

Bay Area Headquarters Authority (BAHA)

January 22, 2020

Agenda Item 2b

BAHA Financial Statements for First Quarter FY 2019-20

Background:

Attached are the BAHA Operating and Capital Financial Statements for the Fiscal Year 2019-20 first quarter ending on September 30, 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 first quarter, the combined operating financials show a surplus of \$902,638 before transfer out and depreciation.

BAHA Building Operations: BAHA Building Operations represents the BAHA commercial building operations. These operations reported a \$858,278 surplus before transfer out and depreciation. Total revenue of \$2.6 million is 25% of the approved budget.

Total operating expense was in line with the approved budget at 25% or \$1.7 million at the end of the first quarter. Overhead costs are not yet calculated pending approval of the overhead rate and should be assessed by mid-year.

375 Beale Inc.: The board of directors of 375 Beale Inc., composed of representatives of the condominium owners, oversees the condominium operations. As of September 30, 2019, the condominium operations show a surplus of \$44,400. 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 first quarter was \$2.9 million, 28% of the approved budget. Expense was slightly ahead of budget due to the one time Possessory Interest Tax payment made in the beginning of the year. CW expenses are split between BAHA Building Operations and 375 Beale Inc.


BAHA Building Development: The capital budget is 99% expended. The project budget has \$971,371 remaining after expenditures and encumbrances.

Commercial Development: Tenant improvements are 86% complete with three open projects remaining. The entire development project has \$3.6 million budget remaining which is largely reserved for the first floor Retail Space project.

Building Improvement: Total life-to-date budget for this capital fund is \$3.3 million. Total spent and encumbered was \$1.7 million as of the end of September, leaving \$1.6 million for future improvement.

Recommendation: None. This item provided as information only.

Attachments: Attachment A – BAHA Third Quarter Financial Statements for period ending September 30, 2019


Therese W. McMillan

Attachment A

BAHA Building Operations As of September 30, 2019

	FY2019-20 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired	Enc	YTD Total (YTD + Enc)
Revenue							
Lease income	\$ 9,645,222	\$ 2,351,655	\$ (7,293,567)	24%	25%	\$ -	\$ 2,351,655
Expense reimbursements	358,333	67,469	(290,864)	19%	25%	-	67,469
Other income - Parking/Antenna	202,200	51,736	(150,464)	26%	25%	-	51,736
Other income - Antenna	3,819	-	(3,819)	0%	25%	-	-
Other income	-	3,488	(3,488)	N/A	25%	-	3,488
Interest Income	-	77,946	77,946	N/A	25%	-	77,946
Total Revenue	10,209,574	2,552,294	(7,664,256)	25%	25%	-	2,552,294
In-House Op Exp							
Salaries and Benefits	808,400	118,833	(689,567)	15%	25%	26,069	144,902
Overhead	392,500	-	(392,500)	0%	25%	-	-
Contractual services	252,520	-	(252,520)	0%	25%	-	-
IT Licenses, Maintenance	421,000	39,574	(381,426)	9%	25%	196,195	235,769
Audit/Accounting/Other	87,000	34,290	(52,710)	39%	25%	17,348	51,638
Other Op Exp	36,500	2,786	(33,714)	8%	25%	24,516	27,302
Insurance	17,000	2,829	(14,171)	17%	25%	-	2,829
Art Related	75,000	-	(75,000)	0%	25%	-	-
Contribution to Ada's	32,000	-	(32,000)	0%	25%	15,370	15,370
Lease Commitment	50,000	-	(50,000)	0%	25%	-	-
Total In-House Op Exp	2,171,920	198,312	(1,973,608)	9%	25%	279,498	477,810
Property Management Op Exp (CW)							
Contractual services	522,411	106,144	(416,267)	20%	25%	-	106,144
Building Repair and Maint.	1,103,946	224,113	(879,833)	20%	25%	-	224,113
Security	565,880	133,437	(432,443)	24%	25%	-	133,437
Parking	330,442	74,480	(255,962)	23%	25%	-	74,480
Other Op Exp	26,511	6,142	(20,369)	23%	25%	-	6,142
Insurance	166,529	41,743	(124,786)	25%	25%	-	41,743
Utility - Ele	356,852	121,075	(235,777)	34%	25%	-	121,075
Utility - Gas	36,182	3,343	(32,839)	9%	25%	-	3,343
Utility - Water	63,464	18,299	(45,165)	29%	25%	-	18,299
Janitorial Service	772,135	168,374	(603,761)	22%	25%	-	168,374
Landscape	52,293	2,732	(49,561)	5%	25%	-	2,732
Possessory Tax	620,000	595,862	(24,138)	96%	25%	-	595,862
Total Property Management Op Exp	4,616,645	1,495,744	(3,120,901)	32%	25%	-	1,495,744
Total Operating Exp	6,788,565	1,694,056	(5,094,509)	25%	25%	279,498	1,973,554
Total Operating Suplus (Deficit) before Transfer and Depreciation							
	3,421,009	858,238	(2,569,747)	25%	25%		
Transfer In/(Out)	(3,421,009)	-	3,421,009	0%	25%		
Depreciation	6,814,218	591,745	(6,222,473)	9%	25%		
Total Operating Suplus (Deficit)	\$ (6,814,218)	\$ 266,493					

Attachment A

375 Beale Inc. Operations As of September 30, 2019

	FY2019-20 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired	Enc	YTD Total (YTD + Enc)
Revenue							
Assessment Fee - Shared Services	\$ 2,006,600	\$ 501,650	\$ (1,504,950)	25%	25%	\$ -	\$ 501,650
Assessment Fee - Common Area	3,455,272	863,818	(2,591,454)	25%	25%	-	863,818
Interest Income	-	740	740	N/A	25%	-	740
Total Revenue	5,461,872	1,366,208	(4,095,664)	25%	25%	-	1,366,208
In-House Op Exp							
Salaries and Benefits	600,600	175,192	(425,408)	29%	25%	-	175,192
Overhead	319,000	-	(319,000)	0%	25%	-	-
IT Licenses, Maintenance	655,500	276,864	(378,636)	42%	25%	299,271	576,135
Audit/Accounting/Other	53,000	22,572	(30,428)	43%	25%	2,900	25,472
Office Supplies	150,000	26,366	(123,634)	18%	25%	115,723	142,089
Coffee/Tea Service	95,000	-	(95,000)	0%	25%	-	-
Other Op Exp	83,500	17,299	(66,201)	21%	25%	42,942	60,241
Special Event Setups	50,000	4,140	(45,860)	8%	25%	45,860	50,000
Total In-House Op Exp	2,006,600	522,433	(1,484,167)	26%	25%	506,696	1,029,129
Property Management Op Exp (CW)							
Contractual services	554,047	120,588	(433,459)	22%	25%	-	120,588
Building Repair and Maint.	821,653	166,805	(654,848)	20%	25%	-	166,805
Security	423,458	101,220	(322,238)	24%	25%	-	101,220
Other Op Exp	19,731	4,571	(15,160)	23%	25%	-	4,571
Insurance	128,331	31,068	(97,263)	24%	25%	-	31,068
Utility - Ele	569,438	188,888	(380,550)	33%	25%	-	188,888
Utility - Gas	26,930	2,489	(24,441)	9%	25%	-	2,489
Utility - Water	47,236	13,620	(33,616)	29%	25%	-	13,620
Janitorial Service	817,811	168,093	(649,718)	21%	25%	-	168,093
Landscape	46,637	2,033	(44,604)	4%	25%	-	2,033
Total Property Management Op Exp	3,455,272	799,375	(2,655,897)	23%	25%	-	799,375
Total Operating Exp	5,461,872	1,321,808	(4,140,064)	24%	25%	506,696	1,828,504
Total Operating Suplus (Deficit)	\$ -	\$ 44,400					

Attachment A

Property Management Operations (CW) As of September 30, 2019

	FY2019-20 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired
Op Exp - Split among 375 Beale Inc. and BAHA Building Operation					
Contractual services	854,378	185,145	(669,233)	22%	75%
Building Repair and Maint.	1,925,599	390,918	(1,534,681)	20%	75%
Security	987,058	232,753	(754,305)	24%	75%
Parking	330,442	74,480	(255,962)	23%	75%
Other Op Exp	46,242	10,713	(35,529)	23%	75%
Insurance	290,474	72,811	(217,663)	25%	75%
Utility - Ele	622,453	211,189	(411,264)	34%	75%
Utility - Gas	63,112	5,832	(57,280)	9%	75%
Utility - Water	110,700	31,919	(78,781)	29%	75%
Janitorial Service	1,346,826	293,692	(1,053,134)	22%	75%
Landscape	91,214	4,765	(86,449)	5%	75%
Total Op Exp	6,668,498	1,514,217	(5,154,281)	23%	75%
Op Exp - 375 Beale Inc.					
Contractual services	189,484	41,587	(147,897)	22%	75%
Security	2,280	1,904	(376)	84%	75%
Insurance	4,386	37	(4,349)	1%	75%
Utility - Ele	303,837	98,774	(205,063)	33%	75%
Janitorial Service	243,120	42,775	(200,345)	18%	75%
Landscape	7,716	-	(7,716)	0%	75%
Total Op Exp - 375 Beale Inc.	750,823	185,077	(565,746)	25%	75%
Op Exp - BAHA Building Operation					
Contractual services	32,596	-	(32,596)	0%	75%
Possessory Tax	620,000	595,862	(24,138)	96%	75%
Total Op Exp - BAHA Building Operation	652,596	595,862	(56,734)	91%	75%
Total Operating Exp	\$ 8,071,917	\$ 2,295,156	(5,776,761)	28%	75%
Depreciation - BAHA Building Operation	1,514,218	591,745	(922,473)	39%	75%
Total Expense	\$ 9,586,135	\$ 2,886,901	\$ (6,699,234)	30%	75%

**BAHA Building Development Fund
As of September 2019 - 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	-	150,000	-	100%
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	-	259,281	-	259,281	259,281	-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	290,781	245,634	-	245,634	(45,147)	-100%
Total Revenue		272,313,395	278,032,682	-	278,032,682	5,719,287	
Expenses:							
	Purchase Building	\$ 93,000,000	\$ 93,000,000	\$ -	\$ 93,000,000	\$ -	100%
E1	Building Development	154,207,882	153,315,481	543,050	153,858,531	(349,351)	99%
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	340,324	235	340,559	(79,441)	81%
E7	Staff Costs	8,404,890	8,262,311	-	8,262,311	(142,579)	98%
Total Expenses		272,313,395	270,798,739	543,285	271,342,024	(971,371)	
Transfer to CDF			5,719,287				

**BAHA Commercial Development Fund
As of September 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			
	BCDC			2,518,283			
	Cubic Reimbursement for TI			100,000			
				<u>\$ 29,757,437</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	8,341,957	1,836,460	10,178,417	10,178,398	-	(19)
9139	Engineering/Architectural	350,000	-	350,000	350,000	-	-
9140	T.I. Ada's Café	465,454	-	465,454	465,454	-	-
9141	BCDC	7,014,940	-	7,014,940	7,014,940	-	-
9142	Cubic	550,000	44,000	594,000	564,445		(29,555)
9144	Retail Space	5,000,000	-	5,000,000	1,388,560	3,496,683	(114,757)
	Total Tenant Improvements	\$ 24,669,770	\$ 2,567,356	\$ 27,237,126	\$ 23,596,112	\$ 3,496,683	\$ (144,331)
	Transfer Out - Building Improvement			\$ 2,100,000			
	Total Budgeted CDF Expenses			\$ 29,337,126	\$ 23,596,112	\$ 3,496,683	\$ (144,331)
	Net			\$ 420,311			

Completed Project

BAHA Building Improvement Fund
As of September 2019 - Life To Date

Program #	Program Name	LTD FY2018-19	LTD Expense	Enc Amt	Budget Bal Over/(Under)
	Transfer In	\$3,325,000			
	In-House Improvement Project				
9160	IT Improvement Project	\$1,015,000	\$321,435	\$69,573	-\$623,992
9161	Agency Space Moditications	300,000	0	7,500	-\$292,500
9162	Agency Infrastructure Improvements	250,000	0	0	-\$250,000
9163	Level 1 Public Space Modifications	400,000	0	0	-\$400,000
	Total In-House Project	<u>\$1,965,000</u>	<u>\$321,435</u>	<u>\$77,073</u>	<u>-\$1,566,492</u>
	CW Improvement Project				
9180	AHUs1-4 Eyebrow Install	\$860,000	\$54,394	\$804,953	-\$653
9181	Building Improvement	500,000	253,588	222,004	-\$24,408
	Total CW Project	<u>\$1,360,000</u>	<u>\$307,982</u>	<u>\$1,026,957</u>	<u>-\$24,408</u>
	Total Building Improvement Budget	\$3,325,000	\$629,417	\$1,104,030	-\$1,590,900