

Bay Area Headquarters Authority (BAHA)

March 25, 2020

Agenda Item 2b

BAHA Financial Statements for Second Quarter FY 2019-20

Background: Attached are the BAHA Operating and Capital Financial Statements for the Fiscal Year 2019-20 second quarter ending on December 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 second quarter, the combined operating financials show a surplus of \$5,595,027 before transfer out and depreciation.

BAHA Building Operations: BAHA Building Operations represents the BAHA commercial building operations. These operations reported a \$2,396,027 surplus before transfer out and depreciation. Total revenue of \$5.2 million is 51% of the approved budget.

Total operating expense was below the approved budget at 44% or \$3 million at the end of the second 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 December 31, 2019, the condominium operations show a surplus of \$119,050. 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 second quarter was \$4.9 million, 51% 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 \$896,771 remaining after expenditures and encumbrances.

Commercial Development: Tenant improvements are 88% complete with three open projects remaining. The entire development project has \$1.4 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 Second Quarter Financial Statements for period ending December 31, 2019


Therese W. McMillan

BAHA Building and 375 Beale Inc. Operations
BAHA Operating Budget by Group
As of December 31, 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	\$ 1,003,300	\$ (1,003,300)	50%	50%	\$ -	\$ 1,003,300
Assessment Fee - Common Area	3,455,272	1,727,636	(1,727,636)	50%	50%	-	1,727,636
Lease income	9,645,222	4,821,088	(4,824,134)	50%	50%	-	4,821,088
Expense reimbursements	358,333	122,824	(235,509)	34%	50%	-	122,824
Other income - Parking	202,200	95,049	(107,151)	47%	50%	-	95,049
Other income - Antenna	3,819	-	(3,819)	0%	50%	-	-
Other income	-	20,793	20,793	N/A	50%	-	20,793
Interest Income	-	130,779	130,779	N/A	50%	-	130,779
Total Operating Revenue	15,671,446	7,921,469	(7,749,977)	51%	50%	-	7,921,469
Expense:							
Staff Cost (In-House)							
Salaries and Benefits	1,409,000	653,904	(755,096)	46%	50%	-	653,904
Overhead	711,500	336,807	(374,693)	47%	50%	-	336,807
Total Staff Cost	2,120,500	990,711	(1,129,789)	47%	50%	-	990,711
Property Management Op Exp (CW)							
375 Beale Inc (SSO)	3,455,272	1,569,964	(1,885,308)	45%	50%	-	1,569,964
Building Op Exp	4,616,645	2,396,027	(2,220,618)	52%	50%	-	2,396,027
Total Property Management Op Exp	8,071,917	3,965,991	(4,105,926)	49%	50%	-	3,965,991
In-House Op Exp							
375 Beale Inc (SSO)	1,087,000	411,191	(675,809)	38%	50%	528,567	939,758
Building Op Exp	971,020	227,134	(743,886)	23%	50%	209,860	436,994
Total In-House Op Exp	2,058,020	638,325	(1,419,695)	31%	50%	738,427	1,376,752
Total Operating Exp	12,250,437	5,595,027	(6,655,410)	46%	50%	738,427	6,333,454
Total Operating Suplus (Deficit) before Transfer and Depreciation	3,421,009	2,326,442	(1,094,567)	68%	50%		
Transfer In/(Out)	(3,421,009)	(2,000,000)	1,421,009	58%	50%		
Depreciation	6,814,218	3,499,910	(3,314,308)	51%	50%		
Total Operating Suplus (Deficit)	<u>\$ (6,814,218)</u>	<u>\$ (3,173,468)</u>					

BAHA Building Operations
As of December 31, 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	\$ 4,821,088	\$ (4,824,134)	50%	50%	\$ -	\$ 4,821,088
Expense reimbursements	358,333	122,824	(235,509)	34%	50%	-	122,824
Other income - Parking/Antenna	202,200	95,049	(107,151)	47%	50%	-	95,049
Other income - Antenna	3,819	-	(3,819)	0%	50%	-	-
Other income	-	20,793	20,793	N/A	50%	-	20,793
Interest Income	-	129,119	129,119	N/A	50%	-	129,119
Total Revenue	10,209,574	5,188,873	(5,020,701)	51%	50%	-	5,188,873
In-House Op Exp							
Salaries and Benefits	808,400	250,233	(558,167)	31%	50%	-	250,233
Overhead	392,500	108,087	(284,413)	28%	50%	-	108,087
Contractual services	252,520	-	(252,520)	0%	50%	53,678	53,678
IT Licenses, Maintenance	421,000	140,985	(280,015)	33%	50%	112,909	253,894
Audit/Accounting/Other	87,000	50,627	(36,373)	58%	50%	1,049	51,676
Other Op Exp	36,500	11,146	(25,354)	31%	50%	15,729	26,875
Insurance	17,000	14,068	(2,932)	83%	50%	-	14,068
Art Related	75,000	10,308	(64,692)	14%	50%	26,495	36,803
Contribution to Ada's	32,000	-	(32,000)	0%	50%	-	-
Lease Commitment	50,000	-	(50,000)	0%	50%	-	-
Total In-House Op Exp	2,171,920	585,454	(1,586,466)	27%	50%	209,860	795,314
Property Management Op Exp (CW)							
Contractual services	522,411	235,443	(286,968)	45%	50%	-	235,443
Building Repair and Maint.	1,103,946	412,435	(691,511)	37%	50%	-	412,435
Security	565,880	270,622	(295,258)	48%	50%	-	270,622
Parking	330,442	149,032	(181,410)	45%	50%	-	149,032
Other Op Exp	26,511	13,250	(13,261)	50%	50%	-	13,250
Insurance	166,529	88,027	(78,502)	53%	50%	-	88,027
Utility - Ele	356,852	200,722	(156,130)	56%	50%	-	200,722
Utility - Gas	36,182	12,289	(23,893)	34%	50%	-	12,289
Utility - Water	63,464	32,907	(30,557)	52%	50%	-	32,907
Janitorial Service	772,135	356,443	(415,692)	46%	50%	-	356,443
Landscape	52,293	11,897	(40,396)	23%	50%	-	11,897
Possessory Tax	620,000	612,960	(7,040)	99%	50%	-	612,960
Total Property Management Op Exp	4,616,645	2,396,027	(2,220,618)	52%	50%	-	2,396,027
Total Operating Exp	6,788,565	2,981,481	(3,807,084)	44%	50%	209,860	3,191,341
Total Operating Suplus (Deficit) before Transfer and Depreciation							
	3,421,009	2,207,392	(1,213,617)	65%	50%		
Transfer In/(Out)	(3,421,009)	(2,000,000)	1,421,009	58%	50%		
Depreciation	6,814,218	3,499,910	(3,314,308)	51%	50%		
Total Operating Suplus (Deficit)	\$ (6,814,218)	\$ (3,292,518)					

375 Beale Inc. Operations
As of December 31, 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	\$ 1,003,300	\$ (1,003,300)	50%	50%	\$ -	\$ 1,003,300
Assessment Fee - Common Area	3,455,272	1,727,636	(1,727,636)	50%	50%	-	1,727,636
Interest Income	-	1,660	1,660	N/A	50%	-	1,660
Total Revenue	5,461,872	2,732,596	(2,729,276)	50%	50%	-	2,732,596
In-House Op Exp							
Salaries and Benefits	600,600	403,671	(196,929)	67%	50%	-	403,671
Overhead	319,000	228,720	(90,280)	72%	50%	-	228,720
IT Licenses, Maintenance	655,500	256,609	(398,891)	39%	50%	300,466	557,075
Audit/Accounting/Other	53,000	32,039	(20,961)	60%	50%	2,600	34,639
Office Supplies	150,000	60,730	(89,270)	40%	50%	83,401	144,131
Coffee/Tea Service	95,000	31,569	(63,431)	33%	50%	63,431	95,000
Other Op Exp	83,500	20,486	(63,014)	25%	50%	38,427	58,913
Special Event Setups	50,000	9,758	(40,242)	20%	50%	40,242	50,000
Total In-House Op Exp	2,006,600	1,043,582	(963,018)	52%	50%	528,567	1,572,149
Property Management Op Exp (CW)							
Contractual services	554,047	264,071	(289,976)	48%	50%	-	264,071
Building Repair and Maint.	821,653	306,970	(514,683)	37%	50%	-	306,970
Security	423,458	203,324	(220,134)	48%	50%	-	203,324
Other Op Exp	19,731	9,142	(10,589)	46%	50%	-	9,142
Insurance	128,331	65,518	(62,813)	51%	50%	-	65,518
Utility - Ele	569,438	329,986	(239,452)	58%	50%	-	329,986
Utility - Gas	26,930	9,147	(17,783)	34%	50%	-	9,147
Utility - Water	47,236	24,492	(22,744)	52%	50%	-	24,492
Janitorial Service	817,811	348,460	(469,351)	43%	50%	-	348,460
Landscape	46,637	8,854	(37,783)	19%	50%	-	8,854
Total Property Management Op Exp	3,455,272	1,569,964	(1,885,308)	45%	50%	-	1,569,964
Total Operating Exp	5,461,872	2,613,546	(2,848,326)	48%	50%	528,567	3,142,113
Total Operating Suplus (Deficit)	\$ -	\$ 119,050					

Property Management Operations (CW)
As of December 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	410,681	(443,697)	48%	50%
Building Repair and Maint.	1,925,599	719,405	(1,206,194)	37%	50%
Security	987,058	472,042	(515,016)	48%	50%
Parking	330,442	149,032	(181,410)	45%	50%
Other Op Exp	46,242	21,426	(24,816)	46%	50%
Insurance	290,474	153,545	(136,929)	53%	50%
Utility - Ele	622,453	350,116	(272,337)	56%	50%
Utility - Gas	63,112	21,436	(41,676)	34%	50%
Utility - Water	110,700	57,399	(53,301)	52%	50%
Janitorial Service	1,346,826	621,739	(725,087)	46%	50%
Landscape	91,214	20,751	(70,463)	23%	50%
Total Op Exp	6,668,498	2,997,572	(3,670,926)	45%	50%
Op Exp - 375 Beale Inc.					
Contractual services	189,484	88,833	(100,651)	47%	50%
Security	2,280	1,904	(376)	84%	50%
Insurance	4,386	-	(4,386)	0%	50%
Utility - Ele	303,837	180,592	(123,245)	59%	50%
Janitorial Service	243,120	83,164	(159,956)	34%	50%
Landscape	7,716	-	(7,716)	0%	50%
Total Op Exp - 375 Beale Inc.	750,823	354,493	(396,330)	47%	50%
Op Exp - BAHA Building Operation					
Contractual services	32,596	966	(31,630)	3%	50%
Possessory Tax	620,000	612,960	(7,040)	99%	50%
Total Op Exp - BAHA Building Operation	652,596	613,926	(38,670)	94%	50%
Total Operating Exp	\$ 8,071,917	\$ 3,965,991	(4,105,926)	49%	50%
Depreciation - BAHA Building Operation	1,514,218	947,027	(567,191)	63%	50%
Total Expense	\$ 9,586,135	\$ 4,913,018	\$ (4,673,117)	51%	50%

BAHA Building Development Fund
As of December 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	-	278,827	-	278,827	278,827	-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	278,052,228	-	278,052,228	5,738,833	
Expenses:							
	Purchase Building	\$ 93,000,000	\$ 93,000,000	\$ -	\$ 93,000,000	\$ -	100%
E1	Building Development	154,207,882	153,391,309	541,822	153,933,131	(274,751)	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	270,874,567	542,057	271,416,624	(896,771)	
Transfer to CDF			5,738,833				

**BAHA Commercial Development Fund
As of December 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	3,583,318	1,301,145	(115,537)
	Total Tenant Improvements	\$ 24,669,770	\$ 2,567,356	\$ 27,237,126	\$ 25,790,870	\$ 1,301,145	\$ (145,111)
	Transfer Out - Building Improvement			\$ 2,100,000			
	Total Budgeted CDF Expenses			\$ 29,337,126	\$ 25,790,870	\$ 1,301,145	\$ (145,111)
	Net			\$ 420,311			

Completed Project

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

Program #	Program Name	LTD FY2019-20	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	6,660	4,170	-\$289,170
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>\$328,095</u>	<u>\$73,743</u>	<u>-\$1,563,162</u>
	CW Improvement Project				
9180	AHUs1-4 Eyebrow Install	\$860,000	\$55,048	\$804,952	\$0
9181	Building Improvement	500,000	236,832	205,115	-\$58,053
	Total CW Project	<u>\$1,360,000</u>	<u>\$291,880</u>	<u>\$1,010,067</u>	<u>-\$58,053</u>
	Total Building Improvement Budget	<u>\$3,325,000</u>	<u>\$619,975</u>	<u>\$1,083,810</u>	<u>-\$1,621,215</u>