

375 Beale Condominium Corporation

June 16, 2022

Agenda Item 5 - 22-0821

FY 2022-23 Operating Budget

Background:

Attached for your review and approval is the proposed FY 2022-23 Operating Budget for the 375 Beale Condominium Corporation (Condo). The proposed budget is \$7.3 million. Costs are broken down into Common Area and Shared Services. The Budget is balanced as proposed.

Common Area:

The major components of Common Area expense are security, janitorial services, utilities, administration, and repair and maintenance services. In FY 2022-23, total assessment for Common Area expense is proposed to be \$4.1 million, an increase of \$75,000 or 2%. The proposed increase is mainly due to additional costs associated with security services, utilities and repairs and maintenance, offset by decreases in janitorial services and insurance.

Shared Services:

The assessment for shared services covers staff costs, Information Technology (IT) services, office supplies and other expenses shared among the three unit owners. In FY 2022-23, the proposed assessment fee is \$3.2 million, an increase of \$885,000 or 38.5%. The proposed increase is the result of increases in staffing, benefits, and related overhead, and estimated furniture and equipment cost for shared conference rooms to better facilitate a hybrid workspace. The staffing increases more appropriately reflect the time spent by staff in support of board and committee meetings, especially in our current hybrid format.

Assessment Calculation:

The assessment is split amongst the Bay Area Headquarters Authority (BAHA), the Association of Bay Area Governments (ABAG), and the Bay Area Air Quality Management District (BAAQMD) predicated on the Total Agency Space Rentable Square Feet (RSF) table in Exhibit B of the Condo's Declaration of Covenants, Conditions and Restrictions (CC&Rs). The detailed breakdown of the calculation is attached.

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As provided in the CC&Rs, ABAG's FY 2022-23 assessment is capped at \$385,999. BAHA is responsible for that portion of ABAG's assessment that would be in excess of this cap.

If you have any questions about this report, please contact Derek Hansel at 415-778-6730.

Recommendation:

Staff recommends that the Board approve the attached Operating Budget for FY 2022-23.

Attachment:

Attachment A - FY 2022-23 375 Beale Condominium Corporation Operating Budget

DocuSigned by:

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Derek Hansel

Adopted FY 2021-22	Proposed FY 2022-23	Change % Increase/(Decrease)	Change \$ Increase/(Decrease)
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Revenue:

Assessment Fee				
Common Area				
Bay Area Air Quality Management District (BAAQMD)	\$ 1,822,001	\$ 1,856,236	1.9%	\$ 34,235
Association of Bay Area Governments (ABAG)	159,207	98,432	-38.2%	(60,775)
Metropolitan Transportation Commission (MTC)	2,033,778	2,135,761	5.0%	101,983
Total Common Area	4,014,986	4,090,429	1.9%	75,443
Shared Services				
BAAQMD	1,042,100	1,443,560	38.5%	401,460
ABAG	207,593	287,567	38.5%	79,974
MTC	1,046,692	1,449,922	38.5%	403,230
Total Shared Services	2,296,385	3,181,049	38.5%	884,664
Total Revenue	\$ 6,311,371	\$ 7,271,478	15.2%	\$ 960,107

Expense:

Salaries and Benefits	\$ 601,749	\$ 1,094,366	81.9%	\$ 492,617
Overhead	301,236	509,683	69.2%	208,447
Postage Meter and Direct TV	6,500	10,000	53.8%	3,500
Supplies	137,000	137,000	0.0%	-
Contractual Services	4,079,986	4,150,929	1.7%	70,943
Information Technology (IT) Licenses/Maintenance	1,029,900	984,500	-4.4%	(45,400)
Other/Miscellaneous	155,000	385,000	148.4%	230,000
Total Expense	\$ 6,311,371	\$ 7,271,478	15.2%	\$ 960,107

	Adopted FY 2021-22	Proposed FY 2022-23	Change % Increase/(Decrease)	Change \$ Increase/(Decrease)
Common Area Breakdown				
Revenue:				
Assessment fee - BAAQMD	\$ 1,822,001	\$ 1,856,236	1.9%	\$ 34,235
Assessment fee - ABAG	159,207	98,432	-38.2%	(60,775)
Assessment fee - MTC	2,033,778	2,135,761	5.0%	101,983
Total Operating Revenue	4,014,986	4,090,429	1.9%	75,443
Operating Expenses:				
Cleaning	1,127,103	1,076,710	-4.5%	(50,393)
Repairs and Maintenance	867,352	915,628	5.6%	48,276
Utilities	706,792	735,246	4.0%	28,454
Landscape (Grounds)	39,514	40,949	3.6%	1,435
Security	566,681	654,349	15.5%	87,668
Administrative	496,193	504,333	1.6%	8,140
Taxes/Licenses/Permits	25,024	25,841	3.3%	817
Insurance	186,327	137,373	-26.3%	(48,954)
Total Operating Expenses	4,014,986	4,090,429	1.9%	75,443
Total Operating Gain/(Loss)	\$ -	\$ -		
Shared Service Operation Breakdown				
Revenue:				
Assessment fee - BAAQMD	\$ 1,042,100	\$ 1,443,560	38.5%	\$ 401,460
Assessment fee - ABAG	207,593	287,567	38.5%	79,974
Assessment fee - MTC	1,046,692	1,449,922	38.5%	403,230
Total Operating Revenue	2,296,385	3,181,049	38.5%	884,664
Operating Expenses:				
Salaries and Benefits	601,749	1,094,366	81.9%	492,617
Overhead	301,236	509,683	69.2%	208,447
Audit/Tax Preparation	65,000	60,500	-6.9%	(4,500)
Comcast/Direct TV	6,500	10,000	53.8%	3,500
Office Supplies	97,000	97,000	0.0%	-
Safety Equipment (automated external defibrillators (AEDs), First Aid Kits)	40,000	40,000	0.0%	-
Information Technology (IT) Licenses/Maintenance	1,029,900	984,500	-4.4%	(45,400)
Catering	80,000	105,000	31.3%	25,000
Special Event Setups	25,000	30,000	20.0%	5,000
Other Expenses	50,000	250,000	400.0%	200,000
Total Operating Expenses	2,296,385	3,181,049	38.5%	884,664
Total Operating Gain/(Loss)	\$ -	\$ -		

Distribution of Condo Area Fees**FY 2022-23**

	Common Area	Shared Services	Total
BAAQMD	\$ 1,856,236	\$ 1,443,560	\$ 3,299,796
ABAG	98,432	287,567	385,999 *
BATA/MTC	2,135,761	1,449,922	3,585,683
Total	<u>\$ 4,090,429</u>	<u>\$ 3,181,049</u>	<u>\$ 7,271,478</u>

FY 2021-22

	Common Area	Shared Services	Total
BAAQMD	\$ 1,822,001	\$ 1,042,100	\$ 2,864,101
ABAG	159,207	207,593	366,800
BATA/MTC	2,033,778	1,046,692	3,080,470
Total	<u>\$ 4,014,986</u>	<u>\$ 2,296,385</u>	<u>\$ 6,311,371</u>

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BAAQMD	\$ 34,235	\$ 401,460	\$ 435,695
ABAG	(60,775)	79,974	19,199
BATA/MTC	101,983	403,230	505,213
Total	<u>\$ 75,443</u>	<u>\$ 884,664</u>	<u>\$ 960,107</u>

* Max ABAG assessment fee for FY 2022-23 is \$385,999 based on CC&R Section 2.01(h)(6). Per MTC Commission approval on December 15, 2021, ABAG shared services are paid by MTC and ABAG will pay all Common Area assessments.

	RSF	
MTC/BATA	96,257	45.58%
BAAQMD	95,834	45.38%
ABAG	19,091	9.04%
375 Condo Sq. Ft	211,182 **	42.67%
Total CC&R Sq. Ft.	494,956	57.33%
** Agency Space RSF from CC&R Exhibit B and 15,600 RSF for 1st floor		