

## *Memorandum*

Agenda Item 4

TO: Bay Area Headquarters Authority (BAHA)

DATE: June 18, 2014

FR: Executive Director

RE: BAHA Resolution No. 13, BAHA FY 2014-15 Budget

Staff requests Authority approval of BAHA Resolution No. 13, the BAHA FY 2014-15 agency budget. Attachment A is the BAHA budget for FY 2014-15.

The total project authorization, including adjustments for FY 2014-15, is \$223 million. The funding is broken down as follows:

### **Sources**

BATA toll contribution	\$185.5 million
Purchase from Air District	30.0 million
Tenant improvements from ABAG	0.8 million
BATA/MTC/SAFE transfers	<u>6.8 million</u>
Life-to-date project budget	\$223.1 million

### **Uses**

Building Purchase	\$93.1 million
Building Development	69.4 million
Staff Costs	2.1 million
Other	<u>0.6 million</u>
Life-to-date uses	\$165.2 million

Project expenditures, including contracts currently encumbered, total \$165.2 million. The remaining balance of \$57.9 million is fully committed to completing construction and getting the building ready for occupancy.

The budget adjustments for FY 2014-15 include the following:

- Rental income for entire fiscal year for the DEA Lab;
- General Liability insurance and the renewal of the Builder's Risk policy in December 2014 related to the construction project;

- Funding for legal fees related to the development and execution of commercial real estate leases;
- Other costs associated with keeping the existing building equipment operational during construction;
- Additional staff for tenant improvement construction support and for implementing information technology changes for the shared agency network environment;
- The MTC/BATA/SAFE transfers include construction items such as the new FastTrak customer service center and a move coordinator for the agencies' relocation to the new facility.

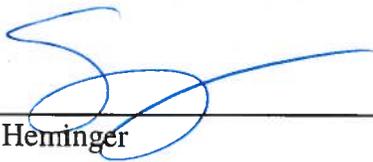
With these changes, the life to date budget for development of the property is \$223 million.

In November 2013, the Bay Area Air Quality Management District issued \$30 million in Certificates of Participation (COPs) to be used for the financing of their office space at 375 Beale Street. Their purchase of the office space has been completed with the \$30 million included as a revenue source to the project.

In addition, the FY 2014-15 also includes \$0.8 million as tenant improvements from ABAG. The funding agreement approved with ABAG included annual payments for a total of \$4.2 million for ABAG tenant improvements in the new building. The \$0.8 million represents the FY 2013-14 and FY 2014-15 payments.

**Recommendation:**

Staff recommends that this Authority approve BAHA Resolution No. 13, the BAHA FY 2014-15 Budget.



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Steve Heminger

Attachment

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Date: June 25, 2014

ABSTRACT

BAHA Resolution No. 13

This resolution approves the Budget for FY 2014-15 for the Bay Area Headquarters Authority (BAHA).

Discussion of this Resolution can be found in the Executive Director's Memorandum to BAHA dated June 18, 2014.

Date: June 25, 2014

Re: Bay Area Headquarters Authority's Budget for FY 2014-15

BAY AREA HEADQUARTERS AUTHORITY  
RESOLUTION No. 13

WHEREAS, the Metropolitan Transportation Commission ("MTC") and the Bay Area Toll Authority ("BATA") have executed a joint exercise of powers agreement dated September 28, 2011 which creates and establishes the Bay Area Headquarters Authority ("BAHA"): and

WHEREAS, the BAHA staff has prepared a proposed budget setting forth the anticipated revenues and expenditures of BAHA for FY2014-15 according to generally accepted accounting principles; now, therefore, be it

RESOLVED, that BAHA approves the FY 2014-15 budget as set forth in Attachment A to this Resolution; and, be it further

RESOLVED, that the Executive Director or designee may approve adjustments among line items in the BAHA Budget for FY2014-15 providing that there shall be no increase in the overall budget without prior approval of BAHA; and, be it further

RESOLVED, that the Executive Director or designee shall submit written requests to BAHA for approval of consultants, professional services, and expenditures authorized in the BAHA Budget for FY 2014-15; and be it further

RESOLVED, that the Executive Director and Treasurer and Auditor are authorized to carry over and re-budget all funds and contracts properly budgeted in the prior year for which expenditures were budgeted and encumbered and which will take place in FY2014-15; and, be it further

RESOLVED, that the BAHA staff shall furnish BAHA with at minimum, at least quarterly, a financial report to reflect budgeted and actual income, expenditures, obligations for professional and consultant services, and such other information and data as may be requested by BAHA.

BAY AREA HEADQUARTERS AUTHORITY

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Amy Rein Worth, Chair

The above resolution was entered into by the Bay Area Headquarters Authority at a regular meeting of the Authority held in Oakland, California, on June 25, 2014.

Date: June 25, 2014

Attachment A  
BAHA Resolution No. 13

FY 2014-15 BAHA Budget

Attachment A: FY 2014-15 BAHA Budget

## BAHA BUDGET

	LTD Budget Thru FY2013-14	Total Budget FY 2014-15	LTD Budget Thru FY2014-15
<b>Revenue:</b>			
Rental Income *	\$1,246,121	\$1,467,372	\$2,713,493
Interest Income	0	0	0
<b>Total Revenue</b>	<b>\$1,246,121</b>	<b>\$1,467,372</b>	<b>\$2,713,493</b>
<b>Expenses:</b>			
Operating Expenses *	\$0	\$0	\$0
Cleaning Services	40,970	51,364	92,334
Repairs and Maintenance	293,317	421,108	714,425
Utilities	556,656	408,000	964,656
Security	167,640	206,400	374,040
<b>Total Operating Expenses</b>	<b>\$1,058,583</b>	<b>\$1,086,872</b>	<b>\$2,145,455</b>
General & Administration Expenses			
Property Management Fees	\$257,277	\$249,820	\$507,097
Business Insurance	102,300	300,000	402,300
Other G & A Expenses	28,480	140,750	169,230
<b>Total General &amp; Administration Expenses</b>	<b>\$388,057</b>	<b>\$690,570</b>	<b>\$1,078,627</b>
Marketing Expenses	\$52,500	\$105,500	\$158,000
<b>Total Expenses</b>	<b>\$1,499,140</b>	<b>\$1,882,942</b>	<b>\$3,382,082</b>
<b>Net Gain/(Shortfall)</b>	<b>(253,019)</b>	<b>(415,570)</b>	<b>(668,589)</b>
<b>Capital Improvement Project Sources</b>			
Transfer in from MTC	\$551,160	\$250,000	\$801,160
Transfer in from SAFE	62,910	50,000	112,910
Transfer in from BATA	357,486	5,622,586	5,980,072
Purchase from ABAG	0	800,000	800,000
Purchase from Air District	0	30,000,000	30,000,000
Capital Contribution (BATA)	215,450,000	(30,000,000)	185,450,000
<b>Total Transfer In</b>	<b>\$216,421,556</b>	<b>\$6,722,587</b>	<b>\$223,144,143</b>
<b>Uses</b>			
Purchase Building	\$93,000,000	\$0	\$93,000,000
Building Development	87,585,217	3,557,798	91,143,015
Development Contingency	18,250,000	800,000	19,050,000
Furniture, Fixtures, Equipment	15,000,000	0	15,000,000
Staff Costs	2,128,319	1,949,219	4,077,538
Operating Shortfall **	458,020	415,570	873,590
<b>Total Usage</b>	<b>\$216,421,556</b>	<b>\$6,722,587</b>	<b>\$223,144,143</b>
<b>LTD Actual &amp; Encumbrances as of April 2014</b>	<b>\$165,198,089</b>		<b>\$165,198,089</b>
<b>Remaining Balance</b>	<b>\$51,223,467</b>		<b>\$57,946,054</b>

\* : Carried as operating income and expense in prior years. Starting in FY 2013-14 all revenue and expense reflect contribution to project development and completion.

\*\* : Including prior years shortfall of \$205,000