

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