

Memorandum

Agenda Item 3a.ii.

TO: Bay Area Headquarters Authority

DATE: February 13, 2019

FR: Executive Director

W. I. 9110, 9120, 9130

RE: BAHA Resolution No. 20, Revised, FY 2018-19 Operating and Capital Budgets Revision

Staff requests Authority approval of BAHA Resolution No. 20, Revised, authorizing an amendment to the FY2018-19 Capital budget.

The FY 2018-19 Capital budget currently includes \$2.0 million in the Commercial Development Fund (CDF) to fund the development of the Large Retail space. Staff proposes that the FY 2018-19 Capital budget be revised to add \$3.0 million to the BAHA CDF. This \$3.0 million would come from the Bay Area Air Quality Management District (BAAQMD) Funding Agreement with BAHA (Agenda Item 3a.i).

Recommendation

Staff recommends the Authority approve BAHA Resolution No. 20, Revised, increasing the BAHA FY 2018-19 Commercial Development Fund by \$3.0 million for the development of the Large Retail space.



Steve Heminger

SH:gs
Attachment

Date: June 27, 2018
W.I.: 9110, 9120, 9130
Revised: 02/27/19-BAHA

ABSTRACT

BAHA Resolution No. 20

This resolution approves the Budget for FY 2018-19 for the Bay Area Headquarters Authority (BAHA).

This resolution was revised on February 27, 2019 to update the LTD Capital Commercial Development Budget in Attachment A, page 5 of 6.

Discussion of this Resolution can be found in the Executive Director's Memoranda to BAHA dated June 20, 2018 and February 13, 2019.

Date: June 27, 2018
W.I.: 9110, 9120, 9130

Re: Bay Area Headquarters Authority Operating and Capital Budgets for FY 2018-19

BAY AREA HEADQUARTERS AUTHORITY
RESOLUTION No. 20

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 operating and capital budget setting forth the anticipated revenues and expenditures of BAHA for FY 2018-19 according to generally accepted accounting principles; now, therefore, be it

RESOLVED, that BAHA approves the FY 2018-19 operating and capital budgets (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 2018-19, 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 2018-19; 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 2018-19; and, be it further

RESOLVED, that the Executive Director and Chief Financial Officer are authorized to utilize generally available cash as an advance for project cash flow purposes provided the advance is repaid from project funds by the close of the fiscal year; 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

A handwritten signature in black ink, appearing to read "Jake Mackenzie", written over a horizontal line.

Jake Mackenzie, 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 27, 2018.

Date: June 27, 2018
W.I.: 9110, 9120, 9130
Revised: 02/27/19-BAHA

Attachment A
BAHA Resolution No. 20

FY 2018-19 BAHA Budget

BAHA Building and Commercial Operations Budget FY2018-19

	Adopted Budget FY2017-18	Original Budget FY2018-19	Percent Change	Change in \$ inc (dec)
Revenue:				
Assessment fee - shared services	\$ 1,655,699	\$ 2,044,713	23.5%	\$ 389,014
Assessment fee - common area	3,643,476	3,414,726	-6.3%	(228,750)
Special assessment	-	152,000	100.0%	152,000
Sales proceeds	-	4,389,000	100.0%	4,389,000
Lease income	8,163,240	8,963,946	9.8%	800,706
Expense reimbursements	121,000	121,000	0.0%	-
Other income - parking	-	230,100	100.0%	230,100
Other income	-	3,600	100.0%	3,600
Utility reimbursements	60,000	85,368	42.3%	25,368
Total revenue	13,643,415	19,404,453	42.2%	5,761,038
Expenses:				
Salaries and Benefits	1,028,501	1,270,919	23.6%	242,418
Overhead	470,886	634,790	34.8%	163,904
Services and supplies	268,000	273,000	1.9%	5,000
Contractual services - CW	6,433,458	7,623,312	18.5%	1,189,854
Possessory tax	1,500,000	-	-100.0%	(1,500,000)
Other contractual servies	225,000	225,000	0.0%	-
Legal services	-	100,000	100.0%	100,000
IT licenses, maintenance	900,000	1,030,000	14.4%	130,000
Audit/tax prep	60,000	76,744	27.9%	16,744
Parking operation	-	272,011	100.0%	272,011
Insurance	10,000	17,000	70.0%	7,000
Catering	5,000	5,000	100.0%	-
Special Event Setups	50,000	50,000	100.0%	-
Other expenses	-	20,000	0.0%	20,000
Special assessment project	-	152,000	100.0%	152,000
Contingency	275,000	243,000	-11.6%	(32,000)
Total expense before depreciation	11,225,845	11,992,776	6.8%	766,931
Transfer in/(out):				
Transfer to BATA	(2,417,000)	(3,900,000)	100.0%	(1,483,000)
Transfer to Capital	-	(3,470,634)	100.0%	(3,470,634)
Total transfer	(2,417,000)	(7,370,634)	100.0%	(4,953,634)
Operating surplus before depreciation	570	41,043	7100.5%	40,473
Depreciation	6,060,590	6,814,218	100.0%	753,628
Total operating gain (loss)	\$ (6,060,020)	\$ (6,773,175)	11.8%	

BAHA Building and Commercial Operations Budget FY2018-19

	Building and Commercial Operations- CW	Condo and Shared Services	BAHA Operating	Total BAHA Operating
Revenue:				
Assessment fee - shared services	\$ -	\$ 2,044,713	\$ -	\$ 2,044,713
Assessment fee - common area	-	3,414,726	-	3,414,726
Special assessment	-	-	152,000	152,000
Sales proceeds	-	-	4,389,000	4,389,000
Lease income	8,963,946	-	-	8,963,946
Expense reimbursements	-	-	121,000	121,000
Other income - parking	230,100	-	-	230,100
Utility reimbursements	85,368	-	-	85,368
Other revenue	3,600	-	-	3,600
Total revenue	9,283,014	5,459,439	4,662,000	19,404,453
Expenses:				
Salaries and Benefits	-	590,016	680,903	1,270,919
Overhead	-	294,697	340,093	634,790
Services and supplies	-	262,000	11,000	273,000
Contractual services - CW	4,208,586	3,414,726	-	7,623,312
Other contractual services	-	-	225,000	225,000
Legal services	-	-	100,000	100,000
IT licenses, maintenance	-	802,000	228,000	1,030,000
Audit/tax prep	-	-	76,744	76,744
Parking operation	272,011	-	-	272,011
Insurance	-	-	17,000	17,000
Catering	-	5,000	-	5,000
Special Event Setups	-	50,000	-	50,000
Other expenses	-	-	20,000	20,000
Special assessment project	-	-	152,000	152,000
Contingency	-	41,000	202,000	243,000
Total expense w/o depreciation	4,480,597	5,459,439	2,052,740	11,992,776
Transfer in/(out):				
Transfer to BATA	-	-	(3,900,000)	(3,900,000)
Transfer to Capital	-	-	(3,470,634)	(3,470,634)
Total transfer	-	-	(7,370,634)	(7,370,634)
Operating surplus before depreciation	4,802,417	-	(4,761,374)	41,043
Depreciation	1,514,218	-	5,300,000	6,814,218
Total operating gain (loss)	\$ 3,288,199	\$ -	\$ (10,061,374)	\$ (6,773,175)

Distribution of Condo Area Fees

FY 2018-19

	Common Area	Shared Services	Total
BAAQMD	\$ 1,353,598	\$ 810,524	\$ 2,164,122
ABAG	149,135	185,865	335,000 *
MTC	1,911,993	1,048,324	2,960,317
Total	<u>\$ 3,414,726</u>	<u>\$ 2,044,713</u>	<u>\$ 5,459,439</u>

FY 2017-18

BAAQMD	\$ 1,444,218	\$ 656,294	\$ 2,100,512
ABAG	174,567	150,433	325,000
MTC	2,024,691	848,972	2,873,663
Total	<u>\$ 3,643,476</u>	<u>\$ 1,655,699</u>	<u>\$ 5,299,175</u>

Diff

BAAQMD	\$ (90,620)	\$ 154,230	\$ 63,610
ABAG	(25,432)	35,432	10,000
MTC	(112,698)	199,352	86,654
Total	<u>\$ (228,750)</u>	<u>\$ 389,014</u>	<u>\$ 160,264</u>

* Max ABAG assessment fee for FY19 is \$325,000 based on CC&R Section

	RSF	
MTC/BATA	107,804	51.27%
BAAQMD	83,350	39.64%
ABAG	19,113	9.09%
375 Condo Sq. Ft	210,267 **	42.56%
Total CC&R Sq. Ft.	494,027	57.44%
** Agency Space RSF from CC&R Exhibit B and 15,600 RSF for 1st floor		

Capital Building Development Budget LTD Thru FY 2018-19

	LTD Budget Thru FY2017-18	Total Budget FY2018-19	Total LTD Budget Thru FY2018-19
Sources			
Insurance proceeds	\$ 1,284,457	\$ 532,630	\$ 1,817,087
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	54,601	-	54,601
TFCA Grant	151,000	-	151,000
Grant Local Match from MTC/BATA	119,000	-	119,000
Grant Local Match from Air District	150,000	-	150,000
SPANs savings	33,000,000	-	33,000,000
Capital Contribution (BATA)	193,310,846	-	193,310,846
Transfer in from BAHA Operation	-	245,634	245,634
Total Transfer In	271,989,984	278,264	272,268,248
Uses			
Purchase Building	\$ 93,000,000	\$ -	\$ 93,000,000
Building Development	138,357,333	15,923,566	154,280,899
Development Contingency	18,824,538	(17,924,538)	900,000
Furniture, Fixtures, Equipment	15,000,000	-	15,000,000
12V Feed	500,000	(192,394)	307,606
Backup Generator	500,000	(500,000)	-
EV Charging Station	420,000	-	420,000
Staff Costs	5,388,113	2,971,630	8,359,743
Total Usage	271,989,984	278,264	272,268,248
LTD Actual and Encumbrances as of March 2018			<u>270,649,664</u>
Remining Balance			<u>\$ 1,618,584</u>

Capital Commercial Development Budget LTD Thru FY 2018-19

Program #	Budget	Approved LTD Budget Thru FY2018-19	FY2018-19 Amendment			Thru FY2018-19
			Tenant Improvements	Commissions	Total	
	Transfer In	\$ 24,139,154	\$ -	\$ -	\$ -	\$ 24,139,154
	Cubic Reimbursement for TI	100,000	-	-	-	100,000
	Air District	-	3,000,000	-	3,000,000	3,000,000
		<u>\$ 24,239,154</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 24,239,154</u>
9135	T.I. Rutherford and Chekene	\$ 1,235,930	\$ -	\$ -	\$ -	\$ 1,235,930
9136	Conduent (Xerox)	110,975	-	-	-	110,975
9137	T.I. Degenkolb	2,287,410	-	-	-	2,287,410
9138	T.I. Twilio	10,175,417	-	-	-	10,175,417
9139	Engineering/Architectural	350,000	-	-	-	350,000
9140	T.I. Ada's Café	465,454	-	-	-	465,454
9141	BCDC	7,014,940	-	-	-	7,014,940
9142	Cubic	594,000	-	-	-	594,000
9144	Retail Space	2,000,000	3,000,000	-	3,000,000	5,000,000
	Total Tenant Improvements	<u>\$ 24,234,126</u>	<u>\$ 3,000,000</u>	<u>\$ -</u>	<u>\$ 3,000,000</u>	<u>\$ 27,234,126</u>
9143	Marketing	<u>\$ -</u>			<u>\$ -</u>	<u>\$ -</u>
9143	Building Improvements	\$ -			\$ -	\$ -
	Net	\$ 5,028			\$ -	\$ 5,028

Capital Building Improvement Budget LTD Thru FY 2018-19

Budget	LTD Budget Thru FY2017-18	FY2018-19	Thru FY2018-19
Transfer In	\$0	\$1,225,000	\$1,225,000
In-House Improvement Project			
IT Improvement Project	\$0	\$525,000	\$525,000
Total In-House Project	\$0	\$525,000	\$525,000
CW Improvement Project			
AHUs1-4 Eyebrow Install	\$0	\$400,000	\$400,000
Building Improvement	0	300,000	300,000
Total CW Project	\$0	\$700,000	\$700,000
Total Building Improvement Budget	\$0	\$1,225,000	\$1,225,000