

Bay Area Headquarters Authority



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FY 2024-25 Draft BAHA Operating and Capital
Budgets



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)
- **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.
- Draft FY2024-25 Operating budget includes a \$508 thousand deficit, funded by drawing from reserves
- Capital Project requests total \$10.1M, addressing recommendations from a recently completed facade inspection
- Staff is working with owners to evaluate an additional assessment for capital improvements.

BAHA Draft FY 2024-25 Operating Budget

	FY 2023-24 Amendment No. 1 (thousands)	FY 2024-25 Draft Budget (thousands)	Change
Revenue			
Assessments	\$8,755	\$9,772	12%
Lease	10,149	6,428	(37%)
Other	826	2,092	153%
Total Revenue	\$19,730	\$18,292	(7%)
Expense			
Salary, Benefit & Overhead	\$2,480	\$3,110	25%
Tech. licenses & maint.	2,443	2,132	(13%)
Property Management	10,069	10,509	4%
Other	2,625	3,057	17%
Total Expense	\$17,617	\$18,808	7%
Operating Surplus/(deficit)	\$2,113	(\$508)	(124%)

Total Revenue - \$18.3 million -7%

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

Expenses - \$18.8 million +7%

- Salary & Benefit – Cost of Living adjustment and staffing levels
- 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

BAHA Draft FY 2024-25 Capital Budget*

Total Capital project requests of \$10.1M

• Agency Infrastructure Improvement	\$405	} In-House Projects
• IT Improvement Project	\$985	
• Agency Space Modification Planning	\$2,000	
• Facade Repair & Window Replacement	\$5,131	} Property Management Projects
• C&W Building Improvement Projects	\$898	
• Lease Commissions	\$750	

* (Amounts are shown in thousands)