# 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.)

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# 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%** |

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# 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*

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# 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