

## 375 Beale Condominium Corporation

June 1, 2020

Agenda Item 4

### Operating Budget and Assessments for FY 2020-21

**Background:** Attached for your review and approval is the proposed FY 2020-21 budget for the 375 Beale Condominium Corporation (Condo). The proposed assessment will increase by \$354,586. Costs are broken down into Common Area and Shared Services.

Common Area:

The major components of common area expense are security, janitorial services, utilities, administration, and repair and maintenance services. In FY 2020-21, total assessment for common area expenses is proposed to increase by \$292,226 or 8.5%. The proposed increase is mainly due to additional staffing in janitorial and security services made necessary in response to the Covid-19 pandemic.

Shared Services:

The assessment for shared services covers staff costs, IT services, office supplies and other expenses shared among the three unit owners. In FY 2020-21, the assessment fee is proposed to increase by \$62,360 or 3%. The proposed increase is the result of increases to service and maintenance costs related to technical services.

Assessment Calculation:

The assessment is split among BAHA, ABAG and the Air District based on the Total Agency Space RSF table in Exhibit B of the Condo's Declaration of Covenants, Conditions and Restrictions (CC&Rs). The detailed breakdown of the calculation can be found on Page 3 of Attachment A.

As provided in the CC&Rs, ABAG's FY 2020-21 assessment is capped at \$359,000. BAHA is responsible for the portion of ABAG's assessment in excess of this cap.

If you have any questions about this report, please contact Brian Mayhew at 415-778-6730.

**Recommendation:** Staff recommends that the Board approve the attached Operating Budget for FY 2020-21.

**Attachment:** Attachment A - FY 2020-21 budget for the 375 Beale Condominium Corporation

Brian Mayhew

DocuSigned by:

*Brian Mayhew*

ED8B0A5BD3644B...

**375 Beale Condo Corp Operations Budget FY 2020-21**

|                             | Approved Budget<br>FY 2019-20 | Draft Budget<br>FY 2020-21 | Change %<br>Inc./Dec) | Change \$<br>Inc./Dec) |
|-----------------------------|-------------------------------|----------------------------|-----------------------|------------------------|
| <b>Revenue:</b>             |                               |                            |                       |                        |
| Assessment Fee              |                               |                            |                       |                        |
| Common Area                 |                               |                            |                       |                        |
| BAAQMD                      | \$ 1,568,002                  | \$ 1,700,614               | 8.5%                  | \$ 132,612             |
| ABAG                        | 168,603                       | 171,966                    | 2.0%                  | 3,363                  |
| MTC                         | 1,718,667                     | 1,874,918                  | 9.1%                  | 156,251                |
| Total Common Area           | 3,455,272                     | 3,747,498                  | 8.5%                  | 292,226                |
| Shared Services             |                               |                            |                       |                        |
| BAAQMD                      | 910,595                       | 938,894                    | 3.1%                  | 28,299                 |
| ABAG                        | 181,397                       | 187,034                    | 3.1%                  | 5,637                  |
| MTC                         | 914,608                       | 943,032                    | 3.1%                  | 28,424                 |
| Total Shared Services       | 2,006,600                     | 2,068,960                  | 3.1%                  | 62,360                 |
| <b>Total Revenue</b>        | <b>\$ 5,461,872</b>           | <b>\$ 5,816,458</b>        | <b>6.5%</b>           | <b>\$ 354,586</b>      |
| <b>Expense:</b>             |                               |                            |                       |                        |
| Salaries and Benefits       | \$ 600,600                    | \$ 639,510                 | 6.5%                  | \$ 38,910              |
| Overhead                    | 319,000                       | 338,940                    | 6.3%                  | 19,940                 |
| Postage meter and Direct TV | 6,000                         | 3,000                      | -50.0%                | (3,000)                |
| Supplies                    | 180,000                       | 137,000                    | -23.9%                | (43,000)               |
| Contractual services        | 3,455,272                     | 3,810,498                  | 10.3%                 | 355,226                |
| IT licenses, maintenance    | 655,500                       | 707,510                    | 7.9%                  | 52,010                 |
| Other Exp./Misc. Expenses   | 245,500                       | 180,000                    | -26.7%                | (65,500)               |
| <b>Total Expense</b>        | <b>\$ 5,461,872</b>           | <b>\$ 5,816,458</b>        | <b>6.5%</b>           | <b>\$ 354,586</b>      |

**375 Beale Condo Corp Operations Detail Budget FY 2020-21**

|   | Approved Budget<br>FY 2019-20 | Draft Budget<br>FY 2020-21 | Change %<br>Inc./Dec | Change \$<br>Inc./Dec |
|---|-------------------------------|----------------------------|----------------------|-----------------------|
| <b>Common Area Breakdown</b>              |                               |                            |                      |                       |
| Revenue:                                  |                               |                            |                      |                       |
| Assessment fee - BAAQMD                   | \$ 1,568,002                  | \$ 1,700,614               | 8.5%                 | \$ 132,612            |
| Assessment fee - ABAG                     | 168,603                       | 171,966                    | 2.0%                 | 3,363                 |
| Assessment fee - MTC                      | 1,718,667                     | 1,874,918                  | 9.1%                 | 156,251               |
| Total operating revenue                   | 3,455,272                     | 3,747,498                  | 8.5%                 | 292,226               |
| Operating expenses:                       |                               |                            |                      |                       |
| Cleaning                                  | 817,811                       | 1,046,686                  | 28.0%                | 228,875               |
| Repairs & Maintenance                     | 821,654                       | 815,517                    | -0.7%                | (6,137)               |
| Utilities                                 | 643,603                       | 638,119                    | -0.9%                | (5,484)               |
| Landscape (Grounds)                       | 46,637                        | 47,259                     | 1.3%                 | 622                   |
| Security                                  | 423,458                       | 509,584                    | 20.3%                | 86,126                |
| Administrative                            | 554,047                       | 473,603                    | -14.5%               | (80,444)              |
| Taxes/Licenses/Permits                    | 19,731                        | 20,904                     | 5.9%                 | 1,173                 |
| Insurance                                 | 128,331                       | 195,826                    | 52.6%                | 67,495                |
| Total operating expenses                  | 3,455,272                     | 3,747,498                  | 8.5%                 | 292,226               |
| Total operating gain (loss)               | \$ -                          | \$ -                       |                      |                       |
| <b>Shared Service Operation Breakdown</b> |                               |                            |                      |                       |
| Revenue:                                  |                               |                            |                      |                       |
| Assessment fee - BAAQMD                   | \$ 910,595                    | \$ 938,894                 | 3.1%                 | \$ 28,299             |
| Assessment fee - ABAG                     | 181,397                       | 187,034                    | 3.1%                 | 5,637                 |
| Assessment fee - MTC                      | 914,608                       | 943,032                    | 3.1%                 | 28,424                |
| Total operating revenue                   | 2,006,600                     | 2,068,960                  | 3.1%                 | 62,360                |
| Operating expenses:                       |                               |                            |                      |                       |
| Salaries and Benefits                     | 600,600                       | 639,510                    | 6.5%                 | 38,910                |
| Overhead                                  | 319,000                       | 338,940                    | 6.3%                 | 19,940                |
| Audit/Tax Prep                            | 53,000                        | 63,000                     | 18.9%                | 10,000                |
| Comcast/Direct TV                         | 6,000                         | 3,000                      | -50.0%               | (3,000)               |
| Office Supplies                           | 140,000                       | 97,000                     | -30.7%               | (43,000)              |
| Safety Equip. (AEDs, First Aid Kits)      | 40,000                        | 40,000                     | 0.0%                 | -                     |
| IT licenses, maintenance                  | 655,500                       | 707,510                    | 7.9%                 | 52,010                |
| Catering                                  | 102,500                       | 110,000                    | 7.3%                 | 7,500                 |
| Special Event Setups                      | 50,000                        | 25,000                     | -50.0%               | (25,000)              |
| Other Expenses                            | 40,000                        | 45,000                     | 12.5%                | 5,000                 |
| Total operating expenses                  | 2,006,600                     | 2,068,960                  | 3.1%                 | 62,360                |
| Total operating gain (loss)               | \$ -                          | \$ -                       |                      |                       |

**Distribution of Condo Area Fees****FY 2020-21**

|        | Common Area         | Shared Services     | Total               |
|--------|---------------------|---------------------|---------------------|
| BAAQMD | \$ 1,700,614        | \$ 938,894          | \$ 2,639,508        |
| ABAG   | 171,966             | 187,034             | 359,000 *           |
| MTC    | 1,874,918           | 943,032             | 2,817,950           |
| Total  | <u>\$ 3,747,498</u> | <u>\$ 2,068,960</u> | <u>\$ 5,816,458</u> |

**FY 2019-20**

|        |                     |                     |                     |
|--------|---------------------|---------------------|---------------------|
| BAAQMD | \$ 1,568,002        | \$ 910,595          | \$ 2,478,597        |
| ABAG   | 168,603             | 181,397             | 350,000             |
| MTC    | 1,718,667           | 914,608             | 2,633,275           |
| Total  | <u>\$ 3,455,272</u> | <u>\$ 2,006,600</u> | <u>\$ 5,461,872</u> |

**Diff**

|        |                   |                  |                   |
|--------|-------------------|------------------|-------------------|
| BAAQMD | \$ 132,612        | \$ 28,299        | \$ 160,911        |
| ABAG   | 3,363             | 5,637            | 9,000             |
| MTC    | 156,251           | 28,424           | 184,675           |
| Total  | <u>\$ 292,226</u> | <u>\$ 62,360</u> | <u>\$ 354,586</u> |

\* Max ABAG assessment fee for FY21 is \$359,000 based on CC&R Section 2.01(h)(6).

|   | RSF               |               |
|---|-------------------|---------------|
| MTC/BATA  | 96,257            | 45.58%        |
| BAAQMD  | 95,834            | 45.38%        |
| ABAG  | 19,091            | 9.04%         |
| <b>375 Condo Sq. Ft</b>   | <b>211,182 **</b> | <b>42.67%</b> |
| <b>Total CC&amp;R Sq. Ft.</b>   | <b>494,956</b>    | <b>57.33%</b> |
| ** Agency Space RSF from CC&R Exhibit B and 15,600 RSF for 1st floor conference room. |                   |               |