



Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

Meeting Agenda

Bay Area Headquarters Authority

Authority Members:

Dave Cortese, Chair Jake Mackenzie, Vice Chair

*Tom Bates, David Campos, Adrienne J. Tissier, Amy Rein
Worth*

Wednesday, June 22, 2016

9:40 AM

The Board Room - 1st Floor

This meeting is scheduled to be webcast live on the Metropolitan Transportation Commission's Web site: <http://mtc.ca.gov/whats-happening/meetings> and will take place at 9:40 a.m. or immediately following the 9:35 a.m. BAIFA meeting.

1. Roll Call/Confirm Quorum

Quorum: A quorum of this Authority shall be a majority of its regular voting members (4).

2. Consent Calendar

- 2a. [15-1700](#) Minutes of the May 25, 2016 meeting.

Action: Authority Approval

Attachments: [2a 05-25-2016 BAHA Minutes.pdf](#)

- 2b. [15-1704](#) Contract Amendment - On-Call Construction Management Services:
Harris & Associates, Inc. (\$150,000)

Action: Authority Approval

Presenter: Stephen Wolf

Attachments: [2b.pdf](#)

3. Information

- 3a. [15-1702](#) 375 Beale Street Status Report - June 2016

Action: Information

Presenter: Andrew Fremier / Teri Green

Attachments: [3a.pdf](#)

3b. [15-1703](#) 375 Beale Street Proforma

Action: Information

Presenter: Brian Mayhew

Attachments: [3b.pdf](#)

4. Authority Approval**4a. [15-1706](#) Contract Amendment - Construction Services: McCarthy Building Companies, Inc. (\$5,000,000)**

This amendment allocates contingency funds to McCarthy Building Companies for costs of construction.

Action: Authority Approval

Presenter: Stephen Wolf

Attachments: [4a.pdf](#)

4b. [15-1701](#) BAHA Resolution No. 17, FY 2016-17 Operating and Capital Budgets

A request to approve BAHA Resolution No. 17, the BAHA FY 2016-17 Budget.

Action: Authority Approval

Presenter: Brian Mayhew

Attachments: [4b.pdf](#)

5. Public Comment / Other Business**6. Adjournment / Next Meeting**

The next meeting of the Bay Area Headquarters Authority will be held on July 27, 2016 at a time to be duly noticed at the Bay Area Metro Center, 375 Beale Street, San Francisco, CA 94105.

Public Comment: The public is encouraged to comment on agenda items at Authority meetings by completing a request-to-speak card (available from staff) and passing it to the Authority secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Authority may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Authority meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章: MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Titulo VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Authority members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Authority. Actions recommended by staff are subject to change by the Authority.

Legislation Details (With Text)

File #: 15-1700 **Version:** 1 **Name:**

Type: Minutes **Status:** Consent

File created: 6/3/2016 **In control:** Bay Area Headquarters Authority

On agenda: 6/22/2016 **Final action:**

Title: Minutes of the May 25, 2016 meeting.

Sponsors:

Indexes:

Code sections:

Attachments: [2a_05-25-2016_BAHA_Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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Subject:
Minutes of the May 25, 2016 meeting.

Recommended Action:
Authority Approval



Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

Meeting Minutes

Bay Area Headquarters Authority

Authority Members:

Dave Cortese, Chair Jake Mackenzie, Vice Chair

*Tom Bates, David Campos, Adrienne J. Tissier, Amy Rein
Worth*

Wednesday, May 25, 2016

10:05 AM

The Board Room - 1st Floor

Call Meeting to Order

1. Roll Call/Confirm Quorum

Present: 6 - Commissioner Rein Worth, Chairperson Cortese, Commissioner Bates,
Commissioner Tissier, Commissioner Campos and Vice Chair Mackenzie

Consent Calendar

Approval of the Consent Calendar

**Upon the motion by Commissioner Campos and the second by Commissioner
Tissier, the Consent Calendar was unanimously approved by the following vote:**

Aye: 6 - Commissioner Rein Worth, Chairperson Cortese, Commissioner Bates,
Commissioner Tissier, Commissioner Campos and Vice Chair Mackenzie

2. [15-1567](#) Minutes of the April 27, 2016 meeting

Action: Authority Approval

Information

3. [15-1611](#) 375 Beale Street Status Report - May 2016

Action: Information

Presenter: Andrew Fremier

4. Public Comment / Other Business

5. Adjournment / Next Meeting

The next meeting of the Bay Area Headquarters Authority will be held on June 22, 2016 at a time to be duly noticed at the Bay Area Metro Center, 375 Beale Street, San Francisco, CA 94105.



Metropolitan Transportation Commission

101 Eighth Street,
Joseph P. Bort MetroCenter
Oakland, CA

Legislation Details (With Text)

File #: 15-1704 **Version:** 1 **Name:**

Type: Contract **Status:** Consent

File created: 6/3/2016 **In control:** Bay Area Headquarters Authority

On agenda: 6/22/2016 **Final action:**

Title: Contract Amendment - On-Call Construction Management Services: Harris & Associates, Inc. (\$150,000)

Sponsors:

Indexes:

Code sections:

Attachments: [2b.pdf](#)

Date	Ver.	Action By	Action	Result
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Subject:
Contract Amendment - On-Call Construction Management Services: Harris & Associates, Inc. (\$150,000)

Presenter:
Stephen Wolf

Recommended Action:
Authority Approval

Memorandum

Agenda Item 2b

TO: Bay Area Headquarters Authority

DATE: June 15, 2016

FR: Executive Director

W. I. 9130

RE: Contract Amendment - On-Call Construction Management Services: Harris & Associates, Inc. (\$150,000)

This item would authorize the Executive Director or his designee to enter into a contract amendment with Harris & Associates, Inc. ("Harris") for on-call construction management services for the retrofit and renovation of 375 Beale Street in an amount not to exceed \$150,000.

Background

In January 2011, after a competitive procurement, the BATA Oversight Committee authorized the Executive Director to enter into contracts with six teams of firms, including a team led by Harris, to provide on-call construction management services. The procurement was written to allow BAHA to use selected firms under its own contract(s).

Following approval of the contract by the Authority in February 2013, Harris joined the project team in the role of construction manager. Harris' responsibilities include:

1. Owner representation as Resident Engineer. Work includes:
 - a. Administration of construction contract review of construction progress with full-time on-site presence.
 - b. Coordination of inspections and regulatory requirements.
 - c. Review of pay applications, change order requests, and claims.
 - d. Coordination with existing tenant.
2. Quality Assurance. Work includes:
 - a. Materials testing and special inspection as required by the California Building Code.
 - b. General inspection on behalf of BAHA, the certifying agency

The majority of the work is performed on a time and materials basis. In 2014, staff budgeted funds and contingency to last through May 2016. Closeout, which includes: completing commissioning and punch list work; settling final change orders; and claims management is now expected to last into August 2016. Harris will provide administration of closeout and negotiation of final costs. Funds are included in the project contingency.

Attachment A includes a summary of Harris' and its project team's small business and disadvantaged business enterprise status.

Recommendation

Staff recommends that the Authority authorize the Executive Director or his designee to negotiate and enter into a contract amendment with Harris & Associates, Inc. for on-call Construction Management consultant services for the 375 Beale Street project in an amount not to exceed \$150,000.



Steve Heminger

Attachment A

	Firm Name	Role on Project	DBE* Firm			SBE** Firm		
			Yes	If Yes, List #	No	Yes	If Yes, List #	No
Prime Contractor	Harris & Associates	Construction Manager			X			X
Subcontractor	Applied Materials & Engineering, Inc.	Testing and Special Inspection	X	38639		X	1195	
Subcontractor	Aon Hewitt	Smoke Control Testing			X			X
Subcontractor	Gilda Puente-Peters Architects	Certified Access Specialist			X			X

*Denotes certification by the California Unified Certification Program (CUCP).

**Denotes certification by the State of California.

REQUEST FOR AUTHORITY APPROVAL

Summary of Proposed Contract Amendment

Consultant:	Harris & Associates, Inc. Concord, CA
Work Project Title:	390 Main Street Renovation and Retrofit, Construction Management Owner Support
Purpose of Project:	Renovate 375 Beale Street
Brief Scope of Work:	Provide Construction Management Owner Support services for the BAHA Facility renovation and retrofit
Project Cost Not to Exceed:	\$150,000 (this amendment) Total Contract before this amendment: \$3,940,000 Total Authorized Contract after this amendment: \$4,090,000
Funding Source:	BAHA FY 2015-16 Capital Budget
Fiscal Impact:	Funding is included in BAHA's FY 2015-16 Capital Budget.
Motion by Authority:	That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with Harris & Associates, Inc. for on-call Construction Management consultant services as described above and in the Executive Director's memorandum dated June 15, 2016, and that the Treasurer and Auditor is directed to set aside funds in the amount of \$150,000 for such contract amendment.
BAHA Chair:	<hr/> Dave Cortese
Approved:	Date: June 22, 2016



Metropolitan Transportation Commission

101 Eighth Street,
Joseph P. Bort MetroCenter
Oakland, CA

Legislation Details (With Text)

File #: 15-1702 **Version:** 1 **Name:**
Type: Report **Status:** Informational
File created: 6/3/2016 **In control:** Bay Area Headquarters Authority
On agenda: 6/22/2016 **Final action:**
Title: 375 Beale Street Status Report - June 2016
Sponsors:
Indexes:
Code sections:
Attachments: [3a.pdf](#)

Date	Ver.	Action By	Action	Result
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Subject:
375 Beale Street Status Report - June 2016

Presenter:
Andrew Fremier / Teri Green

Recommended Action:
Information



BAY AREA HEADQUARTERS AUTHORITY

Regional Agency Headquarters
375 Beale Street, San Francisco, CA 94105

TEL 415.543.BAHA (2242)

EMAIL info@mtc.ca.gov

WEB www.mtc.ca.gov

Memorandum

Agenda Item 3a

TO: Bay Area Headquarters Authority

DATE: June 15, 2016

FR: Executive Director

W. I. 9130

RE: 375 Beale Street Status Report – June 2016

1. Construction Update/Certificate of Occupancy

Final touches to unwrap the building were completed for the relocation of the Metropolitan Transportation Commission (MTC), the Association of Bay Area Governments (ABAG) and the Bay Area Air Quality Management District (Air District). The graphic map of the Bay Area has been installed on the wall of the interconnecting glass stairs and will cover four (4) floors. Staff is currently working with McCarthy Builders to complete the punch list items and project closeout.

2. Move Date(s)

MTC and ABAG's first day was May 23. The Air District's first day was Tuesday, May 31. Rutherford + Chekene received its temporary certificate of occupancy on Thursday, May 26 which allowed it to move in and occupy its space on Floor 3 as of June 1, 2016.

3. Streetscape/Rincon Place

Sidewalk improvements for Beale Street are completed and improvements for Main Street are underway. The City and County of San Francisco has a contract to relocate water main lines and make permanent grade changes along Beale Street. This work is not anticipated to start until later in the summer, and will continue throughout the year. Tishman Speyer is working with the City and County of San Francisco to resolve conflicts at the corner of Harrison and Main streets. Tishman Speyer is also preparing to submit drawings of the landscape improvements on Rincon Place for permit approval before starting work this summer.

4. Furniture Procurement

Hogue and Associates (Hogue), BAHA's furniture dealer, completed delivery of furniture for all offices, workstations, conference rooms and other ancillary areas. Staff is working with Hogue on punch list items and other furniture requests.

5. Ada's Café and Resource Center

Work is under way with a grand opening scheduled for October 2016. A temporary partition has been installed in the lobby and will remain in place for three months to separate the construction work from the 1st floor lobby.

6. Twilio

Twilio has selected Skyline Construction to complete its tenant improvements and work is under way on Levels 3 and 4. Twilio has submitted design plans to Office of the State Fire Marshal and Division of the State Architect for review and is awaiting approval. Twilio is expected to occupy the space as of October 2016.

7. Degenkolb Engineers

BAHA is completing work and is prepared to turn over the space to Degenkolb Engineers by September 2016. Degenkolb has selected BCCI to provide construction services.

8. San Francisco Bay Conservation and Development Commission (BCDC)

The relocation of BCDC to 375 Beale Street is included in the final FY 2016-17 State Budget. BCDC is now seeking Department of General Services concurrence of the move and to commence negotiations on a final lease agreement. The agreement would include a turnkey build out of the BCDC space including all improvements and furniture consistent with the existing design of the MTC space. BCDC proposes a move-in date in early 2017.

9. Level 5 MTC and BCDC Space

Construction drawings are under way for the combined Level 5 space that will house the MTC technology staff and BCDC offices. Once approved by BAHA, the plans will be submitted to Office of the State Fire Marshal and the Division of the State Architect for approval. Staff plans to submit a request at the July BAHA Authority meeting to approve funding to build out MTC's Level 5 improvements concurrent with the improvements to the BCDC space.



Steve Heminger

SH:TG
Attachments



Metropolitan Transportation Commission

101 Eighth Street,
Joseph P. Bort MetroCenter
Oakland, CA

Legislation Details (With Text)

File #: 15-1703 **Version:** 1 **Name:**
Type: Report **Status:** Informational
File created: 6/3/2016 **In control:** Bay Area Headquarters Authority
On agenda: 6/22/2016 **Final action:**
Title: 375 Beale Street Proforma
Sponsors:
Indexes:
Code sections:
Attachments: [3b.pdf](#)

Date	Ver.	Action By	Action	Result
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Subject:
375 Beale Street Proforma

Presenter:
Brian Mayhew

Recommended Action:
Information



BAY AREA HEADQUARTERS AUTHORITY

Regional Agency Headquarters
375 Beale Street, San Francisco, CA 94105

TEL 415.543.BAHA (2242)

EMAIL info@mtc.ca.gov

WEB www.mtc.ca.gov

Memorandum

Agenda Item 3b

TO: Bay Area Headquarters Authority

DATE: June 15, 2016

FR: Executive Director

W. I. 9130

RE: 375 Beale Street Proforma

With three agencies fully relocated to 375 Beale and BAHA about to undertake its first operational year, it seems appropriate to revisit the operating proforma. The good news is that we will enter the first full operating year nearly fully leased at an average rent of \$48.40 per square foot which results in an additional \$25 million in net operating income (NOI), \$14 million present value (PV) over the 30 year proforma.

Most of the expense parameters turned out to be fairly conservative while the explosion in office rents since 2014 led to an increase in both overall occupancy and rent income. A comparison of proforma parameters is as follows:

	<u>2014</u>	<u>2016</u>
Commercial (RSF)	160,000	160,000
Occupancy	80%	98%
Rent	\$42.00/sf	\$48.40/sf
Operating cost	\$16.00/sf	\$12.00/sf
Tenant Improvement (TI)	\$115/sf	\$85/sf
NOI (30 years)	\$190 million	\$214 million
PV	\$91 million	\$105 million

The dramatic difference is the speed of achieving full occupancy. The 2014 estimate assumed five years to achieve 80% occupancy, which at the time represented full occupancy. Based on signed leases we will be 98% leased and occupied by the end of the second operating year.

For projection purposes we have assumed that 98% occupancy is maintainable. There are, however, controls built into the model:

- TI repairs/replacement set-aside - \$29 million
- 2% annual capital set-aside (\$2.52/rsf) - \$34 million
- New lease adds full TI cost (\$100/sf)
- Full one year rate abatement between leases
- The as yet unleased first floor space has no income

All repair, capital replacement and tenant improvement charges are taken off the top with repair and replacement charges alone averaging slightly over \$1.4 million per year.

Project payback has also improved with the new proforma.

	<u>2014</u> (Millions)	<u>2016</u> (Millions)
Project Cost	\$218	\$258
Air District	(30)	(30)
101 8 th Street	(11)	(20)
Non-toll	0	(33)
Net toll cost	<u>\$177</u>	<u>\$175</u>
Project Breakeven	29 years	26 years

The project breakeven for all toll funding is improved by three years. Overall, there is reason to be optimistic about the future of BAHA's operations at least in the near term. We have signed long-term leases to stable tenants and the leases put utility use risk on the tenants, not BAHA. The local market continues to be strong and we still have a potential tenant in Clipper[®] operations that we do not have room for yet.

We will provide a brief power point presentation at your meeting to provide more detail on these forecasted results.



Steve Heminger

SH:BM

Legislation Details (With Text)

File #: 15-1706 **Version:** 1 **Name:**
Type: Contract **Status:** Authority Approval
File created: 6/3/2016 **In control:** Bay Area Headquarters Authority
On agenda: 6/22/2016 **Final action:**
Title: Contract Amendment - Construction Services: McCarthy Building Companies, Inc. (\$5,000,000)

This amendment allocates contingency funds to McCarthy Building Companies for costs of construction.

Sponsors:

Indexes:

Code sections:

Attachments: [4a.pdf](#)

Date	Ver.	Action By	Action	Result
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Subject:

Contract Amendment - Construction Services: McCarthy Building Companies, Inc. (\$5,000,000)

This amendment allocates contingency funds to McCarthy Building Companies for costs of construction.

Presenter:

Stephen Wolf

Recommended Action:

Authority Approval

Memorandum

Agenda Item 4a

TO: Bay Area Headquarters Authority

DATE: June 15, 2016

FR: Executive Director

W. I. 9130

RE: Contract Amendment – Construction Services: McCarthy Building Companies, Inc. (\$5,000,000)

This memorandum seeks Authority approval of a contract amendment with McCarthy Building Companies, Inc. (McCarthy) to fund construction services for the retrofit and renovation of 375 Beale Street, in an amount not to exceed \$5,000,000 to the current contract Guaranteed Maximum Price (GMP) of \$113,920,916, for a total GMP of \$118,920,916.

Background

In November 2014, BAHA budgeted \$7,000,000 in contingency in the project budget. The contingency was budgeted to account for unknown costs that might come up during the course of construction. Although budgeted, these funds were not assigned to a specific contractor or consultant to provide maximum flexibility in their use. At this time, staff is requesting the amount of \$5,000,000 be allocated to the McCarthy construction contract. Impacts realized by the project include: modifications to the fire/life safety system required by Office of State Fire Marshal (OSFM); delays to construction; and design changes. BAHA's authorization would allow staff to encumber budgeted funds to McCarthy's contract to cover these costs.

Staff is currently reviewing McCarthy's claim submittal(s) for additional costs in excess of the total project budget for general administration, mobilization and additional scope of work associated with the project delays. BAHA has disputed many of these claims. Staff is currently working towards a path of verifying the completion of all outstanding punch list items, validating the claims, and working towards a final disposition of the contract.

Attachment A includes a summary of McCarthy and its project team's small business and disadvantaged business enterprise status.

Recommendation

Staff recommends that the Authority authorize the Executive Director to negotiate and enter into a contract amendment with McCarthy in an amount not to exceed \$5,000,000 for construction services.



Steve Heminger

SH:SW

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Attachment A

	Firm Name	Role on Project	DBE* Firm			SBE** Firm		
			Yes	If Yes, List #	No	Yes	If Yes, List #	No
Prime Contractor	McCarthy Building Companies, Inc.	Project Management			X			X
Subcontractor	Critchfield Mechanical, Inc.	Mechanical			X			X
Subcontractor	Redwood Electric Group, Inc.	Electrical			X			X
Subcontractor	Pan Pacific Mechanical	Plumbing			X			X
Subcontractor	Transbay Fire Protection	Fire Sprinkler			X			X
Subcontractor	Jerry Thompson & Sons Painting, Inc.	Paint			X			X
Subcontractor	Vista Environmental Consulting	Environmental Testing			X	X	1122921	
Subcontractor	Shooter & Butts	Landscaping			X	X	1577860	
Subcontractor	Glazier Iron Works	Steel			X			X
Subcontractor	ALCAL Specialty Contracting, Inc.	Glazing			X			X
Subcontractor	Novum Structures California LP	Atrium Enclosure			X			X
Subcontractor	Alliance Roofing Company, Inc.	Roofing and Waterproofing			X			X
Subcontractor	CM&B Inc., dba Mauck Sheet Metal	Flashing and Sheetmetal			X			X
Subcontractor	The Smith Company, Inc.	Overhead Coiling Doors			X			X
Subcontractor	California Drywall CO	Drywall			X			X
Subcontractor	Pro Installations, Inc., dba Prospectra Contract Flooring	Flooring			X			X
Subcontractor	Spacetone Acoustics, Inc.	Ceilings			X			X
Subcontractor	George E. Masker	Painting			X			X
Subcontractor	Dow Diversified, Inc.	Lab Casework			X			X
Subcontractor	Ascent Elevator Services, Inc.	Elevators			X			X
Subcontractor	Silverado Contractors, Inc.	Demolition			X			X

*Denotes certification by the California Unified Certification Program (CUCP).

**Denotes certification by the State of California.

REQUEST FOR AUTHORITY APPROVAL

Summary of Proposed Contract Amendment

Consultant:	McCarthy Building Companies, Inc. San Francisco, CA
Work Project Title:	Contract Amendment - McCarthy Building Companies, Inc. for Construction Services
Purpose of Project:	Renovation and retrofit of 375 Beale Street
Brief Scope of Work:	Provide Construction Manager at Risk (CMAR) services for the BAHA Facility renovation and retrofit
Project Cost Not to Exceed:	This amendment: \$5,000,000. Current contract before this amendment: \$113,920,916. Maximum contract amount after this amendment: \$118,920,916.
Funding Source:	BAHA FY 2015-16 Capital Budget
Fiscal Impact:	Funding is included in BAHA's FY 2015-2016 Capital Budget.
Motion by Authority:	That the Executive Director or his designee is authorized to negotiate and enter into a contract amendment with McCarthy Building Companies, Inc. for construction services as described above and in the Executive Director's memorandum dated June 15, 2016 and the Treasurer and Auditor is directed to set aside funds in the amount of \$5,000,000 for such contract amendment.
BAHA Chair:	<hr/> Dave Cortese
Approved:	Date: June 22, 2016

Legislation Details (With Text)

File #: 15-1701 **Version:** 1 **Name:**
Type: Resolution **Status:** Authority Approval
File created: 6/3/2016 **In control:** Bay Area Headquarters Authority
On agenda: 6/22/2016 **Final action:**
Title: BAHA Resolution No. 17, FY 2016-17 Operating and Capital Budgets

A request to approve BAHA Resolution No. 17, the BAHA FY 2016-17 Budget.

Sponsors:

Indexes:

Code sections:

Attachments: [4b.pdf](#)

Date	Ver.	Action By	Action	Result
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Subject:

BAHA Resolution No. 17, FY 2016-17 Operating and Capital Budgets

A request to approve BAHA Resolution No. 17, the BAHA FY 2016-17 Budget.

Presenter:

Brian Mayhew

Recommended Action:

Authority Approval

**BAY AREA HEADQUARTERS AUTHORITY**

Regional Agency Headquarters
375 Beale Street, San Francisco, CA 94105

TEL 415.543.BAHA (2242)

EMAIL info@mtc.ca.gov

WEB www.mtc.ca.gov

Memorandum**Agenda Item 4b**

TO: Bay Area Headquarters Authority (BAHA)

DATE: June 15, 2016

FR: Executive Director

RE: BAHA Resolution No. 17, FY 2016-17 Operating and Capital Budgets

Staff requests Authority approval of BAHA Resolution No. 17, the BAHA FY 2016-17 BAHA Operating and Capital Budgets.

The FY 2016-17 budget assumes full occupancy for commercial tenants in the Beale Street building during FY 2016-17, except for 4,500 square feet for the larger retail space on the first floor. BCDC will also occupy the building in FY 2016-17 given the relocation was approved by the Governor and included in the State budget. The project is pending lease negotiations with the Department of General and final approval by this Authority.

Operating Budget

- The budget forecasts BAHA's operating income of \$10.2 million, operating expenses of \$8.7 million and an operating surplus of \$1.5 million.

Building and Commercial Operations:

- The lease income includes a continuation of rent from Xerox State & Local Solutions, Inc. with new lessees in FY 2016-17 - Rutherford + Chekene (payment begins September 2016), Twilio (November 2016), and Degenkolb Engineers (February 2017).
- As property manager, Cushman & Wakefield will receive approximately \$5.3 million for all building operations, including administration, janitorial, security, landscaping, window washing and parking garage operations.
- The BAHA operating column includes other operational costs associated with the building operations that are not reimbursed by the Shared Services Operations (SSO) overseen by the three condominium agencies – MTC, ABAG, and the Air District.
- BAHA's building, SSO, and commercial operations have a salary and overhead cost of \$1.7 million for approximately 10 positions.
- The budget includes funding to install paid parking equipment with a revenue estimate of \$57,600 from parking operations.

Shared Services Operations:

- The SSO budget includes estimated costs of \$1.5 million for business operations that will be shared by the three agencies.
- The SSO services include a shared receptionist, meeting room coordinator, conference room setups, building assistant, shuttle service pilot, and shared information technology services.
- The assessment fee of \$3.0 million is for the building services related to the common area.
- Building common area costs include security, repair and maintenance, janitorial and cleaning.

Agency Contribution:

- MTC, ABAG and the Air District will contribute their proportional share of the building common area and shared services costs as detailed in Attachment A, page 2. MTC's share is 52%, ABAG is 7%, and the Air District's share is 41%. The ABAG share is capped at \$314,000 and is adjusted annually for inflation.
- These proposed amounts, including salary and overhead costs of \$802,000 and four positions, have been formally approved by each agency.

Capital Budget


- The total capital budget (Attachment A, page 3), including adjustments for FY 2016-17 changed from 257.8 million to \$258.8 million. The capital budget, increased by \$500,000 for retrofit of a backup generator to be reimbursed by the Air District and \$500,000 for 12V feed and removal of PG&E transformers, and is summarized as follows:

<u>Sources</u>	<u>\$ millions</u>
BATA toll contribution	\$185.5
SPANs debt savings	33.0
Purchase from Air District	30.0
Insurance proceeds	0.3
Air District and PG&E reimbursement	1.0
Tenant improvements from ABAG	1.2
BATA/MTC/SAFE transfers	7.8
Life-to-date project budget	\$258.8
<u>Uses</u>	
Building Purchase	\$93.0
Building Development	159.6
Staff Costs	5.2
Capital Equipment	1.0
Life-to-date uses	\$258.8
Life-to-date expense	\$242.4
Project Balance	\$16.4

- Project expenditures, including contracts currently encumbered, total \$242.4 million. The remaining balance of \$16.4 million is committed to completing construction and preparing the building for occupancy. As noted in item 4a, we also expect that there may be some construction claims once McCarthy finishes work, which is several months past the approved schedule. We will keep BAHA informed of the claims process as it unfolds. There is one staff person in the capital budget to monitor the tenant improvements and leases and outstanding construction items. Further information is included in Attachment A, page 3.
- The FY 2016-17 BAHA Commercial Development Fund (Attachment A, page 4) accounts for the tenant improvement allowances and building improvements. The total budgeted expense is \$12.4 million. Funds are advanced by BAHA and recovered on an annual basis from the lease revenue. The work will be completed in FY 2016-17 prior to the tenants moving in. The building improvements of \$0.9 million are included in the capital budget.
 - The \$2.5 million for commissions to be paid from the capital projects fund.
 - Approximately \$11.7 million of the costs are related to tenant improvements.
 - Contingency, engineering and design total \$675,000.
 - \$890,000 building improvements include key card access and new readers, HVAC, parking, awnings, and light screen/filters.
 - Broker commissions were actually paid as part of the project development.

Recommendation:

Staff recommends that this Authority approve BAHA Resolution No. 17, the BAHA FY 2016-17 Capital and Operating Budgets.



Steve Heminger

SH:ES
Attachment

Date: June 22, 2016
W.I.: 9130

ABSTRACT

BAHA Resolution No. 17

This resolution approves the Budget for FY 2016-17 for the Bay Area Headquarters Authority (BAHA).

Discussion of this Resolution can be found in the Executive Director's Memorandum to BAHA dated June 15, 2016.

Date: June 22, 2016
W.I.: 9130

Re: Bay Area Headquarters Authority Capital and Operating Budgets for FY 2016-17

BAY AREA HEADQUARTERS AUTHORITY
RESOLUTION No. 17

WHEREAS, the Metropolitan Transportation Commission (“MTC”) and the Bay Area Toll Authority (“BATA”) have executed a joint exercise of powers agreement dated September 28, 2011 which creates and establishes the Bay Area Headquarters Authority (“BAHA”): and

WHEREAS, the BAHA staff has prepared a proposed capital and operating budget setting forth the anticipated revenues and expenditures of BAHA for FY 2016-17 according to generally accepted accounting principles; now, therefore, be it

RESOLVED, that BAHA approves the FY 2016-17 capital and operating budget (the “BAHA Budget”) as set forth in Attachment A to this Resolution; and, be it further

RESOLVED, that the Executive Director or designee may approve adjustments among line items in the BAHA Budget for FY 2016-17, provided that there shall be no increase in the overall BAHA Budget without prior approval of BAHA; and, be it further

RESOLVED, that the Executive Director or designee shall submit written requests to BAHA for approval of consultants, professional services, and expenditures authorized in the BAHA Budget for FY 2016-17; and be it further

RESOLVED, that the Executive Director and Treasurer and Auditor are authorized to carry over and re-budget all funds and contracts properly budgeted in the prior year for which expenditures were budgeted and encumbered and which will take place in FY 2016-17; and, be it further

RESOLVED, that the BAHA staff shall furnish BAHA with at minimum, at least quarterly, a financial report to reflect budgeted and actual income, expenditures, obligations for professional and consultant services, and such other information and data as may be requested by BAHA.

BAY AREA HEADQUARTERS AUTHORITY

Dave Cortese, Chair

The above resolution was entered into by the
Bay Area Headquarters Authority at a regular meeting
of the Authority held in San Francisco, California,
on June 22, 2016.

Date: June 22, 2016
W.I.: 9130

Attachment A
BAHA Resolution No. 17

FY 2016-17 BAHA Budget

Attachment A

BAHA Resolution No. 17

Page 1 of 4

BAHA Building and Commercial Operations Budget FY 2016-17

	Building and Commercial Operations- CW	Condo and Shared Services	BAHA Operating	Total BAHA operating
Revenue:				
Assessment fee - shared services	\$ -	\$ 1,456,146	\$ -	\$ 1,456,146
Assessment fee - common area	-	3,018,838	-	3,018,838
Lease income	5,564,578	-	-	5,564,578
Expense reimbursements	95,607	-	-	95,607
Other income - parking	57,600	-	-	57,600
Total operating income	5,717,785	4,474,984	-	10,192,769
Operating expenses:				
Salaries and Benefits	-	562,048	1,124,317	1,686,365
Overhead	-	240,098	480,432	720,530
Postage meter and Comcast/Direct TV	-	12,000	-	12,000
Supplies	-	256,000	-	256,000
Other expenses	24,044	-	-	24,044
Contractual services	2,230,579	3,018,838	-	5,249,417
Shuttle services	-	50,000	-	50,000
IT licenses, maintenance	-	261,000	50,000	311,000
Audit/tax prep	-	-	60,000	60,000
Contingency	-	25,000	250,000	275,000
Insurance	-	50,000	-	50,000
Total expenses	2,254,623	4,474,984	1,964,749	8,694,356
Total operating gain (loss)	\$ 3,463,162	\$ -	\$ (1,964,749)	\$ 1,498,413

Attachment A

BAHA Resolution No. 17

Page 2 of 4

Distribution of Condo Area Fees

	Common Area	Shared Services	Total
BAAQMD	\$ 1,237,723	\$ 604,220	\$ 1,841,943
ABAG	203,909	110,091	314,000
MTC	1,577,206	741,835	2,319,041
Total	\$ 3,018,838	\$ 1,456,146	\$ 4,474,984

Attachment A

BAHA Resolution No. 17

Page 3 of 4

BAHA Capital Budget FY 2016-17

	LTD Budget Thru FY2015-16	Total Budget FY2016-17	LTD Budget Thru FY2016-17
Sources			
Insurance proceeds	\$ 311,738	\$ -	\$ 311,738
Transfer in from MTC	801,160	-	801,160
Transfer in from SAFE	112,910	-	112,910
Transfer in from BATA	6,906,010	-	6,906,010
Purchase from ABAG	1,250,000	-	1,250,000
Purchase from Air District	30,000,000	-	30,000,000
Reimbursement from Air District	-	500,000	500,000
Reimbursement from PG&E	-	500,000	500,000
SPANs savings	33,000,000	-	33,000,000
Capital Contribution (BATA)	185,450,000	-	185,450,000
Total Transfer In	257,831,818	1,000,000	258,831,818
Uses			
Purchase Building	93,000,000	-	93,000,000
Building Development	125,778,343	-	125,778,343
Development Contingency	19,050,000	(225,462)	18,824,538
Furniture, Fixtures, Equipment	15,000,000	-	15,000,000
Backup Generator and 12V Feed	-	1,000,000	1,000,000
Staff Costs	5,003,475	225,462	5,228,937
Total Usage	\$ 257,831,818	\$ 1,000,000	\$ 258,831,818
LTD Actual & Encumbrances as of March 2016	221,602,355		242,415,696
Remaining Balance	\$ 36,229,463		\$ 16,416,122

Attachment A
BAHA Resolution No. 17
Page 4 of 4

BAHA Commercial Development Fund Life To Date FY 2016-17

Budget	Tenant Improvements	Commissions	Total	LTD Expense	Budget Balance
1 T.I. Rutherford and Chekene	\$ 1,200,000	\$ 144,240	\$ 1,344,240	\$ -	\$ 1,344,240
2 Xerox	-	55,488	55,488	55,488	-
3 T.I. Degenkolb	1,832,515	452,740	2,285,255	226,370	2,058,885
4 T.I. Twilio	8,329,775	1,836,460	10,166,235	918,230	9,248,005
5 Construction contingency TIs	525,000	-	525,000	-	525,000
6 T.I. Ada's Café	355,000	-	355,000	-	355,000
7 Engineering/Architectural	150,000	-	150,000	-	150,000
Total Tenant Improvements	\$ 12,392,290	\$ 2,488,928	\$ 14,881,218	\$ 1,200,088	\$ 13,681,130

Building					
Building Improvements	Improvements	Total	LTD Expense	Budget Balance	
Building Improvements	890,000	-	890,000	-	890,000
Total	\$ 13,282,290	\$ 2,488,928	\$ 15,771,218	\$ 1,200,088	\$ 14,571,130

BAHA Commercial Development Fund Life To Date FY 2016-17

Marketing	\$ 83,500	\$ 5,915	\$ 77,585
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