

Bay Area Headquarters Authority (BAHA)

June 26, 2019

Agenda Item 2b

Third Quarter Bay Area Headquarters Authority (BAHA) Financial Statements for March 31, 2019

Background: Attached are the BAHA Operating and Capital Financial Statements for the Fiscal Year 2018-19 Third quarter ending on March 31, 2019.

Combined Operations: BAHA is the operating authority and provides oversight for the entire Bay Area Metro Center (BAMC) enterprise, including the operation of the 375 Beale Condominium Corporation (375 Beale Inc.). As of the end of the third quarter, the combined operating financials show a surplus of \$4.3 million before transfer out and depreciation.

BAHA Building Operations: BAHA Building Operations represents the BAHA commercial building operations. These operations reported a \$3.4 million surplus before transfer out and depreciation. Total revenue of \$7.6 million is 54% of the approved budget. The proceeds from the sale of the additional space to Bay Area Air Quality Management District (BAAQMD) were budgeted in Building Operations but reported in the Building Development Budget.

Total operating expense was slightly below the approved budget at 62% or \$4.1 million at the end of the third quarter.

375 Beale Inc.: The board of directors of 375 Beale Inc., composed of representatives of the condominium owners, oversees the condominium operations. As of March 31, 2019, the condominium operations show a surplus of \$879,733. Any surplus revenue at the end of the fiscal year will be returned to the condominium owners based on the assessment allocation formula.

Property Manager: Cushman & Wakefield of California, Inc. (CW) is hired by BAHA as the property manager for the BAMC. CW is responsible for ensuring the building is in operating condition throughout the fiscal year by managing utility services, building security, janitorial service, and building maintenance. Total operating expense incurred by CW at the end of the third quarter was \$5.3 million, 67% of the approved budget. CW expenses are split between BAHA Building Operations and 375 Beale Inc.

BAHA Building Development: BAHA received \$4.4 million from BAAQMD for the sale of additional space. The capital budget is 99% expended. The project budget has \$621,654 remaining after expenditures and encumbrances.

Commercial Development: Tenant improvements are 83% complete with three open projects remaining. The entire development project has \$4.7 million budget remaining which is largely reserved for the Retail Space project.

Building Improvement: This capital fund, established in the current fiscal year, is used for building improvement projects. Total budget for the fund is \$1.2 million. As of the end of March, the project budget has \$249,649 remaining after expenditures and encumbrances

Recommendation: None. This item provided as information only.

Attachments: Attachment A – BAHA Third Quarter Financial Statements for period ending March 31, 2019



Therese W. McMillan

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BAHA Building and 375 Beale Inc. Operations BAHA Operating Budget by Group As of March 31, 2019

	FY2018-19 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired	Enc	YTD Total (YTD + Enc)
Revenue:							
Assessment Fee - Shared Services	\$ 2,044,713	\$ 1,533,535	\$ (511,178)	75%	75%	\$ -	\$ 1,533,535
Assessment Fee - Common Area	3,414,726	2,561,045	(853,681)	75%	75%	-	2,561,045
Special Assessment for Ada's	152,000	152,000	-	100%	75%	-	152,000
Lease income	8,963,946	6,937,350	(2,026,596)	77%	75%	-	6,937,350
Expense reimbursements	206,368	222,318	15,950	108%	75%	-	222,318
Sales proceeds	4,389,000	-	(4,389,000)	0%	75%	-	-
Other income - Parking/Antenna	230,100	145,413	(84,687)	63%	75%	-	145,413
Other income	-	8,794	8,794	N/A	75%	-	8,794
Interest Income	-	93,829	93,829	N/A	75%	-	93,829
Total Operating Revenue	19,400,853	11,654,284	(7,746,569)	60%	75%	-	11,654,284
Expense:							
Staff Cost (In-House)							
Salaries and Benefits	1,270,919	642,207	(628,712)	51%	75%	-	642,207
Overhead	634,790	338,893	(295,897)	53%	75%	-	338,893
Total Staff Cost	1,905,709	981,100	(924,609)	51%	75%	-	981,100
Property Management Op Exp (CW)							
375 Beale Inc (SSO)	3,414,726	2,198,833	(1,215,893)	64%	75%	-	2,198,833
Building Op Exp	4,480,597	3,093,358	(1,387,239)	69%	75%	-	3,093,358
Total Property Management Op Exp	7,895,323	5,292,191	(2,603,132)	67%	75%	-	5,292,191
In-House Op Exp							
375 Beale Inc (SSO)	1,160,000	492,313	(667,687)	42%	75%	382,055	874,368
Building Op Exp	1,031,744	570,969	(460,775)	55%	75%	166,449	737,418
Total In-House Op Exp	2,191,744	1,063,282	(1,128,462)	49%	75%	548,504	1,611,786
Total Operating Exp	11,992,776	7,336,573	(4,656,203)	61%	75%	548,504	7,885,077
Total Operating Suplus (Deficit) before Transfer and Depreciation	7,408,077	4,317,711	(3,090,366)	58%	75%		
Transfer In/(Out)	(7,370,634)	(10,842,289)	(3,471,655)	147%	75%		
Depreciation	6,814,218	4,961,092	(1,853,126)	73%	75%		
Total Operating Suplus (Deficit)	<u>\$ (6,776,775)</u>	<u>\$ (11,485,670)</u>					

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BAHA Building Operations As of March 31, 2019

	FY2018-19 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired	Enc	YTD Total (YTD + Enc)
Revenue							
Special Assessment for Ada's	\$ 152,000	\$ 152,000	\$ -	100%	75%	\$ -	\$ 152,000
Lease income	8,963,946	6,937,350	(2,026,596)	77%	75%	-	6,937,350
Expense reimbursements	206,368	222,318	15,950	108%	75%	-	222,318
Sales proceeds	4,389,000	-	(4,389,000)	0%	75%	-	-
Other income - Parking/Antenna	230,100	142,632	87,468	62%	75%	-	142,632
Other income - Antenna	3,600	2,781	819	77%	75%	-	2,781
Other income	-	8,794	(8,794)	N/A	75%	-	8,794
Interest Income	-	84,755	84,755	N/A	75%	-	84,755
Total Revenue	13,945,014	7,550,630	(6,235,398)	54%	75%	-	7,550,630
In-House Op Exp							
Salaries and Benefits	680,903	293,464	(387,439)	43%	75%	-	293,464
Overhead	340,093	154,861	(185,232)	46%	75%	-	154,861
Contractual services	250,000	15,749	(234,251)	6%	75%	55,979	71,728
IT Licenses, Maintenance	288,000	228,409	(59,591)	79%	75%	50,670	279,079
Audit/Accounting/Other	129,088	48,910	(80,178)	38%	75%	1,434	50,344
Other Op Exp	135,520	86,559	(48,961)	64%	75%	5,891	92,450
Insurance	17,000	11,737	(5,263)	69%	75%	-	11,737
Art Related	90,000	45,150	(44,850)	50%	75%	41,738	86,888
Contribution to Ada's	172,000	134,455	(37,545)	78%	75%	10,737	145,192
Total In-House Op Exp	2,102,604	1,019,294	(1,083,310)	48%	75%	166,449	1,185,743
Property Management Op Exp (CW)							
Contractual services	499,403	332,462	(166,941)	67%	75%	-	332,462
Building Repair and Maint.	1,133,176	645,870	(487,306)	57%	75%	-	645,870
Security	524,606	367,623	(156,983)	70%	75%	-	367,623
Parking	272,011	201,652	(70,359)	74%	75%	-	201,652
Other Op Exp	26,305	17,923	(8,382)	68%	75%	-	17,923
Insurance	176,070	126,506	(49,564)	72%	75%	-	126,506
Utility - Ele	353,332	245,249	(108,083)	69%	75%	-	245,249
Utility - Gas	48,810	28,760	(20,050)	59%	75%	-	28,760
Utility - Water	61,857	31,249	(30,608)	51%	75%	-	31,249
Janitorial Service	742,686	468,437	(274,249)	63%	75%	-	468,437
Landscape	42,341	28,625	(13,716)	68%	75%	-	28,625
Possessory Tax	600,000	599,002	(998)	100%	75%	-	599,002
Total Property Management Op Exp	4,480,597	3,093,358	(1,387,239)	69%	75%	-	3,093,358
Total Operating Exp	6,583,201	4,112,652	(2,470,549)	62%	75%	166,449	4,279,101
Total Operating Suplus (Deficit) before Transfer and Depreciation	7,361,813	3,437,978	(3,764,849)	47%	75%		
Transfer In/(Out)	(7,370,634)	(10,842,289)	(3,471,655)	147%	75%		
Depreciation	6,814,218	4,961,092	(1,853,126)	73%	75%		
Total Operating Suplus (Deficit)	<u>\$ (6,823,039)</u>	<u>\$ (12,365,403)</u>					

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375 Beale Inc. Operations As of March 31, 2019

	FY2018-19 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired	Enc	YTD Total (YTD + Enc)
Revenue							
Assessment Fee - Shared Services	\$ 2,044,713	\$ 1,533,535	\$ (511,178)	75%	75%	\$ -	\$ 1,533,535
Assessment Fee - Common Area	3,414,726	2,561,045	(853,681)	75%	75%	-	2,561,045
Interest Income	-	9,074	9,074	N/A	75%	-	9,074
Total Revenue	5,459,439	4,103,654	(1,355,785)	75%	75%	-	4,103,654
In-House Op Exp							
Salaries and Benefits	590,016	348,743	(241,273)	59%	75%	-	348,743
Overhead	294,697	184,032	(110,665)	62%	75%	-	184,032
IT Licenses, Maintenance	802,000	290,175	(511,825)	36%	75%	298,426	588,601
Audit/Accounting/Other	40,000	38,431	(1,569)	96%	75%	-	38,431
Office Supplies	121,000	24,104	(96,896)	20%	75%	35,264	59,368
Coffee/Tea Service	96,000	67,472	(28,528)	70%	75%	12,528	80,000
Other Op Exp	101,000	72,131	(28,869)	71%	75%	35,837	107,968
Total In-House Op Exp	2,044,713	1,025,088	(1,019,625)	50%	75%	382,055	1,407,143
Property Management Op Exp (CW)							
Contractual services	578,249	417,786	(160,463)	72%	75%	-	417,786
Building Repair and Maint.	839,624	478,555	(361,069)	57%	75%	-	478,555
Security	390,985	272,929	(118,056)	70%	75%	-	272,929
Other Op Exp	19,491	13,280	(6,211)	68%	75%	-	13,280
Insurance	130,458	93,734	(36,724)	72%	75%	-	93,734
Utility - Ele	539,956	386,439	(153,517)	72%	75%	-	386,439
Utility - Gas	36,165	21,309	(14,856)	59%	75%	-	21,309
Utility - Water	45,833	23,153	(22,680)	51%	75%	-	23,153
Janitorial Service	797,662	470,109	(327,553)	59%	75%	-	470,109
Landscape	36,303	21,539	(14,764)	59%	75%	-	21,539
Total Property Management Op Exp	3,414,726	2,198,833	(1,215,893)	64%	75%	-	2,198,833
Total Operating Exp	5,459,439	3,223,921	(2,235,518)	59%	75%	382,055	3,605,976
Total Operating Suplus (Deficit)	\$ -	\$ 879,733					

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Property Management Operations (CW) As of March 31, 2019

	FY2018-19 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired
Op Exp - Split among 375 Beale Inc. and BAHA Building Operation					
Contractual services	812,687	578,800	(233,887)	71%	75%
Building Repair and Maint.	1,972,800	1,124,425	(848,375)	57%	75%
Security	913,311	640,012	(273,299)	70%	75%
Parking	272,011	201,652	(70,359)	74%	75%
Other Op Exp	45,796	31,203	(14,593)	68%	75%
Insurance	306,528	220,240	(86,288)	72%	75%
Utility - Ele	615,133	426,966	(188,167)	69%	75%
Utility - Gas	84,975	50,069	(34,906)	59%	75%
Utility - Water	107,690	54,402	(53,288)	51%	75%
Janitorial Service	1,292,976	815,524	(477,452)	63%	75%
Landscape	73,714	49,834	(23,880)	68%	75%
Total Op Exp	6,497,621	4,193,127	(2,304,494)	65%	75%
Op Exp - 375 Beale Inc.					
Contractual services	232,369	171,448	(60,921)	74%	75%
Security	2,280	540	(1,740)	24%	75%
Utility - Ele	278,155	204,722	(73,433)	74%	75%
Janitorial Service	247,372	123,022	(124,350)	50%	75%
Landscape	4,930	330	(4,600)	7%	75%
Total Op Exp - 375 Beale Inc.	765,106	500,062	(265,044)	65%	75%
Op Exp - BAHA Building Operation					
Contractual services	32,596	-	(32,596)	0%	75%
Possessory Tax	600,000	599,002	(998)	100%	75%
Total Op Exp - BAHA Building Operation	632,596	599,002	(33,594)	95%	75%
Total Operating Exp	\$ 7,895,323	\$ 5,292,191	(2,603,132)	67%	75%
Depreciation - BAHA Building Operation	1,514,218	1,135,663	(378,555)	75%	75%
Transfer Out - BAHA Building Operation	-	2,500,000	2,500,000	N/A	75%
Total Expense	\$ 9,409,541	\$ 8,927,854	\$ (481,687)	95%	75%

BAHA Building Development Fund
As of December 2018 - Life To Date

		Budget LTD	Actual LTD	Encumbrances	Total LTD	Budget Balance Over/(Under)	% of Budget
Revenue:							
R1	Insurance Proceeds	\$ 1,817,087	\$ 1,817,087	\$ -	\$ 1,817,087	\$ -	100%
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	34,141,265	-	34,141,265	141,265	100%
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	-	203,999	-	203,999	203,999	-100%
R16	Reimbursement for Capital Expenditure	-	1,091,258	-	1,091,258	1,091,258	-100%
R17	Miscellaneous	-	27,133	-	27,133	27,133	-100%
R18	Transfer in from BAHA Operation	245,634	-	-	-	(245,634)	-100%
Total Revenue		272,268,248	277,581,766	-	277,581,766	5,313,518	
Expenses:							
	Purchase Building	\$ 93,000,000	\$ 93,000,000	\$ -	\$ 93,000,000	\$ -	100%
E1	Building Development	154,207,882	153,497,216	704,094	154,201,310	(6,572)	100%
E2	Insurance	573,017	573,017	-	573,017	-	100%
E3	Development Contingency	400,000	-	-	-	(400,000)	0%
E4	Furniture, Fixtures, Equipment	15,000,000	15,000,000	-	15,000,000	-	100%
E5	12V Feed	307,606	307,606	-	307,606	-	100%
E6	EV Station Project	420,000	290,538	55,333	345,871	(74,129)	69%
E7	Staff Costs	8,359,743	8,218,790	-	8,218,790	(140,953)	98%
Total Expenses		272,268,248	270,887,167	759,427	271,646,594	(621,654)	
Transfer to CDF			5,313,518				

**BAHA Commercial Development Fund
As of March 2019 - Life To Date**

Program #	Budget	Tenant Improvements	Commissions	Total	LTD Expense	Enc Amt	Budget Bal Over/(Under)
	Sales Proceeds			\$ 24,139,154			
	Air District Contribution			3,000,000			
	Cubic Reimbursement for TI			100,000			
				<u>\$ 27,239,154</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	349,438	-	(562)
9140	T.I. Ada's Café	465,454	-	465,454	465,454	-	-
9141	BCDC	7,014,940	-	7,014,940	6,995,698	19,242	-
9142	Cubic	550,000	44,000	594,000	565,628		(28,372)
9144	Retail Space	5,000,000	-	5,000,000	223,803	149,047	(4,627,150)
	Total Tenant Improvements	\$ 24,666,770	\$ 2,567,356	\$ 27,234,126	\$ 22,409,753	\$ 168,289	\$ (4,656,084)
	Total Budgeted CDF Expenses			\$ 27,234,126	\$ 22,409,753	\$ 168,289	\$ (4,656,084)
	Net			\$ 5,028			

Completed Project

**BAHA Building Improvement Fund
As of March 2019 - Life To Date**

Program #	Program Name	LTD FY2018-19	LTD Expense	Enc Amt	Budget Bal Over/(Under)
	In-House Improvement Project				
9160	IT Improvement Project	\$525,000	\$272,604	\$95,404	-\$156,992
	Total In-House Project	\$525,000	\$272,604	\$95,404	-\$156,992
	CW Improvement Project				
9180	AHUs1-4 Eyebrow Install	\$400,000	\$29,618	\$370,382	\$0
9181	Building Improvement	300,000	85,440	121,903	-\$92,657
	Total CW Project	\$700,000	\$115,058	\$492,285	-\$92,657
	Total Building Improvement Budget	\$1,225,000	\$387,662	\$587,689	-\$249,649