

## 375 Beale Condominium Corporation

June 14, 2021

Agenda Item 4 - 21-0642

### Operating Budget and Assessments for FY 2021-22

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**Background:** Attached for your review and approval is the proposed FY 2021-22 budget for the 375 Beale Condominium Corporation (Condo). The proposed budget is \$6.3 million. Costs are broken down into Common Area and Shared Services. The Budget is balanced as proposed.

Common Area:

The major components of Common Area expense are security, janitorial services, utilities, administration, and repair and maintenance services. In FY 2021-22, total assessment for Common Area expense is proposed to be \$4 million, an increase of \$267,000 or 7%. The proposed increase is mainly due to additional staffing in janitorial and security services made necessary as we prepare to re-occupy the building on a fulltime basis after the Stay Safer at Home Order is lifted.

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 2021-22, the proposed assessment fee is \$2.3 million, an increase of \$227,425 or 11%. 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 is attached.

As provided in the CC&Rs, ABAG's FY 2021-22 assessment is capped at \$366,800. 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 2021-22.

**Attachment:** Attachment A - FY 2021-22 budget for the 375 Beale Condominium Corporation

DocuSigned by:

*Brian Mayhew*

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Brian Mayhew

**375 Beale Condo Corp Operations Budget FY 2021-22**

	Approved Budget FY 2020-21	Draft Budget FY 2020-21	Change % Inc./Dec	Change \$ Inc./Dec
<b>Revenue:</b>				
Assessment Fee				
Common Area				
BAAQMD	\$ 1,700,614	\$ 1,822,001	7.1%	\$ 121,387
ABAG	171,966	159,207	-7.4%	(12,759)
MTC	1,874,918	2,033,778	8.5%	158,860
Total Common Area	3,747,498	4,014,986	7.1%	267,488
Shared Services				
BAAQMD	938,894	1,042,100	11.0%	103,206
ABAG	187,034	207,593	11.0%	20,559
MTC	943,032	1,046,692	11.0%	103,660
Total Shared Services	2,068,960	2,296,385	11.0%	227,425
<b>Total Revenue</b>	<b>\$ 5,816,458</b>	<b>\$ 6,311,371</b>	<b>8.5%</b>	<b>\$ 494,913</b>
<b>Expense:</b>				
Salaries and Benefits	\$ 639,510	\$ 601,749	-5.9%	\$ (37,761)
Overhead	338,940	301,236	-11.1%	(37,704)
Postage meter and Direct TV	3,000	6,500	116.7%	3,500
Supplies	137,000	137,000	0.0%	-
Contractual services	3,810,498	4,079,986	7.1%	269,488
IT licenses, maintenance	707,510	1,029,900	45.6%	322,390
Other Exp./Misc. Expenses	180,000	155,000	-13.9%	(25,000)
<b>Total Expense</b>	<b>\$ 5,816,458</b>	<b>\$ 6,311,371</b>	<b>8.5%</b>	<b>\$ 494,913</b>

**375 Beale Condo Corp Operations Detail Budget FY 2021-22**

	Approved Budget FY 2020-21	Draft Budget FY 2020-21	Change % Inc./Dec	Change \$ Inc./Dec
<b>Common Area Breakdown</b>				
Revenue:				
Assessment fee - BAAQMD	\$ 1,700,614	\$ 1,822,001	7.1%	\$ 121,387
Assessment fee - ABAG	171,966	159,207	-7.4%	(12,759)
Assessment fee - MTC	1,874,918	2,033,778	8.5%	158,860
Total operating revenue	3,747,498	4,014,986	7.1%	267,488
Operating expenses:				
Cleaning	1,046,686	1,127,103	7.7%	80,417
Repairs & Maintenance	815,517	867,352	6.4%	51,835
Utilities	638,119	706,792	10.8%	68,673
Landscape (Grounds)	47,259	39,514	-16.4%	(7,745)
Security	509,584	566,681	11.2%	57,097
Administrative	473,603	496,193	4.8%	22,590
Taxes/Licenses/Permits	20,904	25,024	19.7%	4,120
Insurance	195,826	186,327	-4.9%	(9,499)
Total operating expenses	3,747,498	4,014,986	7.1%	267,488
Total operating gain (loss)	\$ -	\$ -		
<b>Shared Service Operation Breakdown</b>				
Revenue:				
Assessment fee - BAAQMD	\$ 938,894	\$ 1,042,100	11.0%	\$ 103,206
Assessment fee - ABAG	187,034	207,593	11.0%	20,559
Assessment fee - MTC	943,032	1,046,692	11.0%	103,660
Total operating revenue	2,068,960	2,296,385	11.0%	227,425
Operating expenses:				
Salaries and Benefits	639,510	601,749	-5.9%	(37,761)
Overhead	338,940	301,236	-11.1%	(37,704)
Audit/Tax Prep	63,000	65,000	3.2%	2,000
Comcast/Direct TV	3,000	6,500	116.7%	3,500
Office Supplies	97,000	97,000	0.0%	-
Safety Equip. (AEDs, First Aid Kits)	40,000	40,000	0.0%	-
IT licenses, maintenance	707,510	1,029,900	45.6%	322,390
Catering	110,000	80,000	-27.3%	(30,000)
Special Event Setups	25,000	25,000	0.0%	-
Other Expenses	45,000	50,000	11.1%	5,000
Total operating expenses	2,068,960	2,296,385	11.0%	227,425
Total operating gain (loss)	\$ -	\$ -		

**Distribution of Condo Area Fees****FY 2021-22**

	Common Area	Shared Services	Total
BAAQMD	\$ 1,822,001	\$ 1,042,100	\$ 2,864,101
ABAG	159,207	207,593	366,800 *
MTC	2,033,778	1,046,692	3,080,470
Total	\$ 4,014,986	\$ 2,296,385	\$ 6,311,371

**FY 2020-21**

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	\$ 3,747,498	\$ 2,068,960	\$ 5,816,458

**Diff**

BAAQMD	\$ 121,387	\$ 103,206	\$ 224,593
ABAG	(12,759)	20,559	7,800
MTC	158,860	103,660	262,520
Total	\$ 267,488	\$ 227,425	\$ 494,913

\* Max ABAG assessment fee for FY22 is \$366,800 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.		