
ABAG Office Space Acquisition Proposal

Subject:

Staff proposes a redistribution of the existing ABAG floor space, eliminating assigned staff component and assigning a one-third ownership of the common building area. The change will result in an overall reduction of ABAG space by approximately 14,000 square feet and result in a refund of approximately \$3.7 million based on the original purchase price.

Background:

ABAG does not have any staff under their organization after the MTC – ABAG staff consolation finalized in FY2017. Nevertheless, ABAG is paying for staff support space for what is now MTC employees. ABAG currently owns 17,687 square foot of office space on the seventh floor of the BAMC and an additional of 1,404 square foot of agency area on the first floor, totaling 19,091 square feet. Staff suggests that ABAG sell its floor space on the seventh floor and increase its ownership of agency space on the first floor by 3,596 square feet. The transaction would result in a refund of approximately \$3.7 million and a reduction of their annual assessment by approximately \$272,000. Total square footage owned by ABAG after this transaction will be 5,000 square feet.

Staff estimates the \$3.7 million payout based on the percentage changes in ABAG square footage ownership and the amount ABAG paid for the original 19k square foot. ABAG paid about \$5 million in 2015 for the space in BAMC, and it will be reducing its square footage ownership by about 74% with the recommended change.

Staff is suggesting that MTC and BAAQM District split the purchase cost and shared service costs on an even basis. With the purchase of the ABAG office space, MTC and BAAQM District will own 100% the floor Space on fifth through eighth floor. Given the potential need to remodel space for the return of employees on a hybrid work basis, the redesign might be easier with the two major owners having control of decisions.

After the acquisition, one of both owners, MTC and BAAQM District, will be the assessed on both the Common Area and Shared Services related expense while ABAG will be assessed on the Common Area only. The revised assessment schedule along with the revised square footage ownership information is included in Attachment 1.

Staff requests that the condo owners consider the staff proposal and return with a formal direction to obtain approval from their respective boards.

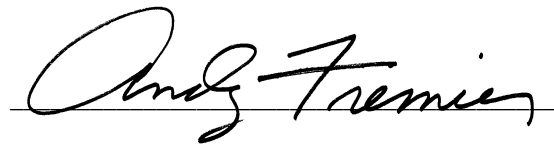
If you have any questions about this report, please contact Brian Mayhew at 415-778-6730.

Recommendation:

None. Provided for information only.

Attachments:

Attachment 1: Draft Assessment Schedule and Square Footage Ownership

A handwritten signature in black ink, reading "Andrew B. Fremier", written over a horizontal line.

Andrew B. Fremier

Revised Distribution of Condo Area Fees (Draft for discussion only)

<u>FY 2021-22 Revised Fees</u>	<u>Common Area</u>	<u>Shared Services</u>	<u>Total</u>
BAQQMD	\$ 1,854,004	\$ 1,145,668	\$ 2,999,672
ABAG	95,060	0	95,060
MTC	2,065,922	1,150,717	3,216,639
Total	\$ 4,014,986	\$ 2,296,385	\$ 6,311,371

<u>FY 2021-22 Current Fees</u>	<u>Common Area</u>	<u>Shared Services</u>	<u>Total</u>
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

<u>Change</u>			
BAAQMD	\$32,003	\$103,568	\$ 135,571
ABAG	(64,147)	(207,593)	(271,740)
MTC	32,144	104,025	136,169
Total	\$ 0	\$ 0	\$ 0

* Max ABAG assessment fee for FY22 is \$366,800 based on CC&R Section 2.01(h)(6).

	Current RSF	Common Area	Shared Services
MTC/BATA	103,318	48.92%	50.11%
BAAQMD	102,864	48.71%	49.89%
ABAG	5,000	2.37%	0.00%
375 Condo Sq. Ft	211,182 **	42.67%	100.00%
Total CC&R Sq. Ft.	494,956	57.33%	

** Agency Space RSF from CC&R Exhibit B and 15,600 RSF for 1st floor

	Current RSF	
MTC/BATA	96,257	45.58%
BAAQMD	95,834	45.38%
ABAG	19,091	9.04%
375 Condo Sq. Ft	211,182 **	42.67%
Total CC&R Sq. Ft.	494,956	57.33%

** Agency Space RSF from CC&R Exhibit B and 15,600 RSF for 1st floor