

THE PRESIDIO TRUST
P.O. Box 29052
The Presidio
San Francisco, CA 94129-0052

December 23, 1997

Committee on Energy and Natural Resources
United States Senate

Committee on Resources
United States House of Representatives

To the Honorable Members:

In compliance with Section 103(c)(10)(B) of Public Law 104-333, we are pleased to submit our first annual report for the Presidio Trust.

The Presidio Trust Act was adopted by Congress at the end of the 104th session and signed by the President on November 12, 1996. Pursuant to the Act, the President announced appointments to Presidio Trust Board of Directors on April 18, 1997. The National Park Service management at the Presidio and the Golden Gate National Recreation Area, as well as staff from the Department of Interior, convened informal meetings with the designated Board appointees during May and June of 1997, prior to their swearing-in, in order to provide an in-depth orientation to Presidio issues. On July 9, 1997 the Presidio Trust Board held its first formal Board meeting and public hearing, at which time the Board members were officially sworn into office with the Constitutional Oath administered by the Chief Judge, Northern District of California, the Honorable Thelton E. Henderson.

During the remaining months of Fiscal Year 1997 the Presidio Trust Board has been devoting its time to organizational matters and building a constructive working relationship with National Park Service management at the Presidio. The Trust has established guidelines and agreements with the National Park Service to facilitate the hiring of personnel, procurement of supplies, retention of consultants and other start-up functions. These are transitional guidelines designed to enable the Trust to operate until its final procedures can be implemented in cooperation with other Federal agencies (e.g. U.S. Treasury, Office of Management & Budget, etc.).

With an understanding of the responsibilities to be met during 1998 and beyond, as well as the urgency with which these must be addressed, the Trust Board has pursued the following issues and completed the following matters during 1997:

- Hired an Executive Director, Mr. James E. Meadows, who began orientation with the National Park Service and the Trust on December 15th and will assume his management responsibilities formally on January 5th, 1998. Mr. Meadows has spent the last three years as Executive Director of the Lowry Redevelopment Authority in Denver and Aurora, Colorado, where he directed the conversion of that former Air Force base into a complex multi-use redevelopment consisting of commercial and residential real estate as well as open space and parklands. In that role, and previously in other real estate and related businesses, he demonstrated the experience needed for the Presidio Trust. In searching for an Executive Director the Trust utilized professional consulting services which enabled it to conduct a nationwide search resulting in over three hundred resumes from a diverse cross section of candidates. The recruiting process consumed more than six months in part because of different interpretations of the Presidio Trust Act (from those made by the Presidio Trust Board) raised by attorneys from the Department of the Interior and other Federal agencies, which were finally resolved in legislation adopted by Congress and signed by the President in November 1997.
- Hired a Director of Intergovernmental Affairs, Mr. Craig Middleton, an individual experienced in working with Congress, the National Park Service and other Federal agencies, as well as local community and environmental groups.
- Opened an interim office at the Presidio and began preparations for establishing a permanent office location on the Presidio.
- Reviewed the requirements for operating rules and regulations. Adopted a set of by-laws, interim personnel guidelines, interim procurement guidelines and procedures for compliance with the Freedom of Information Act and initiated a series of agreements with the National Park Service to define roles of each respective agency during the Presidio's transition. Conducted numerous meetings at the Presidio and in Washington with staff from the National Park Service, Department of the Interior, Office of Management and Budget, Treasury Department and other Federal agencies to understand and prepare to initiate permanent regulations and operating procedures.
- Completed initial meetings between the Trust Board Chair and the Chairmen of the Senate Committee on Energy and Natural Resources and the House Committee on Resources, as well as with a number of other Members of Congress, congressional staff and Administration officials in Washington. These meetings were undertaken to comply with requirements of the Trust's authorizing Act as well as to keep these key individuals apprised of the work and progress of the Presidio Trust.
- Developed formal and informal means of coordinating activities with National Park Service management at the Presidio. The cooperation between the Trust and the Presidio Office of the National Park Service is proving to be very effective and has become the mechanism for regular review and consultation on all transitional issues. Essentially most matters have been resolved satisfactorily at this level.

- Participated in numerous informal meetings with community groups, members of the press, prospective tenants, and members of San Francisco's City government. Discussions at these meetings have been devoted to explaining the requirements of the Trust's authorizing Act and current status of the Trust as well as to reach a comprehensive understanding of the needs and desires of prospective tenants and of community, environmental and historic preservation organizations.
- Participated fully in discussions related to the Army's remediation of toxics at the Presidio. This is an issue of tremendous importance to the Trust because of its potential to impact the Trust's ability to achieve its financial objectives and statutory mandates at the post. Because a slow or inadequate Army clean up would seriously undermine the Trust's ability to establish a tenant-based stream of revenue, the Trust Board took immediate steps to analyze the Army's remediation proposals and actions to date. To this end, the Board engaged professional engineering consultants and attorneys experienced in remediation to provide information, advice and to assist in discussions with the Army and the local Restoration Advisory Board. This assistance has enabled the Trust to respond to the Army's work in a timely fashion and to negotiate with the Army toward the goal of achieving clean up requirements at the Presidio in a way that meets the objectives of both organizations. The Board has kept Members of Congress apprised of progress on this issue as discussions have been underway.
- Undertaken a review of existing information gathered over the past several years by the National Park Service and its consultants on the housing resources at the Presidio and on the issues for redevelopment of the Letterman Complex.
- Undertaken a review of current National Park Service staffing and procedures in managing, operating and maintaining the Presidio.
- Provided guidance to the National Park Service-Presidio management on the extension of permits and other use agreements for current Presidio tenants, with the purpose of sustaining the present stream of revenues on a transitional basis.
- Provided guidance to the National Park Service-Presidio management on current capital improvement projects (e.g. electric utility upgrades) and how these are likely to fit within future planning.
- Negotiated and developed Presidio Trust and National Park Service budgets for the whole Presidio that will ensure continued operation of key functions during the transition period (fiscal years 1997, 1998 and 1999). For the short period of FY 97 during which the Trust was in operation, the Trust expended \$124,000 through the offices of NPS. Agreement has been reached on a split of the FY98 Presidio budget such that \$2.5 million will be available to the Trust for its operations. A FY99 budget split has also been negotiated with consensus on nearly all items, such that

approximately 65% of the anticipated appropriation for the Presidio would flow directly to the Trust. The Trust has submitted its FY99 budget to the Office of Management and Budget for inclusion in the President's budget as a line item independent of the Department of the Interior's budget request. The Trust will move forward as an independent Federal agency in this work, as directed by Congress.

For fiscal year 1998 the Presidio Trust Board and management have set the following goals to be accomplished:

- Develop and provide to Congress the new financial management program called for in Section 105(2)(b) of the Presidio Trust authorizing Act. In order to complete this management program, of course, an extensive planning effort will be undertaken.
- Effect the complete transfer of the administrative jurisdiction of the Presidio's Area B properties in compliance with the provisions of the Act.
- Continue implementation of the programs initiated in FY 97 and described above.
- Complete the recruitment and hiring of the senior management staff.
- Complete adoption of operating procedures and regulations.
- Complete remodeling of and move into permanent office space.
- Create and adopt procedures for leasing programs.
- Complete negotiations with U.S. Army on remediation programs.
- Initiate redevelopment planning for the Letterman and Public Health Service Hospital areas.
- Initiate a process and program for leasing housing on an interim basis.
- Plan for major capital improvements designed to complement Presidio leasing programs pending initial indications of the availability of borrowing authority for Treasury loans.
- Develop regular briefings and communication programs for community groups and for other government agencies.

The Presidio Trust Board is pleased to be engaged in meeting our responsibility to fulfill the vision of Congress and the communities who care about this wonderful National Park. We are just beginning this important work and are pleased to submit to you this first Annual Report covering primarily the fourth quarter of Fiscal Year 1997. We are

confident the goals of the Presidio Trust Act can be successfully accomplished and look forward to reporting our progress to you in future years.

On behalf of the Board of Directors of the Presidio Trust,

Very truly yours,

/signature/

Toby Rosenblatt

Chair

Board of Directors