

**Memorandum**

**Agenda Item 4a**

TO: Bay Area Headquarters Authority

DATE: May 16, 2018

FR: Executive Director

W. I. 9130

RE: **Third Quarter BAHA Financial Statements – March 2018**

Attached are the BAHA financial statements for the third quarter ending March 31, 2018. The report includes all of the operating and capital programs relating to BAHA and the 375 Beale Condominium Corporation.

BAHA Combined Operations – BAHA is the operating authority and provides oversight for the entire enterprise, including the condominium operations. The overall commercial and condominium operations table (Attachment A Page 1) shows an operating surplus of \$3.2 million before depreciation.

BAHA Building Operations – BAHA Building Operations is responsible for total commercial and building operations. Our building operations reflect a surplus of nearly \$3.3 million before depreciation. This amount will be adjusted by year end to account for some unbilled possessory interest tax payments of \$1.3 million which will reduce the year end surplus to just over \$2 million. Total revenue is on budget with \$6.4 million generated in the first nine months of the fiscal year. Rental income makes up 94% of the total income. Total expenses and encumbrances of \$3.3 million are at 73% of the total budget. (Attachment A Page 2).

375 Beale, Inc. – This is the Condominium operations operated through its Board. An assessment credit of \$867,990 was issued to MTC and BAAQMD during the third quarter for FY 2016-17 operations. The condo operations show an operating surplus of \$740,000, before the assessment credit. Any year-end surplus from the condo operations will be credited to the three condo agencies. (Attachment A Page 3).

BAHA Capital – The Capital budget is 99% expended. The project budget has \$1.3 million remaining after expenditures and encumbrances (Attachment A Page 4).

Commercial Development (tenant improvements) are now 98% complete, and will be 99% complete after current contract encumbrances (Attachment A Page 5).

  
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Steve Heminger

SH:bm  
Attachment

BAHA Building and 375 Beale Inc. Operations  
BAHA Operating Budget by Group  
As of March 31, 2018

	FY2017-18		Budget Bal		
	Budget	Actual YTD	Over/(Under)	% of Budget	Encumbrance
Revenue:					
Assessment fee - shared services	\$ 1,655,699	\$ 1,241,775	\$ (413,924)	75%	-
Assessment fee - common area	3,643,476	2,732,607	(910,869)	75%	-
Lease income	8,006,770	5,991,251	(2,015,519)	75%	-
Expense reimbursements	277,470	229,764	(47,706)	83%	-
Other income - parking/antenna	60,000	40,072	(19,928)	67%	-
Interest Income	-	102,567	102,567	100%	-
Total operating revenue	13,643,415	10,338,036	(3,305,379)	76%	-
Expense:					
Staff Cost					
Salaries and Benefits	1,028,574	694,495	(334,079)	68%	-
Overhead	470,836	336,803	(134,033)	72%	-
Temp staff - general services	-	3,118	3,118	100%	-
Total Staff Cost	1,499,410	1,034,416	(464,994)	69%	-
Cushman & Wakefield Op Exp					
375 Beale Inc Op Exp	3,643,476	2,443,601	(1,199,875)	67%	-
Building Op Exp	2,539,982	2,087,957	(452,025)	82%	-
Total Cushman & Wakefield Op Exp	6,183,458	4,531,558	(1,651,900)	73%	-
In-House Op Exp					
375 Beale Inc Op Exp	1,086,977	430,840	(653,019)	40%	301,730
Building Op Exp	1,020,084	330,860	(689,224)	32%	180,852
Total In-House Op Exp	2,107,061	761,700	(1,342,243)	36%	482,582
Total expense w/o depreciation	9,789,929	6,327,674	(3,459,137)	65%	
Assessment Credit:					
Assessment fee - shared services	-	(376,317)	(376,317)	100%	
Assessment fee - common area	-	(491,673)	(491,673)	100%	
Total credit	-	(867,990)	(867,990)	100%	
Transfer In/(Out)	-	10,454	10,454	100%	
Operating surplus before depreciation	3,853,486	3,152,826	153,758	82%	
Depreciation	6,060,590	4,768,856	(1,291,734)	79%	
Total operating surplus (deficit)	\$ (2,207,104)	\$ (1,616,030)			

BAHA Building Operations  
As of March 31, 2018

	FY2017-18 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Encumbrance
Revenue:					
Lease income	\$ 8,006,770	\$ 5,991,251	\$ (2,015,519)	75%	\$ -
Expense reimbursements	277,470	229,764	(47,706)	83%	-
Other income - parking/antenna	60,000	40,072	(19,928)	67%	-
Interest income	-	99,246	99,246	100%	-
Total revenue	8,344,240	6,360,333	(2,083,153)	76%	-
Expense:					
Salaries and Benefits	638,404	452,721	(185,683)	71%	-
Overhead	292,284	218,574	(73,710)	75%	-
Contractual services	245,532	22,244	(223,288)	9%	65,757
IT licenses, maintenance	189,819	145,753	(44,066)	77%	41,978
Audit/tax prep	103,552	43,548	(60,004)	42%	4
Contingency	38,753	-	(38,753)	0%	-
Insurance	15,404	15,404	-	100%	-
Other Exp./Misc. Expenses	177,024	103,911	(73,113)	59%	73,113
Parking operation - (CW)	250,000	156,518	(93,482)	63%	-
Common area expenses - (CW)	2,539,982	1,931,439	(608,543)	76%	-
Total expense w/o depreciation	4,490,754	3,090,112	(1,400,642)	69%	180,852
Transfer In/(Out)	-	10,454	10,454	100%	
Operating surplus before depreciation	3,853,486	3,280,675	(572,811)	85%	
Depreciation	6,060,590	4,768,856	(1,291,734)	79%	
Total operating surplus (deficit)	\$ (2,207,104)	\$ (1,488,181)			

## 375 Beale Inc. Operations

As of March 31, 2018

	FY2017-18 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Encumbrance
Revenue:					
Assessment fee - shared services	\$ 1,655,699	\$ 1,241,775	\$ (413,924)	75%	\$ -
Assessment fee - common area	3,643,476	2,732,607	(910,869)	75%	-
Interest income	-	3,321	3,321	100%	-
Total revenue	5,299,175	3,977,703	(1,321,472)	75%	-
Expense:					
Salaries and Benefits	390,170	241,774	(148,396)	62%	-
Overhead	178,552	118,229	(60,323)	66%	-
Temp staff - general services	-	3,118	3,118	100%	-
Comcast/Direct TV	6,000	1,741	(4,259)	29%	1,902
Postal Machine Lease	6,000	2,666	(3,334)	44%	-
Supplies	256,000	67,792	(188,208)	26%	44,446
IT licenses, maintenance	728,977	299,410	(429,567)	41%	247,006
Contingency	5,000	-	(5,000)	0%	-
Insurance	10,000	-	(10,000)	0%	-
Other Exp./Misc. Expenses	75,000	59,231	(15,769)	79%	8,376
Common area expenses - (CW)	3,643,476	2,443,601	(1,199,875)	67%	-
Total expense	5,299,175	3,237,562	(2,061,613)	61%	301,730
Surplus (deficit) before Assessment Credit	-	740,141			
Assessment Credit:					
Assessment fee - shared services	-	(376,317)			
Assessment fee - common area	-	(491,673)			
Total credit	-	(867,990)			
Total operating surplus (deficit)	\$ -	\$ (127,849)			

**BAHA Capital Fund LTD**  
**As of March 2018**

		<b>Budget LTD</b>	<b>Actual LTD</b>	<b>Encumbrances</b>	<b>Total LTD</b>	<b>Budget Balance Over/(Under)</b>	<b>% of Budget</b>
<b>Revenue:</b>							
R1	Insurance Proceeds	\$ 1,284,457	\$ 1,817,087	\$ -	\$ 1,817,087	\$ 532,630	141%
R2	Transfer in from MTC	801,160	801,160	-	801,160	-	100%
R3	Transfer in from SAFE	112,910	112,910	-	112,910	-	100%
R4	Transfer in from BATA	6,906,010	6,906,010	-	6,906,010	-	100%
R6	Purchase from ABAG	1,600,000	5,815,497	-	5,815,497	4,215,497	363%
R7	Purchase from Air District	34,000,000	29,707,755	-	29,707,755	(4,292,245)	87%
	Reimbursement from Air District	500,000	-	-	-	(500,000)	0%
R8	Reimbursement from PG&E	54,601	54,601	-	54,601	-	100%
R9	TFCA Grant	151,000	-	-	-	(151,000)	0%
R10	Grant Local Match from MTC	119,000	-	-	-	(119,000)	0%
R11	Grant Local Match from Air District	150,000	-	-	-	(150,000)	0%
R12	SPANs Savings	33,000,000	33,000,000	-	33,000,000	-	100%
R13	Capital Contribution (BATA)	193,310,846	193,610,846	-	193,610,846	300,000	100%
R15	Interest Revenue	-	148,859	-	148,859	148,859	-100%
R16	Reimbursement for Capital Expenditure	-	1,091,258	-	1,091,258	1,091,258	-100%
R17	Miscellaneous	-	26,633	-	26,633	26,633	-100%
<b>Total Revenue</b>		<b>271,989,984</b>	<b>273,092,616</b>	<b>-</b>	<b>273,092,616</b>	<b>1,102,632</b>	
<b>Expenses:</b>							
	Purchase Building	\$ 93,000,000	\$ 93,000,000	\$ -	\$ 93,000,000	\$ -	100%
E1	Building Development	153,862,476	152,137,375	1,495,917	153,633,292	(229,184)	99%
E2	Insurance	573,017	573,017	-	573,017	-	100%
E4	Furniture, Fixtures, Equipment	15,000,000	15,000,000	-	15,000,000	-	100%
	Backup Generator	500,000	-	-	-	(500,000)	0%
E5	12V Feed	500,000	307,606	-	307,606	(192,394)	62%
E6	EV Station Project	420,000	17,128	202,512	219,640	(200,360)	4%
E7	Staff Costs	8,134,491	7,916,109	-	7,916,109	(218,382)	97%
<b>Total Expenses</b>		<b>271,989,984</b>	<b>268,951,235</b>	<b>1,698,429</b>	<b>270,649,664</b>	<b>(1,340,320)</b>	
<b>Transfer to CDF</b>			<b>1,102,632</b>				

**BAHA Commercial Development Fund Life To Date As of March 2018**

Program #	Budget	Tenant Improvements	Commissions	Total	LTD Expense	Enc Amt	Budget Bal Over/(Under)
	Sales Proceeds			\$ 22,139,154			
	Cubic Reimbursement for TI			100,000			
				<u>\$ 22,239,154</u>			
9135	T.I. Rutherford and Chekene	\$ 1,112,749	\$ 123,181	\$ 1,235,930	\$ 1,235,930	\$ -	\$ -
9136	Conduent	-	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	Engineering/Architectural	350,000	-	350,000	167,702	182,298	-
9140	T.I. Ada's Café	455,000	-	455,000	465,454	-	10,454
9141	BCDC	7,004,940	-	7,004,940	6,784,746	220,194	-
9142	Cubic	550,000	44,000	594,000	462,244	72,113	(59,643)
	Total Tenant Improvements	\$ 19,646,316	\$ 2,567,356	\$ 22,213,672	\$ 21,689,878	\$ 474,605	\$ (49,189)
9143	Marketing			\$ -	\$ -	\$ -	\$ -
9143	Building Improvements			\$ -	\$ -	\$ -	\$ -
	Total Budgeted CDF Expenses			\$ 22,213,672	\$ 21,689,878	\$ 474,605	\$ (49,189)
	Net			\$ 25,482			

Completed Project