

Memorandum

Agenda Item 3c

TO: Bay Area Headquarters Authority

DATE: March 15, 2017

FR: Deputy Executive Director

W. I. 1235

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

Staff requests Authority approval of BAHA Resolution No. 17, Revised, increasing the FY 2016-17 BAHA Commercial Development Fund by \$494,000. If approved by the Authority, Cubic Transportation Systems, Inc. may enter into a lease agreement with BAHA to lease Suite # 340 at 375 Beale Street at a cost not to exceed \$450,000 for tenant improvements and \$44,000 for real estate broker commissions.

The proposed Lease terms and conditions are shown in detail on this agenda under agenda item 3b. If approved, funds for tenant improvements and real estate broker commissions must be added to the BAHA budget.

Recommendation

Staff recommends that the Authority approve BAHA Resolution No. 17, Revised, increasing the BAHA FY 2016-17 Commercial Development Fund by \$494,000 in funds for tenant improvements and real estate broker commissions for the lease with Cubic Transportation Systems, Inc., subject to the Authority's approval of agenda item 3b.



Andrew B. Premier

SH:st

Attachment

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Date: June 22, 2016
W.I.: 9130
Revised: 10/26/16-BAHA
11/16/16-BAHA
01/25/17-BAHA
03/22/17-BAHA

ABSTRACT

BAHA Resolution No. 17, Revised

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

Attachment A to this resolution was revised on October 26, 2016 to authorize a \$10,000,000 increase to the BAHA budget for FY 2016-17 to cover the remaining closeout costs for the building contractor as well as the balance of some residual improvements.

Attachment A to this resolution was revised on November 16, 2016 to authorize a \$2,000,000 increase to the BAHA capital budget for FY 2016-17 to complete the MTC 5th floor buildout.

Attachment A to this resolution was revised on January 25, 2017 to authorize a \$195,000 increase to the BAHA capital budget for FY 2016-17 for installation of an electric vehicle (EV) charging system and supporting infrastructure for the Beale and Harrison garages.

Attachment A to this resolution was revised on March 25, 2017 to authorize \$494,000 to be added to the Commercial Development Fund for adding a new lease with Cubic.

Discussion of this Resolution can be found in the Executive Director's Memoranda to BAHA dated June 15, 2016, October 19, 2016, and November 9, 2016, and in the Deputy Executive Director's Memoranda dated January 18, 2017 and March 15, 2017.

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
Revised: 10/26/16-BAHA
11/16/16-BAHA
01/25/17-BAHA
03/22/17-BAHA

Attachment A
BAHA Resolution No. 17

FY 2016-17 BAHA Budget

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 |

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 | <u>\$ 3,018,838</u> | <u>\$ 1,456,146</u> | <u>\$ 4,474,984</u> |

| BAHA Capital Budget FY 2016-17 | LTD Budget Thru FY2016-17 | Amendment # 1 FY2016-17 | Total 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 | 1,600,000 | - | 1,600,000 |
| Purchase from Air District | 34,000,000 | - | 34,000,000 |
| Reimbursement from Air District | 500,000 | - | 500,000 |
| Reimbursement from PG&E | 64,154 | - | 64,154 |
| TFCA GRANT | 157,000 | (6,000) | 151,000 |
| Grant Local Match from MTC/BATA | 34,000 | 85,000 | 119,000 |
| Grant Local Match from Air District | 34,000 | 116,000 | 150,000 |
| SPANs savings | 33,000,000 | - | 33,000,000 |
| Capital Contribution (BATA) | 193,310,846 | - | 193,310,846 |
| Total Transfer In | 270,831,818 | 195,000 | 271,026,818 |
| Uses | | | |
| Purchase Building | \$ 93,000,000 | \$ - | \$ 93,000,000 |
| Building Improvements | - | - | - |
| Building Development | 137,778,343 | 195,000 | 137,973,343 |
| Insurance | - | - | - |
| Development Contingency | 18,824,538 | - | 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 | 5,228,937 | - | 5,228,937 |
| Total Usage | 270,831,818 | 195,000 | 271,026,818 |

LTD Actual & Encumbrances as of Nov. 2016

267,968,920

Remaining Balance \$ 3,057,898

| BAHA Commercial Development Fund Life To Date FY 2016-17 | | | | | | |
|--|------------------------------|---------------------|--------------|---------------|---------------|----------------|
| Program # | Budget | Tenant Improvements | Commissions | Total | LTD Expense | Budget Balance |
| | Sales Proceeds | | | \$ 22,139,154 | | |
| 9135 | T.I. Rutherford and Chekene | \$ 1,198,880 | \$ 123,181 | \$ 1,322,061 | \$ 1,235,930 | \$ 86,131 |
| 9136 | Xerox | - | 110,975 | 110,975 | 110,975 | - |
| 9137 | T.I. Degenkolb | 1,834,670 | 452,740 | 2,287,410 | 2,287,410 | - |
| 9138 | T.I. Twilio | 8,338,957 | 1,836,460 | 10,175,417 | 10,175,417 | - |
| 9139 | Construction contingency TIs | 525,000 | - | 525,000 | - | 525,000 |
| 9139 | Engineering/Architectural | 150,000 | - | 150,000 | - | 150,000 |
| 9140 | T.I. Ada's Café | 455,000 | - | 455,000 | 455,000 | - |
| 9141 | BCDC | 5,000,000 | 80,000 | 5,080,000 | - | 5,080,000 |
| 9142 | Cubic | 450,000 | 44,000 | 494,000 | - | 494,000 |
| | Total Tenant Improvements | \$ 17,952,507 | \$ 2,647,356 | \$ 20,599,863 | \$ 14,264,732 | \$ 6,335,131 |
| | Marketing | | | \$ 83,500 | \$ 17,065 | \$ 66,435 |
| | Building Improvements | | | \$ 890,000 | | |
| | Net | | | 565,791 | | |