

# Bay Area Headquarters Authority (BAHA)

November 20, 2020

Agenda Item 2b - 20-1254

## BAHA Unaudited Financial Statements for Fourth Quarter FY 2019-20

---

**Background:**

Attached are the BAHA Operating and Capital Financial Statements for the fiscal year ending on June 30, 2020. The June 2020 financials are preliminary, unaudited and subject to change upon completion of the annual audit process.

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 fiscal year, the combined operating financials show a surplus of \$5.9 million before transfer and depreciation. (Attachment A Page 1)

BAHA Building Operations: BAHA Building Operations represents the BAHA commercial building operations. These operations reported a \$5.2 million surplus before transfer out and depreciation. Total revenue of \$10.6 million is 3% over the adopted budget. The higher revenue was due to additional rent and higher interest earnings. Total operating expense at \$5.3 million was \$1.5 million below the approved budget. The saving mainly came from staffing and contractual service in the In-House Operation. (Attachment A Page 2)

375 Beale Inc.: The board of directors of 375 Beale Inc., composed of representatives of the condominium owners, oversees the condominium operations. As of June 30, the condominium operations show a surplus of \$628,341. The FY 2019-20 surplus will be returned to the condominium owners during FY 2020-21 based on the assessment calculation formula. (Attachment A Page 3)

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 year was \$9.1 million, 95% of the approved budget. CW expenses are split between BAHA Building Operations and 375 Beale Inc. (Attachment A Page 4)

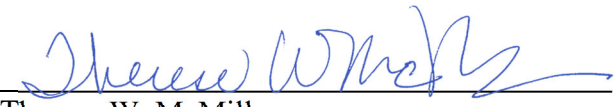
BAHA Building Development: The capital budget is 99% expended. The project budget has \$1.2 million remaining after expenditures and encumbrances. (Attachment A Page 5)

Commercial Development: Tenant improvements are 99% complete with three open projects remaining. The entire development project has \$780,187 budget remaining which is largely reserved for the first floor Retail Space project. (Attachment A Page 6)

Building Improvement: Total life-to-date budget for this capital fund is \$3.3 million. Total spent and encumbered was \$2.1 million as of the end of the fiscal year, leaving \$1.2 million for future improvements. (Attachment A Page 7)

**Recommendation:** None. This item provided as information only.

**Attachments:** Attachment A – BAHA Fourth Quarter Unaudited Financial Statements for period ending June 30, 2020

  
Therese W. McMillan

BAHA Building and 375 Beale Inc. Operations  
BAHA Operating Budget by Group  
As of June 30, 2020

	FY2019-20 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired
<b>Revenue:</b>					
Assessment Fee - Shared Services	\$ 2,006,600	\$ 2,006,600	\$ -	100%	100%
Assessment Fee - Common Area	3,455,272	3,455,272	-	100%	100%
Lease income	9,645,222	9,892,806	247,584	103%	100%
Expense reimbursements	358,333	278,085	(80,248)	78%	100%
Other income - Parking	202,200	147,972	(54,228)	73%	100%
Other income - Antenna	3,819	3,847	28	101%	100%
Other income	-	33,216	33,216	N/A	100%
Interest Income	-	198,589	198,589	N/A	100%
Total Operating Revenue	15,671,446	16,016,387	344,941	102%	100%
<b>Expense:</b>					
Staff Cost (In-House)					
Salaries and Benefits	1,409,000	1,000,530	(408,470)	71%	100%
Overhead	711,500	545,687	(165,813)	77%	100%
Total Staff Cost	2,120,500	1,546,217	(574,283)	73%	100%
Property Management Op Exp (CW)					
375 Beale Inc (SSO)	3,455,272	3,125,210	(330,062)	90%	100%
Building Op Exp	4,616,645	4,288,967	(327,678)	93%	100%
Total Property Management Op Exp	8,071,917	7,414,177	(657,740)	92%	100%
In-House Op Exp					
375 Beale Inc (SSO)	1,087,000	747,263	(339,737)	69%	100%
Building Op Exp	971,020	433,407	(537,613)	45%	100%
Total In-House Op Exp	2,058,020	1,180,670	(877,350)	57%	100%
Total Operating Exp	12,250,437	10,141,064	(2,109,373)	83%	100%
Total Operating Suplus (Deficit) before Transfer and Depreciation	3,421,009	5,875,323	2,454,314	172%	100%
Transfer In/(Out)	(3,421,009)	(2,000,000)	1,421,009	58%	100%
Depreciation	6,814,218	5,472,245	(1,341,973)	80%	100%
Total Operating Suplus (Deficit)	<u>\$ (6,814,218)</u>	<u>\$ (1,596,922)</u>			

## BAHA Building Operations

As of June 30, 2020

	FY2019-20 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired
Revenue					
Lease income	\$ 9,645,222	\$ 9,892,806	\$ 247,584	103%	100%
Expense reimbursements	358,333	278,085	(80,248)	78%	100%
Other income - Parking	202,200	147,972	(54,228)	73%	100%
Other income - Antenna	3,819	3,847	28	101%	100%
Other income	-	31,888	31,888	N/A	100%
Interest Income	-	196,542	196,542	N/A	100%
Total Revenue	10,209,574	10,551,140	341,566	103%	100%
In-House Op Exp					
Salaries and Benefits	808,400	384,908	(423,492)	48%	100%
Overhead	392,500	196,876	(195,624)	50%	100%
Contractual services	252,520	-	(252,520)	0%	100%
IT Licenses, Maintenance	421,000	257,185	(163,815)	61%	100%
Audit/Accounting/Other	87,000	60,452	(26,548)	69%	100%
Other Op Exp	36,500	26,841	(9,659)	74%	100%
Insurance	17,000	17,814	814	105%	100%
Art Related	75,000	28,801	(46,199)	38%	100%
Contribution to Ada's	32,000	-	(32,000)	0%	100%
Lease Commitment	50,000	42,314	(7,686)	85%	100%
Total In-House Op Exp	2,171,920	1,015,191	(1,156,729)	47%	100%
Property Management Op Exp (CW)					
Contractual services	522,411	456,357	(66,054)	87%	100%
Building Repair and Maint.	1,103,946	885,071	(218,875)	80%	100%
Security	565,880	560,267	(5,613)	99%	100%
Parking	330,442	295,084	(35,358)	89%	100%
Other Op Exp	26,511	27,855	1,344	105%	100%
Insurance	166,529	182,473	15,944	110%	100%
Utility - Ele	356,852	362,090	5,238	101%	100%
Utility - Gas	36,182	29,182	(7,000)	81%	100%
Utility - Water	63,464	53,491	(9,973)	84%	100%
Janitorial Service	772,135	733,447	(38,688)	95%	100%
Landscape	52,293	18,745	(33,548)	36%	100%
Possessory Tax	620,000	684,905	64,905	110%	100%
Total Property Management Op Exp	4,616,645	4,288,967	(327,678)	93%	100%
Total Operating Exp	6,788,565	5,304,158	(1,484,407)	78%	100%
Total Operating Suplus (Deficit) before Transfer and Depreciation	3,421,009	5,246,982	1,825,973	153%	100%
Transfer In/(Out)	(3,421,009)	(2,000,000)	1,421,009	58%	100%
Depreciation	6,814,218	5,472,245	(1,341,973)	80%	100%
Total Operating Suplus (Deficit)	\$ (6,814,218)	\$ (2,225,263)			

## 375 Beale Inc. Operations

As of June 30, 2020

	FY2019-20 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired
Revenue					
Assessment Fee - Shared Services	\$ 2,006,600	\$ 2,006,600	\$ -	100%	100%
Assessment Fee - Common Area	3,455,272	3,455,272	-	100%	100%
Other income	-	1,328	(1,328)	#DIV/0!	
Interest Income	-	2,047	2,047	N/A	100%
Total Revenue	5,461,872	5,465,247	719	100%	100%
In-House Op Exp					
Salaries and Benefits	600,600	615,622	15,022	103%	100%
Overhead	319,000	348,811	29,811	109%	100%
IT Licenses, Maintenance	655,500	467,412	(188,088)	71%	100%
Audit/Accounting/Other	53,000	42,695	(10,305)	81%	100%
Office Supplies	150,000	82,454	(67,546)	55%	100%
Coffee/Tea Service	95,000	60,301	(34,699)	63%	100%
Other Op Exp	83,500	54,865	(28,635)	66%	100%
Special Event Setups	50,000	39,536	(10,464)	79%	100%
Total In-House Op Exp	2,006,600	1,711,696	(294,904)	85%	100%
Property Management Op Exp (CW)					
Contractual services	554,047	513,479	(40,568)	93%	100%
Building Repair and Maint.	821,653	658,747	(162,906)	80%	100%
Security	423,458	418,903	(4,555)	99%	100%
Other Op Exp	19,731	19,736	5	100%	100%
Insurance	128,331	135,813	7,482	106%	100%
Utility - Ele	569,438	584,950	15,512	103%	100%
Utility - Gas	26,930	21,720	(5,210)	81%	100%
Utility - Water	47,236	39,813	(7,423)	84%	100%
Janitorial Service	817,811	716,195	(101,616)	88%	100%
Landscape	46,637	15,854	(30,783)	34%	100%
Total Property Management Op Exp	3,455,272	3,125,210	(330,062)	90%	100%
Total Operating Exp	5,461,872	4,836,906	(624,966)	89%	100%
Total Operating Suplus (Deficit)	\$ -	\$ 628,341			

Property Management Operations (CW)  
As of June 30, 2020

	FY2019-20 Budget	Actual YTD	Budget Bal Over/(Under)	% of Budget	Year Expired
<b>Op Exp - Split among 375 Beale Inc. and BAHA Building Operation</b>					
Contractual services	854,378	796,018	(58,360)	93%	100%
Building Repair and Maint.	1,925,599	1,543,818	(381,781)	80%	100%
Security	987,058	977,266	(9,792)	99%	100%
Parking	330,442	295,084	(35,358)	89%	100%
Other Op Exp	46,242	46,252	10	100%	100%
Insurance	290,474	318,286	27,812	110%	100%
Utility - Ele	622,453	631,589	9,136	101%	100%
Utility - Gas	63,112	50,902	(12,210)	81%	100%
Utility - Water	110,700	93,304	(17,396)	84%	100%
Janitorial Service	1,346,826	1,279,342	(67,484)	95%	100%
Landscape	91,214	32,697	(58,517)	36%	100%
Total Op Exp	6,668,498	6,064,558	(603,940)	91%	100%
<b>Op Exp - 375 Beale Inc.</b>					
Contractual services	189,484	173,818	(15,666)	92%	100%
Security	2,280	1,904	(376)	84%	100%
Insurance	4,386	1,339	(3,047)	31%	100%
Utility - Ele	303,837	315,451	11,614	104%	100%
Janitorial Service	243,120	170,300	(72,820)	70%	100%
Landscape	7,716	1,902	(5,814)	25%	100%
Total Op Exp - 375 Beale Inc.	750,823	664,714	(86,109)	89%	100%
<b>Op Exp - BAHA Building Operation</b>					
Contractual services	32,596	1,339	(31,257)	4%	100%
Possessory Tax	620,000	684,905	64,905	110%	100%
Total Op Exp - BAHA Building Operation	652,596	686,244	33,648	105%	100%
<b>Total Operating Exp</b>	<b>\$ 8,071,917</b>	<b>\$ 7,415,516</b>	<b>(656,401)</b>	<b>92%</b>	<b>100%</b>
<b>Depreciation - BAHA Building Operation</b>	<b>1,514,218</b>	<b>1,657,590</b>	<b>143,372</b>	<b>109%</b>	<b>100%</b>
<b>Total Expense</b>	<b>\$ 9,586,135</b>	<b>\$ 9,073,106</b>	<b>\$ (513,029)</b>	<b>95%</b>	<b>100%</b>

**BAHA Building Development Fund**  
**As of June 2020 - Life To Date**

		<b>Budget LTD</b>	<b>Actual LTD</b>	<b>Encumbrances</b>	<b>Total LTD</b>	<b>Budget Balance Over/(Under)</b>	<b>% of Budget</b>
<b>Revenue:</b>							
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	17,128	-	17,128	(133,872)	11%
R10	Grant Local Match from MTC	119,000	119,000	-	119,000	-	100%
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	-	304,737	-	304,737	304,737	-100%
R16	Reimbursement for Capital Expenditure	-	1,156,132	-	1,156,132	1,156,132	-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%
<b>Total Revenue</b>		<b>272,313,395</b>	<b>278,279,140</b>	<b>-</b>	<b>278,279,140</b>	<b>5,965,745</b>	
<b>Expenses:</b>							
	Purchase Building	\$ 93,000,000	\$ 93,000,000	\$ -	\$ 93,000,000	\$ -	100%
E1	Building Development	154,207,882	153,545,956	-	153,545,956	(661,926)	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	351,000	340,324	-	340,324	(10,676)	97%
E7	Staff Costs	8,404,890	8,262,311	-	8,262,311	(142,579)	98%
<b>Total Expenses</b>		<b>272,244,395</b>	<b>271,029,214</b>	<b>-</b>	<b>271,029,214</b>	<b>(1,215,181)</b>	
<b>Transfer to CDF</b>			<b>6,034,745</b>				

**BAHA Commercial Development Fund**  
**As of June 2020 - 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	7,016,736	-	1,796
9142	Cubic	550,000	44,000	594,000	562,648	-	(31,352)
9144	Retail Space	5,000,000	-	5,000,000	4,249,388	309,957	(440,655)
	Total Tenant Improvements	\$ 24,669,770	\$ 2,567,356	\$ 27,237,126	\$ 26,456,939	\$ 309,957	\$ (470,230)
	Transfer Out - Building Improvement			\$ 2,100,000			
	Total Budgeted CDF Expenses			\$ 29,337,126	\$ 26,456,939	\$ 309,957	\$ (470,230)
	Net			\$ 420,311			

Completed Project



**BAHA Building Improvement Fund**  
**As of June 2020 - Life To Date**

<b>Program #</b>	<b>Program Name</b>	<b>LTD FY2019-20</b>	<b>LTD Expense</b>	<b>Enc Amt</b>	<b>Budget Bal Over/(Under)</b>
	Transfer In	\$3,325,000			
	<b>In-House Improvement Project</b>				
<b>9160</b>	IT Improvement Project	\$1,015,000	\$340,685	\$35,049	-\$639,266
<b>9161</b>	Agency Space Moditications	300,000	8,220	69,167	-\$222,613
<b>9162</b>	Agency Infrastructure Improvements	250,000	0	23,518	-\$226,482
<b>9163</b>	Level 1 Public Space Modifications	400,000	0	300,000	-\$100,000
	<b>Total In-House Project</b>	<u>\$1,965,000</u>	<u>\$348,905</u>	<u>\$427,734</u>	<u>-\$1,188,361</u>
	<b>CW Improvement Project</b>				
<b>9180</b>	AHUs1-4 Eyebrow Install	\$860,000	\$64,425	\$795,575	\$0
<b>9181</b>	Building Improvement	500,000	325,908	125,000	-\$49,092
	<b>Total CW Project</b>	<u>\$1,360,000</u>	<u>\$390,333</u>	<u>\$920,575</u>	<u>-\$49,092</u>
	<b>Total Building Improvement Budget</b>	<u>\$3,325,000</u>	<u>\$739,238</u>	<u>\$1,348,309</u>	<u>-\$1,237,453</u>