3,405	11%
Tech. licenses & maint.	2,131	2,241	5%
Property Management	10,509	9,070	(14%)
Other	3,057	2,615	(14%)
Total Expense	\$18,759	\$17,331	(8%)
Operating Surplus/(deficit)	(\$498)	(\$2,408)	384%

BAHA Proposed FY 2025-26 Capital Budget*

Total Capital project requests of \$8.4M

• Agency Infrastructure Improvement	\$653	} In-House Projects
• IT Improvement Project	\$1,286	
• Agency Space Modification Planning	\$2,600	
• Facade Repair & Window Replacement	\$2,382	} Property Management Projects
• C&W Building Improvement Projects	\$712	
• T.I. WETA	\$220	
• Lease Commissions	\$500	

* (Amounts are shown in thousands)