



Proposed FY 2026-27 Operating and Capital Budget

Bay Area Headquarters Authority

June 24, 2026

Bay Area Headquarters Authority (BAHA) Overview

BAHA purchased 375 Beale Street in 2011

In 2016, the three entities below moved into the building, and established a condominium corporation to divide ownership

- Metropolitan Transportation Commission (MTC)
- Bay Area Air Quality Management District (BAAQMD)
- Association of Bay Area Governments (ABAG)

Revenue to fund the budget is derived from:

- Assessments from the three condominium owners
- Lease income from private tenants
- Miscellaneous (e.g., Parking, investments)

Bay Area Headquarters Authority (BAHA)

Overview (continued)

Expenses are categorized in three ways:

- **Common Area** (Expenses shared by all tenants: ex: atrium lighting, water, garbage)
- **Shared Services** (Benefit the condo owners — ex: Board room technology improvements)
- **Capital** (High dollar, long-lasting projects — ex: Wi-Fi upgrades and maintenance, stairwell improvements, roofing)
- Cushman and Wakefield (CW) provides professional property management (lease collection, repairs and maintenance, etc.)



Setting the Stage – Financial Challenges

- 375 Beale requires ongoing capital maintenance to maintain a safe and functional building, and to make the building desirable to future tenants
- Capital projects are funded by operating surpluses and accumulated reserves
- Existing tenants have not renewed leases, and a competitive office rental market is directly affecting rental income; BAHA is unable to cover both operating and capital expenses without a draw from reserves
- Proposed FY 2026-27 Operating budget includes a \$2.9 million deficit, funded by drawing from reserves
- Capital Project requests total \$2.3 million, including addressing recommendations from a recently completed façade inspection
- No long-term funding solution has been identified for remaining capital needs.

BAHA

FY 2026-27 Proposed Operating Budget

Total Revenue \$13.6 million -9%

- Assessments are decreased proportionally to decreased expenses
- Lease revenue (provided by Cushman and Wakefield)
- Other – Decrease projected from investment returns

Expenses \$16.5 million -5%

- Salary & Benefit – Cost of Living adjustment
- Tech. (Backnet infrastructure, Security, Hybrid telepresence)
- Property Mgt. (Utilities, administrative, Repairs & Maint., Security, labor/benefits)
- Other (Legal, supplies, insurance, etc.).
- Operating deficit covered by a draw from Operating Reserves

Revenue	FY 2025-26 Approved (\$ thousands)	FY 2026-27 Proposed (\$ thousands)	Change % Increase/(Decrease)
Assessments	\$8,923	\$8,260	(7.4%)
Lease	4,502	4,700	4.4%
Other	1,498	642	(57.2%)
Total Revenue	\$14,923	\$13,602	(8.9%)
Expense	FY 2025-26 Approved (\$ thousands)	FY 2026-27 Proposed (\$ thousands)	Change % Increase/(Decrease)
Salary, Benefits & Overhead	\$3,405	\$3,192	(6.2%)
Computer Maintenance & Services	2,241	2,171	(3.1%)
Property Management	9,070	9,035	(0.4%)
Other	2,615	2,072	(20.8%)
Total Expense	\$17,331	\$16,470	(5.1%)
Operating surplus/(deficit)	(\$2,408)	(\$2,868)	19.1%

BAHA Proposed FY 2026-27 Capital Budget

Total Capital project requests of \$2.3 million

Property Management Projects	}	AHUs 1-4 Eyebrow Install	\$591k*
		Façade Repair & Window Replacement	\$1,750k

Total façade program:
\$20.2 million with \$6.8 million unfunded

**thousands*

Recommendation

Staff requests that the Bay Area Headquarters Authority Board (BAHA):

- ✓ Adopt Resolution No. 50, approving the BAHA FY 2026–27 Operating and Capital Budget