

375 Beale Condominium Corporation



Date: June 22, 2023

FY 2023-24 Operating Budget and Assessments



375 Beale Condominium Corporation Overview

- The Bay Area Headquarters Authority (BAHA) purchased 375 Beale Street (Bay Area Metro Center, “BAMC”) in 2011
- In 2017, BAHA, BAAQMD, and ABAG established 375 Beale Condominium Corporation (375 Beale Condo) to manage the condominium interest at BAMC
- The condo owners established a Declaration of Covenants, Conditions and Restrictions (CC&R’s) which provides policy and operating guidance of 375 Beale Condo
- 375 Beale Condo is authorized to assess fees to the condo owners for common area and shared service expenses

375 Beale FY 2023-24 Assessment Distribution

Total Assessments - \$8.8 million +20% (\$1.5M)

Assessments are increased proportionally with expenses

Distribution of Condo Area Fees

Common Area	FY 2022-23	FY 2023-24	Change \$	Change %
BAAQMD	\$ 1,856,236	\$ 2,107,138	\$ 250,902	14%
ABAG	98,432	221,556	\$ 123,124	125%
BATA/MTC	2,135,761	2,314,627	178,866	8%
Total	\$ 4,090,429	\$ 4,643,321	\$ 552,892	14%
Shared Services				
BAAQMD	\$ 1,443,560	\$ 1,865,772	\$ 422,212	29%
ABAG	287,567	186,822	\$ (100,745)	-35%
BATA/MTC	1,449,922	2,058,847	608,925	42%
Total	\$ 3,181,049	\$ 4,111,441	\$ 930,392	29%
Grand Total	\$ 7,271,478	\$ 8,754,762	\$ 1,483,284	20%

375 Beale FY 2023-24 Expenses

Expense:

	Adopted FY 2022-23	Proposed FY 2023-24	Change \$ Increase/(Decrease)	Change % Increase/(Decrease)
Salaries and Benefits	\$ 1,094,366	\$ 1,214,238	\$ 119,872	11.0%
Overhead	509,683	557,119	47,436	9.3%
Postage Meter and Direct TV	10,000	15,000	5,000	50.0%
Supplies	137,000	132,000	(5,000)	-3.6%
Contractual Services	4,150,929	4,643,321	492,392	11.9%
Information Technology (IT) Licenses/Maintenance	984,500	1,644,984	660,484	67.1%
Other/Miscellaneous	385,000	548,100	163,100	42.4%
Total Expense	\$ 7,271,478	\$ 8,754,762	\$ 1,483,285	20.4%

Budget 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 not currently funded by assessments
- As the office rental market competition grows, tenant occupancy and rental income in the next few years are likely to decline
- This means that less rental income will be available to use for capital projects
- Staff will present to this Board options for funding ongoing capital repair and maintenance costs, as well as capital improvement projects