

Preserving the Presidio as a Sustainable National Park

A Year of Progress



1998 YEAR-END REPORT

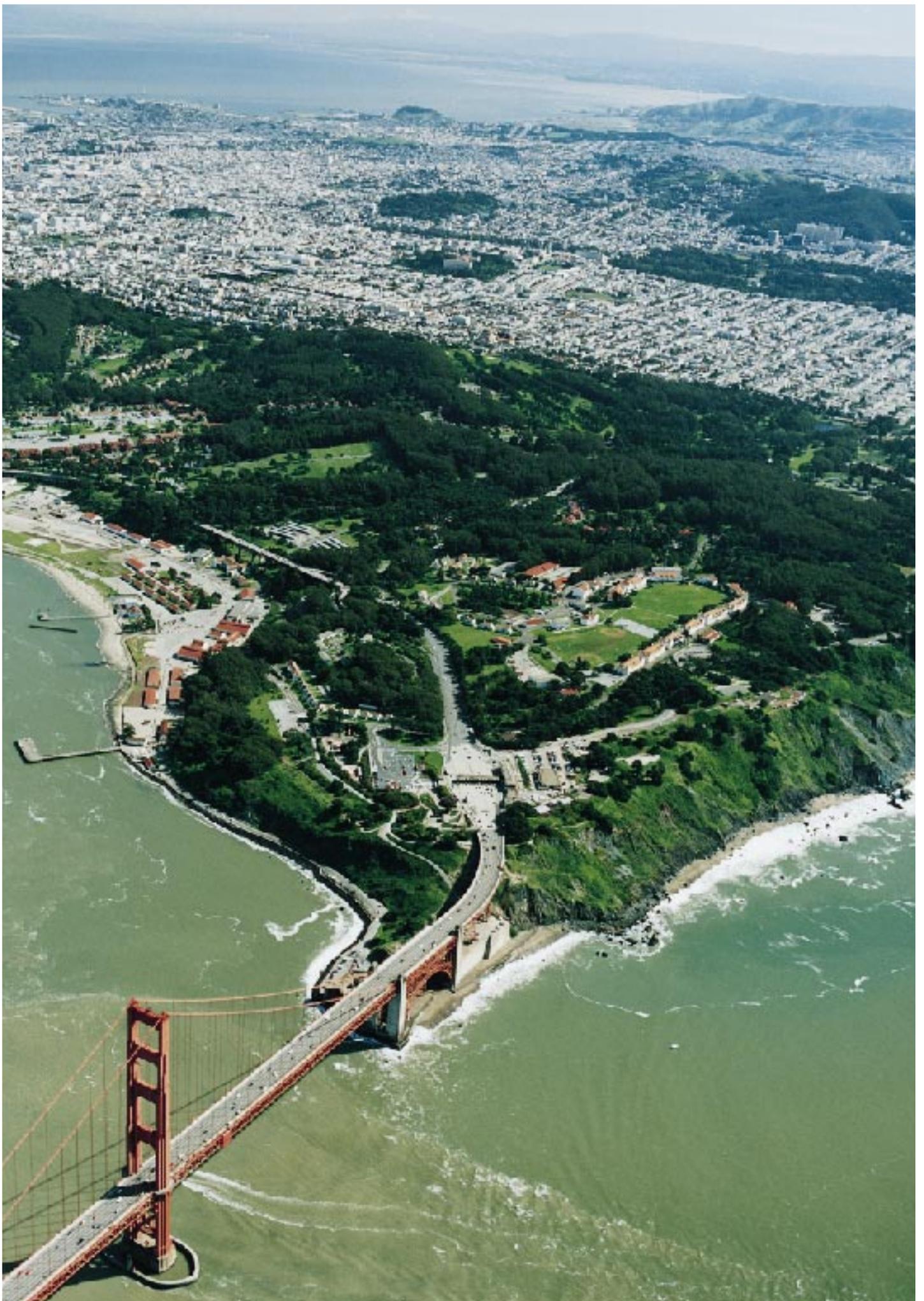
A New Kind of Park

The Presidio of San Francisco is an extraordinary combination of natural beauty, ecological diversity and historical significance. A military garrison for 218 years under three different flags, the Presidio is now a national park that provides visitors with a wide variety of cultural, educational and recreational opportunities.

- The Presidio Trust is responsible for preserving the Presidio as a national park while achieving financial self-sufficiency by the year 2013. The Trust works in partnership with the National Park Service to increase open space within the Presidio’s boundaries, enhance its natural areas, and preserve the more than 500 historic buildings in the Presidio.
- The Trust is also building a vibrant community — individuals, families, organizations and businesses — that will establish the park as a center for education, arts, philanthropy, science and technology, and international relations.

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PROJECTED 1999 CASH FLOW	INSIDE BACK COVER

By 2013, lease revenues will provide funds to cover all operations, improvements and preservation. ▪ In making the park a model for historic preservation and financial sustainability, the Trust ensures that the Presidio will be a treasured destination for future generations in the Bay Area and around the world.





THE VIEW NORTH ACROSS THE PRESIDIO, 1890.

The Presidio Trust is working to protect the historical significance of the park. The Presidio has been a National Historic Landmark District since 1962.

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From the Chairman

THE PRESIDIO IS A UNIQUE PLACE, AND EVEN IN THE WORLD OF NATIONAL PARKS IT IS A PARK WITH UNIQUE CHARACTERISTICS. IT IS FOR THIS REASON THAT CONGRESS DEEMED IT MOST APPROPRIATE TO CREATE THE PRESIDIO TRUST TO OVERSEE THE MANAGEMENT, PRESERVATION AND ENHANCEMENT OF THE PRESIDIO. THE TRUST IS AN EXECUTIVE FEDERAL CORPORATION ESTABLISHED BY LAW IN 1996. THE PRESIDENT APPOINTED THE BOARD OF DIRECTORS IN 1997, AND THEY THEN INITIATED UNDERTAKING THE TRUST'S RESPONSIBILITIES. IT IS WITH PRIDE AND PLEASURE THAT WE PRESENT CONGRESS, THE PRESIDENT, AND THE PEOPLE WITH THIS ANNUAL REPORT FOR 1998, THE FIRST FULL YEAR FOR THE TRUST. IN THIS REPORT, THE MAJOR ACCOMPLISHMENTS FOR 1998 AND THE PLANS FOR 1999 ARE REVIEWED. IN 1998, NOT SURPRISINGLY, THE TRUST EXPERIENCED BOTH THE SUCCESSES AND THE FRUSTRATIONS OF AN AMBITIOUS START-UP ORGANIZATION. THE CLARITY OF PURPOSE AND THE DISCIPLINE OF THE TIMETABLE FOR ECONOMIC SELF-SUFFICIENCY HAVE BEEN MAJOR MOTIVATIONS TO ENSURE THAT THE SUCCESSES ARE OUTNUMBERING THE FRUSTRATIONS. MOST REMARKABLE AT THIS JUNCTURE IS THE REALITY THAT THE TRUST IS ALREADY A FULLY FUNCTIONING ENTITY WITH ITS MANAGEMENT TEAM AND ITS OPERATING SYSTEMS IN PLACE, AND WITH THAT IT IS WELL INTO ITS PRINCIPAL FUNCTIONS OF LEASING SPACE TO YIELD USES AND REVENUES NEEDED TO SUSTAIN THE PARK AND PROVIDE PUBLIC SERVING OPPORTUNITIES. AS WELL IT HAS EMBARKED AGGRESSIVELY UPON PROGRAMS FOR SUSTAINING AND ENHANCING THE NATURAL AND HISTORIC RESOURCES IN COOPERATION WITH THE NATIONAL PARK SERVICE. WE THANK YOU, THE FRIENDS AND SUPPORTERS OF THE PRESIDIO — THOSE WHO HAVE EXPERIENCED ITS AMBIANCE AND WONDER AS A MILITARY POST AND THOSE WHO HAVE KEPT THE VISION OF THIS NATIONAL PARK SINCE ITS INCLUSION IN THE GGNRA IN 1972, THROUGH ITS TRANSITION TO A NATIONAL PARK IN 1994 AND NOW INTO THE HANDS OF THE PRESIDIO TRUST.



The Trust is preserving
and enhancing a national
park that both looks to
the future and provides
meaningful continuity
with the Presidio's past.

— Toby Rosenblatt
CHAIRMAN, THE PRESIDIO TRUST

From the Executive Director

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This year we have made significant progress toward financial self-sufficiency and environmental sustainability.

TURNING A CENTURIES-OLD MILITARY POST INTO A SUSTAINABLE NATIONAL PARK IS A **TREMENDOUS RESPONSIBILITY**. IN RISING TO THIS CHALLENGE, THE PRESIDIO TRUST IS INSPIRED BY THE SHEER PHYSICAL BEAUTY OF THE PARK, ITS UNIQUE PLACE IN OUR REGIONAL AND NATIONAL HISTORIES, AND ITS POTENTIAL TO BE A MAGNIFICENT CULTURAL AND EDUCATIONAL RESOURCE. THE TRUST ASSUMED MANAGEMENT CONTROL OVER MOST OF THE PRESIDIO IN JULY 1998 AND IS FOCUSED ON SEVERAL KEY PRIORITIES:

- PRESERVING HISTORIC BUILDINGS, RENEWING NATURAL AREAS AND ECOSYSTEMS, AND ENHANCING RECREATIONAL OPPORTUNITIES WITHIN THE PARK.
- INITIATING RESIDENTIAL AND NON-RESIDENTIAL LEASING PROGRAMS THAT CREATE A DYNAMIC PRESIDIO COMMUNITY AND GENERATE REVENUES TO SUPPORT TRUST OPERATIONS.
- BUILDING AN **INNOVATIVE, ACTION-ORIENTED ORGANIZATION** THAT UTILIZES SOUND BUSINESS AND MANAGEMENT PRACTICES TO PROMOTE THE PUBLIC GOOD.
- BEGINNING THE NEXT STAGE OF PLANNING FOR THE PRESIDIO, WITH A CONTINUED EMPHASIS ON SUSTAINABLE DESIGN AND BUILDING PRACTICES.

ALL OF THESE PRIORITIES SUPPORT THE TRUST'S FUNDAMENTAL MISSION OF **PRESERVING THE PRESIDIO AS A NATIONAL PARK** THAT IS ENVIRONMENTALLY, FINANCIALLY, AND CULTURALLY SUSTAINABLE. WE ALSO PLACE GREAT VALUE ON THE PARK'S HISTORICAL LEGACY. THROUGH OUR PARTNERSHIP WITH THE NATIONAL PARK SERVICE, WE HELP INTERPRET THE PRESIDIO'S HISTORY AND ENHANCE THE ENJOYMENT OF VISITORS TO THE PARK. OUR 1998 YEAR-END REPORT IS OF GREAT INTEREST TO ANYONE WHO CARES ABOUT **THE PRESIDIO'S FUTURE**, AS IT DESCRIBES HOW THE VISION OF A SUSTAINABLE NATIONAL PARK IS BEING TRANSLATED INTO ACTION. IN LIGHT OF OUR VARIOUS ACHIEVEMENTS OVER THE PAST YEAR, I AM CONFIDENT THAT THE TRUST IS MAKING GREAT STRIDES TOWARD ENHANCING AN **INVALUABLE PUBLIC RESOURCE**.

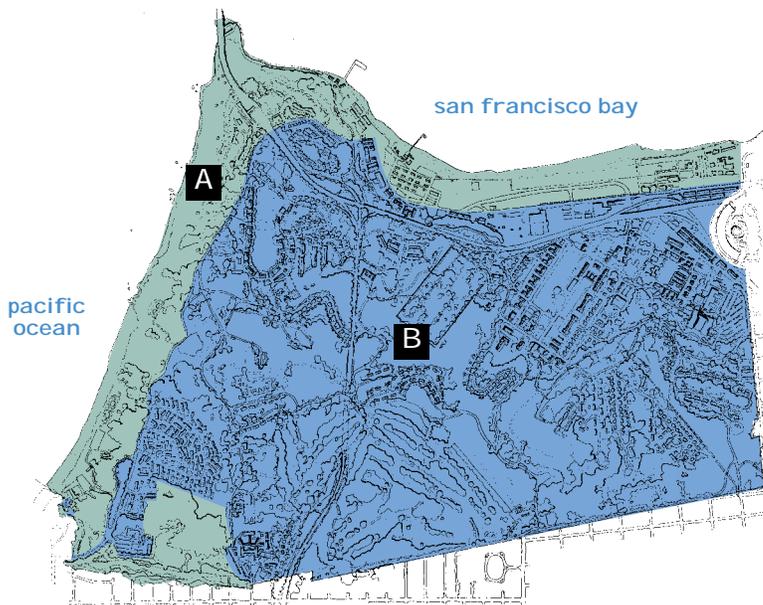
A handwritten signature in black ink, appearing to read 'James Meadows', written in a cursive style.

— James Meadows

EXECUTIVE DIRECTOR, THE PRESIDIO TRUST

Going Live: The Trust Becomes a Federal Agency

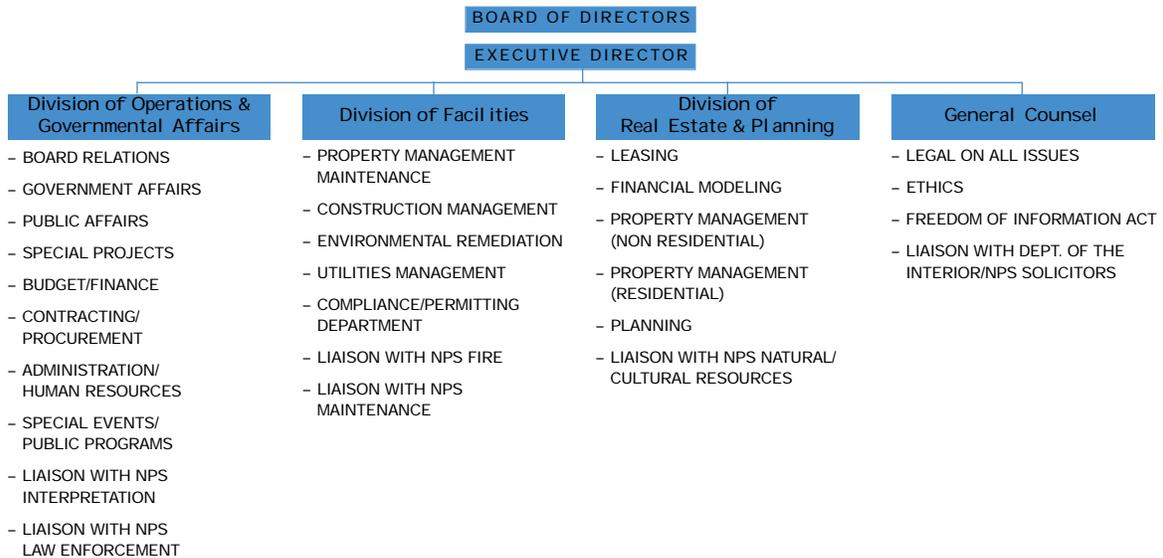
The Presidio Trust completed the process of becoming a fully functioning federal executive agency in the beginning of fiscal year 1999 on October 1, 1998. Congress appropriated \$14.9 million to the Trust for the year and authorized the Trust to borrow \$20 million from the U.S. Treasury. This borrowing is critical to the building and infrastructure improvements needed to establish lease revenues that will lead to the Presidio's financial self-sufficiency. The Trust now receives direct appropriations and performs its own accounting and reporting in accordance with the Government Corporation Control Act, the Trust Act and other relevant statutes, and Office of Management and Budget and Treasury Department criteria for government agencies. In consultation with the Office of Federal Procurement Policy, the Trust adopted a procurement policy that guides the purchase of goods and services. **TRANSITION FROM THE NATIONAL PARK SERVICE** One of the Trust's main objectives in 1998 was to lay the foundation for an enduring, productive partnership with the National Park Service at the Presidio. On July 1, 1998, management responsibility for the park's non-coastal areas (Area B on map) was transferred to the Trust. Staff from the Trust and the National Park Service met weekly throughout the year to work out detailed interagency agreements for transferring land, facilities and operational functions to the Trust.



COOPERATIVE MANAGEMENT
The Trust manages the interior 80 percent of the park (Area B), and the National Park Service oversees the coast (Area A).

Both the Trust and the National Park Service consider fiscal year 1998 and fiscal year 1999 as transition years, and have negotiated a budgetary split that reflects each organization's operational responsibilities during this period. The National Park Service will continue to perform some functions in Area B through fiscal year 1999 with directly appropriated funding. In fiscal year 2000, the Trust will request appropriated funds needed to support Area B functions, while the National Park Service will request appropriated funds needed to support Area A functions. **BUILDING A TEAM OF PROFESSIONALS** The Presidio Trust in 1998 began the important task of developing a skilled, diverse staff. In January 1998, James Meadows was hired as the Trust's first Executive Director. Mr. Meadows brings an extensive background in real estate and community development to the Presidio. Most recently, he served as Executive Director of the Lowry Redevelopment Authority, a public agency that managed the transformation of the former Lowry Air Force Base (Denver and Aurora, Colorado) into a mixed-use community. The Trust adopted a personnel policy that incorporates the best elements of private and public sector employment programs. With enhanced flexibility in recruiting and compensation, the Trust has successfully attracted top talent from private business, government and nonprofit organizations.

THE PRESIDIO TRUST



The Presidio Trust : 1 9 9 8 Y E A R - E N D R E P O R T

In taking over management of park maintenance, the Trust has welcomed National Park Service employees into its facilities staff. This has smoothed the management transition and saved the National Park Service up to \$4 million in worker relocation costs. The Presidio Trust hired a total of 185 employees (145 field staff and 40 central office staff) in 1998 and has established professional staff capability in management, finance and accounting, legal, real estate and property management, planning, facilities management and environmental remediation.

REGULATIONS On September 18, 1998, the Trust published for public comment regulations that will provide address resource protection, public use and recreation, vehicle and traffic safety, commercial and private operations, rights-of-way, permit requirements, and procedures for implementing the Freedom of Information Act (FOIA), the Privacy Act, and the Federal Tort Claims Act. These regulations will replace previously used National Park Service regulations.

ETHICS POLICY In October, the Planning Board of Directors adopted an ethics policy that addresses such areas as financial disclosure, conflicts of interest, and political activity by Board members and staff.

PUBLIC ACCESS TO TRUST INFORMATION In order to facilitate public review and access to Trust documents and policies, the Trust has established a library where the public can read Trust documents. In addition, the Trust's web site

access to Board resolutions and policies, Trust documents, and related materials, and a guide to FOIA provisions.



GOLDEN GATE
NATIONAL PARKS
ASSOCIATION

The Golden Gate National Parks Association raises funds and provides support for the Golden Gate National Recreation Area. The Trust works in partnership with the Parks Association on restoration and other enhancement activities.

PROJECTS IN
PARTNERSHIP
In October, the Presidio Trust funded sediment sampling as part of the Mountain Lake restoration project undertaken in conjunction with the Golden Gate National Parks Association and the National Park Service.

PARK VOLUNTEERS

Preserving and Enhancing the Park

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The Presidio Trust in 1998 made numerous infrastructure improvements that will enhance the park's economic viability. The Trust also instituted a comprehensive maintenance and utilities management system, moved to accelerate the environmental remediation process, and implemented sustainable building and restoration practices in the park. **REHABILITATION AND INFRASTRUCTURE** The Trust's Facilities Division plays a central role



LEASABLE RESIDENCES

As part of a broad building rehabilitation effort, the Trust made 150 units at Wherry Apartments tenant-ready by the end of 1998.

in preparing and maintaining the park's buildings and infrastructure. This division created a fully operational maintenance department and implemented the Total Maintenance System, a computer application that optimizes work order processing and response, reduces cost, tracks preventative maintenance, and enhances warehouse management. The Facilities Division, through intensive maintenance and rehabilitation efforts, brought Presidio residences into leasable condition. Among the many construction and engineering projects planned for 1999, the Trust will restore and upgrade 30 historical housing units in the park and rehabilitate two Presidio athletic fields with new irrigation systems, energy-efficient lighting, and fencing. **UTILITIES** An efficient utilities system is crucial to creating a safe, viable community at the Presidio and assuring the park's financial sustainability.

UTILITIES PROJECTS COMPLETED DURING 1998 INCLUDE:

- Locating and repairing leaks throughout the Presidio's water delivery system, creating savings of 80,000 gallons each day and \$700,000 each year.
- Pressure grouting leaking sewer lines and manholes, achieving savings of \$300,000 a year in wastewater treatment costs.

Projects planned for 1999 include metering all Presidio buildings, removing all asbestos-containing piping throughout the Letterman Complex, completing pressure grouting of main sewer lines, and providing the park's telecommunications system with a Year 2000 software upgrade.

ENVIRONMENTAL CLEAN-UP The Trust conducted a comprehensive evaluation of the Army's clean-up proposals and provided alternative strategies. The Trust also participated in ongoing discussions with the Army and the National Park Service in order to accelerate environmental remediation activities. The Facilities Division initiated and funded sediment sampling activities to help support restoration activities at Mountain Lake.

ROADS AND GROUNDS The Facilities Division in 1998 completed several projects that increase the safety and enjoyment of park visitors, residents and employees.

HIGHLIGHTS INCLUDED:

- Completing Lobos Creek Trail using recycled plastic.
- Removing highly hazardous trees in the park.
- Placing traffic islands at Moraga Street and Lincoln Boulevard, including installation of irrigation and grass or chips.
- Installing street signs and directional signs on the park's roads and walkways.

Major projects planned for 1999 include removing deadwood from trees in the Presidio, grading and clearing brush from all trails, numbering all buildings and parking spaces, and creating a fully functional signage production shop.

COMPLIANCE AND PERMITTING The Trust has established several compliance and permitting objectives for 1999. These include developing a one-stop compliance and permitting process, further implementing a process to ensure compliance with the National Environmental Policy Act and the National Historic Preservation Act. The Trust also will begin making the compliance and permitting process accessible online via the Trust's web site.



CRISSY FIELD TREE RELOCATION
 The Presidio Trust saved 56 palm, cypress and olive trees on Crissy Field in partnership with the National Park Service and the Golden Gate National Parks Association. The trees, which might otherwise have been cut down or moved off site, were relocated to other areas of the Presidio in preparation for Crissy Field's renovation.



SCENIC HIKING
 The Trust maintains miles of trails that provide access to the park's remote natural areas.

A Sustainable National Park

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PARK WILDLIFE



CALIFORNIA
POPPIES

One of the Trust's chief objectives is to establish the Presidio as a model of environmental, financial and cultural sustainability. **ENVIRONMENTAL SUSTAINABILITY** The Trust is committed to ensuring sustainable practices not only in native habitat restoration, but also in planning and design, transportation, and building construction and operation. In 1998, the Trust began implementing building policies that minimize the Presidio's environmental impacts. Where construction will be needed to replace obsolete structures, buildings will be deconstructed instead of demolished. This will allow building materials to be salvaged and reused rather than shipped off to landfills. The Trust is developing a comprehensive waste management system to minimize the park's environmental impact. In 1999, the Trust aims to divert at least 30 percent of the materials from the Presidio's waste stream through programs in waste reduction, recycling, composting, salvage and reuse. The Trust will pilot a composting and wood reuse program that eventually will include every residential and non-residential building in the park.



© BREND A THARP

PRESIDIO FOREST

SUSTAINABILITY PROJECTS IN 1998 INCLUDED:

- Working with the National Park Service to implement a rare and endangered native plant awareness and protection program for residents of housing areas that border restoration sites.
- Partnering with the Presidio Alliance to join Rebuild America, a U.S. Department of Energy program that promotes community-based strategies for efficient energy use.
- Establishing a compressed natural gas (CNG) station in partnership with the National Park Service.
- Co-hosting a panel discussion with the Presidio Alliance on sustainable solutions for developing the Letterman Complex.

SUSTAINABILITY OBJECTIVES FOR 1999 INCLUDE:

- Decreasing overall energy use by 20 percent.
- Implementing demand-side management strategies that conserve energy by offering alternatives to standard rates of consumption.
- Completing energy audits for prototypical residential and commercial buildings.
- Publishing Green Building and Design Guidelines to reduce the overall environmental impact of building construction and rehabilitation and promote sustainable use of resources.
- Developing a community recycling and waste reduction education center and offering educational and training programs.
- Retrofitting 30 percent of the Presidio's automobile fleet to compressed natural gas.



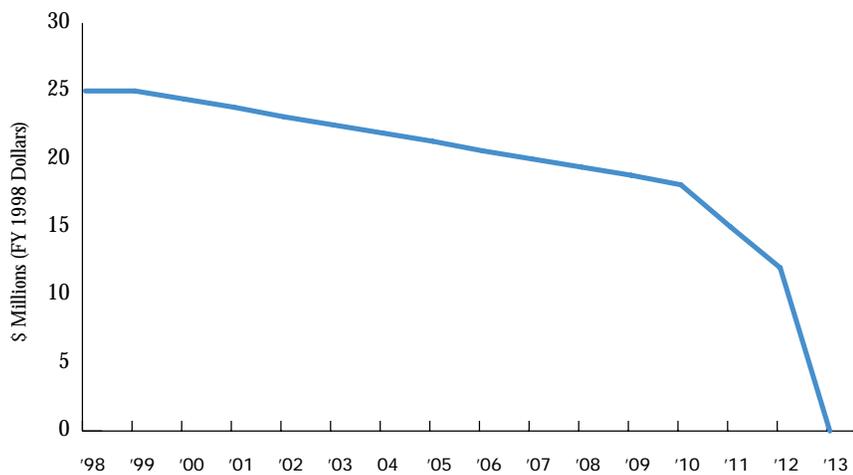
ON-SITE RECYCLING

FINANCIAL SUSTAINABILITY Signed into law by the President in November 1996, the Omnibus Parks and Public Lands Management Act, PL 104-333 (“Presidio Trust Act”) established the Presidio Trust. The Act also required the Trust to create a plan for becoming independent of federal appropriations within 15 years from the date of the first Board of Directors meeting on July 9, 1997. The Presidio Trust’s Financial Management Program was presented to Congress on July 8, 1998. The program is based on a detailed 30-year cashflow model that projects a slight surplus in fiscal year 2013 and for the ensuing 15 years of the model. The program was developed with extensive input from the public, including three workshops, dozens of meetings with interested citizens’ groups throughout the region, and careful review and comment by the National Park Service.

PROGRAM HIGHLIGHTS:

- Decreasing federal appropriations to zero by fiscal year 2013.
- Generating \$37 million annually in lease and utilities revenues by 2013.
- Reducing operating costs by a minimum of 20 percent through increased efficiency.
- Rehabilitating park structures with \$312 million in funds from lease revenues and U.S. Treasury loans.
- Creating financial reserves to support replacement, renovation and restoration of buildings, landscaping and infrastructure improvements; and preservation of natural resources into the future.
- Adhering to the general objectives of the General Management Plan Amendment for the Presidio.

REACHING FINANCIAL SELF-SUFFICIENCY
Federal appropriations to the Presidio Trust will decrease to zero by 2013.



Planning and Transportation

PLANNING The Trust is embarking on a comprehensive planning and implementation process that will create an exciting community at the Presidio while preserving and enhancing the park's natural, historical and cultural features. Community participation will be an indispensable part of the process, as it has been with all Presidio planning. The Presidio Trust's current planning activities build on the General Management Plan Amendment (GMPA) for the Presidio, a document prepared by the National Park Service and approved in 1994. The result of a four-year public planning process that included more than 100 public meetings, the GMPA establishes the general framework for the management, development and preservation of the park within the context of the Golden Gate National Recreation Area. The GMPA outlines a vision for the Presidio, supported by specific goals and objectives that provide guidance for the preservation and enhancement of the park's varied resources. In 1998, the Trust initiated a nationwide search for a planning and design firm to oversee the next phase of more detailed planning. The final selection will be made in January 1999.

1999 OPEN SPACE AND ACTIVITY AREAS PLANNING INITIATIVES INCLUDE:

- Letterman Complex site planning for 900,000 square feet of lower profile, architecturally compatible replacement space on the current site of Letterman Army Medical Center and Letterman Army Institute of Research.
- Site-specific planning for areas of the Main Post, including planning for restoration of the main parade ground.
- Planning assistance for the Public Health Service Complex.
- Site-specific planning for Fort Scott.



HABITAT
RESTORATION



RESTORATIVE PLANNING

Crissy Field will be the site of a beautiful shore-line park following the restoration of its beaches, promenade, wetlands and historic grass airfield.

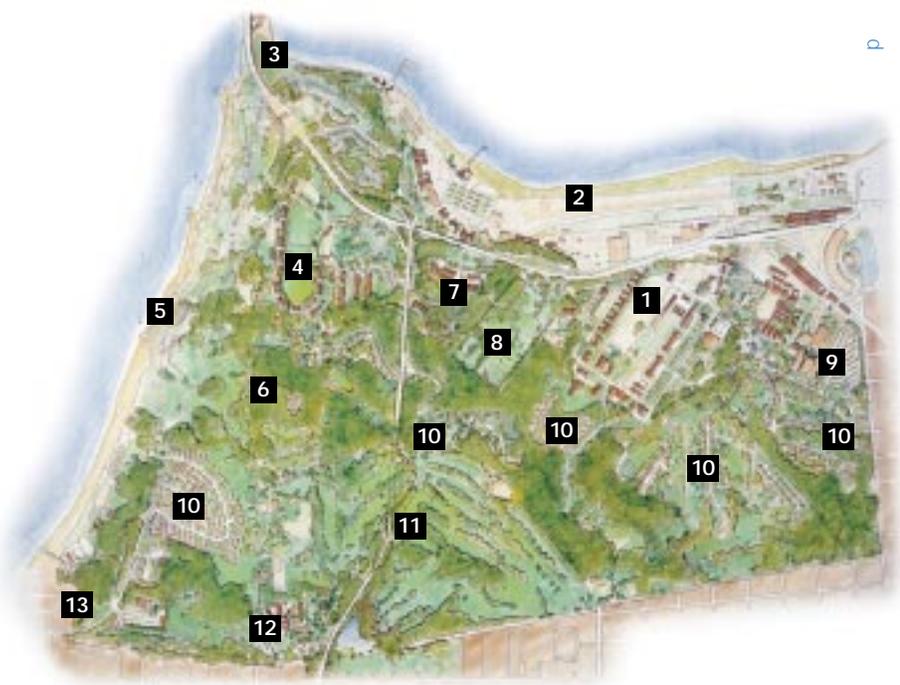
PLANNING PROJECTS TO BE COMPLETED IN PARTNERSHIP WITH THE NATIONAL PARK SERVICE IN 1999:

- Completion of a Vegetation Management Plan.
- Creation of a Presidio-wide trails plan, funded through a Public Lands Highway Millennium Trails grant.
- Final design and construction of the Presidio segment of the Bay Area Ridge Trail.
- Planning for the Mountain Lake restoration project, which is being managed by the Golden Gate National Parks Association.
- Design and construction of information and directional kiosks to enhance the visitor experience.

COMPREHENSIVE PLANNING PROCESS

The Trust's planning efforts will harmonize the Presidio's various sections while enhancing the unique qualities of each area.

LEGEND	
1	The Main Post
2	Crissey Field
3	Fort Point and the Golden Gate Bridge
4	Fort Scott
5	Coastal Bluffs
6	Presidio Forest
7	Calvary Stables
8	San Francisco National Military Cemetery
9	Letterman Complex
10	Housing Areas
11	Presidio Golf Course
12	Public Health Service Center
13	Lobos Creek Valley



TRANSPORTATION Transportation management is a central part of the Presidio's overall planning effort. By promoting alternative forms of transportation and implementing a transportation demand management program with active participation from tenants, the Trust plans to minimize the impact of traffic on the Presidio and help advance the park's long-term sustainability. The Trust's efforts to make transportation within the park as efficient as possible will improve quality of life and the visitor experience at the Presidio. In 1998, the Presidio Trust worked with various regional and San Francisco transportation agencies, including the San Francisco County Transportation Authority (SFCTA), the Golden Gate Bridge Highway and Transportation District, and the Metropolitan Transportation Commission, to explore strategies for improving public transit to the park. In the coming years, the Trust will work closely with these agencies, the National Park Service, and the general public to create a transportation management plan that meets the needs of Presidio residents, employees and visitors.

MAJOR TRANSPORTATION PROJECTS FOR 1999 INCLUDE:

- Establishing a cross-town shuttle that carries riders between the Presidio and downtown San Francisco.
- Commencing Doyle Drive redesign in cooperation with the San Francisco County Transportation Authority, the National Park Service, and other interested agencies, organizations and community members.
- Creating a parking and circulation plan for the Main Post and areas throughout the Presidio.
- Preparing a Presidio Bus Management Plan with the National Park Service.
- Improving the park's internal circulation system and making it friendlier to pedestrians and bikers by providing additional bus stops and bike racks.
- Encouraging alternative modes of transit.



PEDALING IN THE
PRESIDIO

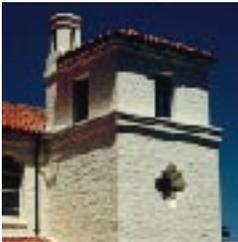
The Presidio's extensive network of bicycle routes provides an alternative to automobile use and improves recreational opportunities in the park.

Presidio Leasing Programs

Sound management of the park's real estate is essential to making the Presidio a sustainable national park. The Trust is responsible for over 200 non-residential buildings and 1,119 housing units. When federal appropriations end in 2013, revenue generated from leasing Presidio buildings — together with utilities income — will provide all of the \$37 million needed for the park's operation and ongoing renovation. **NON-RESIDENTIAL LEASING** In 1998, The Presidio Trust began its process of selecting tenants for available non-residential buildings. The Trust announced leasing opportunities for 1.2 million square feet of non-residential space. These opportunities include the Presidio Officers' Club, other historic Main Post buildings, and the Letterman Complex. The Trust identifies tenants through a competitive Request for Qualifications (RFQ) procedure



OFFICERS' CLUB



HISTORIC PRESERVATION Main Post buildings available for non-residential leasing feature such architectural styles as Mission Revival and Mediterranean Revival.

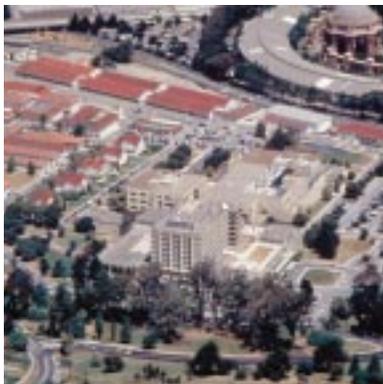
designed to produce the most appropriate tenants and guarantee a level playing field in the competition for space. The Trust considers potential tenants whose work is consistent with park goals, such as art, education, philanthropy, environmental studies, technology and science, and international relations. The Trust will issue an RFQ for the Public Health Service Complex in 1999. **PRESIDIO OFFICERS' CLUB** Containing the foundation of one of the few adobe remains of Spanish occupation in California, the Officers' Club is one of the Presidio's most familiar landmarks. The building's more than 24,000 square feet include two large assembly spaces, five additional rooms, and a large kitchen space. The Officers' Club will serve as a focal point for public events at the Presidio and provide an ideal site for such activities as dining, conferences and social gatherings. **HISTORIC MAIN POST BUILDINGS** Fourteen historic Main Post buildings in addition to the Officers' Club have been made available for non-residential use. These structures date back as far as 1862 and include five major architectural styles — Italianate, Greek Revival, Mediterranean Revival, Mission Revival and World War II-era.



LETTERMAN AREA, 1926

In fall 1998, the Presidio Trust negotiated leases with the San Francisco Film Institute for two Main Post buildings — the former Sixth Army Headquarters (Building 39) and the Presidio Theatre (Building 99). The Film Institute will use the buildings for post-production work, classes and workshops, and screening of films from around the world. **LETTERMAN COMPLEX** In August, the Trust announced the largest leasing opportunity at the Presidio. At the Letterman Complex, the Trust is seeking tenants to ground lease 23 acres and build 900,000 square feet of low- to mid-rise, campus-style replacement construction. The project involves deconstruction of Letterman Army Medical Center and the Letterman Army Institute of Research, both of which are non-historic and functionally obsolete. The Trust has chosen finalists for Letterman and will make a selection in 1999.

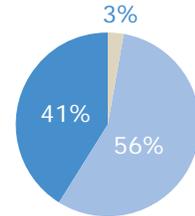
PUBLIC HEALTH SERVICE HOSPITAL COMPLEX Early in 1999, the Trust will publish an RFQ for the Public Health Service Complex, located on the southern edge of the Presidio. Now vacant, the 400,000 square foot facility was used as a hospital from 1932 to 1982. **EXISTING NON-RESIDENTIAL TENANTS** On October 1, the Trust assumed property management responsibilities for 31 tenant leases that the National Park Service transferred to the Trust. These tenants account for a total of 625,000 square feet and include such organizations as the Federal Emergency Management Agency (FEMA), the Golden Gate National Parks Association, the Corporation for National Service, Alexa Internet, the Thoreau Center for Sustainability and others.



LETTERMAN COMPLEX TODAY

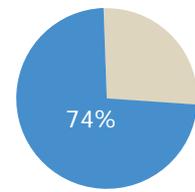
LETTERMAN COMPLEX PAST AND PRESENT

The Letterman Complex has been a site of intensive activity over the years. First used by the military in 1898 as a troop encampment for the Spanish-American war, the site was later home to Old Letterman Hospital. In the late 1960s and early 1970s, Letterman Army Medical Center (now vacant) and Letterman Army Institute of Research were constructed on the eastern end of the complex. The Presidio Trust is now selecting tenants to replace the two functionally obsolete buildings with lower-level structures that are more architecturally compatible with surrounding buildings and the park's National Historic Landmark District status.



PROJECTED SOURCES OF PRESIDIO TRUST REVENUE, 2013

41% Non-residential leasing
56% Residential leasing
3% Utilities



PROGRESS IN NON-RESIDENTIAL LEASING

By the end of 1999, the Trust will have leased or made available for lease almost three-fourths of the Presidio's leasable non-residential space.



WHERRY APARTMENTS

The Trust began renovation and leasing of Wherry Apartments above Baker Beach. The complex will feature a total of 466 housing units.

RESIDENTIAL LEASING PROGRAM In 1998, the Trust launched its housing program after establishing an interim residential leasing policy and preparing 66 units for new residents. The Presidio currently has 1,119 housing units, which will increase to 1,600 units as the Trust converts dormitories and barracks to housing units and replaces non-historic apartments with more efficient housing. All Presidio housing eventually will be occupied by Presidio-based employees and their families. This will provide residences for up to 50 percent of the workers at tenant businesses and organizations. Achieving this goal will establish an important balance between jobs and housing, reduce automobile travel to and from the park, and help create a thriving community in the Presidio. Residential leasing also provides an incentive for organizations to locate at the Presidio, especially given the

scarcity of housing in the Bay Area. **HOUSING REHABILITATION** The Trust is undertaking an aggressive effort to prepare a large number of housing units to be marketed and leased. This effort includes rehabilitation of Wherry Apartments for use by Presidio-based employees and the San Francisco Consortium on Higher Education, which in August formed a partnership with the Trust to provide short-term housing for students and faculty. By the end of 1998, 48 units at Wherry were ready for occupants. The remainder of Wherry's 466 apartments will be ready for occupancy by July 1999. **RESIDENTIAL LEASING PROGRAM LAUNCH** By the end of 1999, two-thirds of the Presidio's housing will be leased. This represents a significant increase from 1998 occupancy levels. By the end of 1998, 30 units at Wherry had been occupied. In addition, the National Park

Service Residential Leasing Program transferred 140 leases to the Presidio Trust — 75 for employees of tenant organizations and 65 for employees of the National Park Service. The Department of Defense continued a short-term lease for 251 housing units in the park.

The Trust's residential leasing program gives preference to employees of Presidio-based organizations. Until there are enough Presidio-based employees to occupy all Presidio housing, the Trust is offering short-term leases to the following groups (in order of priority): federal employees, specialty tenants (i.e., students, visiting professors, consulate employees), and the general public.



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LIGGETT ROW Residential housing in the Liggett Row area features historic streetscapes, designed open spaces, and proximity to both the Lombard and Arguello Gates.

Community Outreach and Involvement

PARTICIPATION Since the Presidio is a national park that attracts visitors from across the U.S., the Presidio Trust envisions its community as national — and even international — in scope. In addition, the Trust places a high priority on public outreach and actively seeks the involvement of adjacent neighborhoods and the Bay Area community at large. The Trust hosted visitors from Congress and held more than 100 community meetings in 1998, including meetings with citizens' groups, public meetings of the Trust's Board of Directors, monthly meetings of the Golden Gate National Recreation Area Advisory Commission, and workshops to gather public input on specific topics. The Trust also created the Presidio Post, a monthly newsletter that features the latest updates from around the park, profiles of tenant organizations, upcoming events and deadlines, and other timely information. The launch of the Presidio Trust's web site (www.presidiotrust.gov) provides a dynamic means of engaging the public, which can use the site to get information about the park, the Presidio community, and the Trust. The web site will be enhanced in early 1999 to include an interactive tour of Presidio buildings, a directory of park tenants, a full library of Presidio planning and policy documents, park resources and recreation, and more. The site ultimately will provide online permitting and opportunities for public input on park planning.

BUILDING THE PRESIDIO COMMUNITY The Trust is committed to building a community of tenants and residents who respect and care about the park. It ensures that members of the growing Presidio community provide input on issues that matter to them — like transportation, housing and recreation. The Trust's staff meets monthly with the Residential Mayors' Council, composed of representatives from the park's 21 neighborhoods, and the Presidio Tenants Council, composed of representatives from tenant organizations. The Trust also works closely with the Community Activities Team, a volunteer group that organizes events for the Presidio community.



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THE TRUST
GOES ONLINE
With the launch of the Trust's web site (www.presidiotrust.gov), Presidio residents and the general public will have convenient access to a wealth of information about the park.

Board of Directors



Toby Rosenblatt, Chairman of the Board, is President of the Glen Ellen Company of San Francisco and Vice President of Founders Investments, Ltd. of Salt Lake City. He has been Chair of the Board of Trustees of the Golden Gate National Parks Association since 1991. Mr. Rosenblatt served as President of the San Francisco City Planning Commission from 1977 to 1988.



John Berry represents the Secretary of the Interior on the Presidio Trust Board. Mr. Berry serves as Assistant Secretary of the Interior for Policy, Management and Budget. Prior to joining the Department of the Interior, he served as Director of Government Relations and Senior Policy Advisor for the Smithsonian Institution.



Edward Blakely is a Professor of Economic Development and former Dean of the University of Southern California School of Urban and Regional Planning. He has a long history of involvement in Bay Area planning, both as Chair of the Department of City and Regional Planning at the University of California, Berkeley, and as a member of the Presidio Council.



Donald G. Fisher of San Francisco is Founder and Chairman of The Gap, Inc. He also served for many years as a partner with Fisher Property Investment Company, concentrating on general contracting, real estate and management. Mr. Fisher also serves on the San Francisco Bay Area Council.



Amy Meyer of San Francisco is the former Chair of People for the Presidio, formed in 1993 to work on the legislation creating the Presidio Trust. She has served as Co-Chair of the People for a Golden Gate National Recreation Area (GGNRA) since 1971, and was appointed Vice-Chair of the GGNRA Advisory Commission by the Secretary of Interior in 1974, a position she still holds.



Mary G. Murphy of San Francisco is a partner in the firm of Farella, Braun & Martel, where she specializes in commercial real estate law, including acquisition, financing, land use, management and leasing. Ms. Murphy is a member and former Co-Chair of Neighborhood Associations for Presidio Planning, an umbrella organization of nine neighborhood associations surrounding the Presidio.



William K. Reilly of San Francisco is the former Administrator of the Environmental Protection Agency. Mr. Reilly is associated with the Texas Pacific Group which invests in environmental companies and technologies in the United States, Latin America and Asia.



James E. Meadows is the Executive Director of the Presidio Trust. Mr. Meadows came to the Presidio Trust in January 1998 from Denver, Colorado, where for four years he served as Executive Director of the Lowry Redevelopment Authority and oversaw the redevelopment of the former Lowry Air Force Base into a mixed-use, master-planned community.

Projected 1999 Cash Flow

INFLOWS

Residential

Existing Leases	2,257,867
Defense Department Housing	1,722,549
Wherry Housing	3,092,880
Remaining Housing	<u>1,347,840</u>

Subtotal - Residential Inflows 8,421,136

Other Inflows

Non-Residential Tenants	4,164,059
Utilities	1,975,000
Energy Conservation	450,000
Telephone	2,200,000
Special Events	130,000
Demolition and Salvage	<u>1,200,000</u>

Subtotal - Other Inflows 10,119,059

Appropriation 14,900,000

Treasury Borrowing 20,000,000

TOTAL INFLOWS 53,440,195

OUTFLOWS

Expenditures

Facilities	12,137,895
Real Estate and Planning	2,548,700
Administration, Operations and Legal	5,015,650
Park Police	2,700,000
Financing Costs	400,000

Subtotal - Expenditures 22,802,245

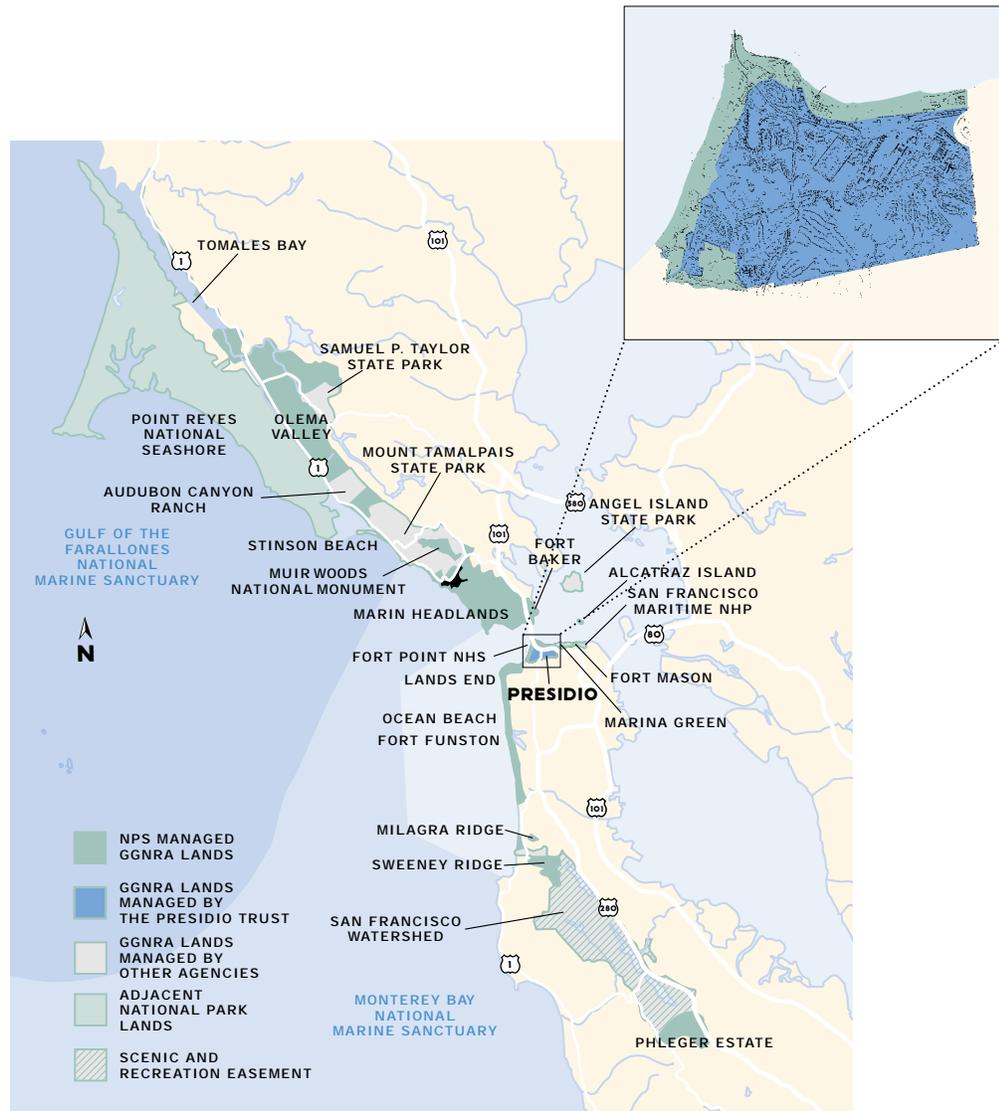
Capital Projects - Supported by Borrowing 19,600,000

Improvement Costs 9,038,000

Contingency (5%) 1,500,000

TOTAL OUTFLOWS 52,940,245

NET CASH FLOW 499,950



GOLDEN GATE NATIONAL RECREATION AREA

The Presidio of San Francisco is one of the many spectacular natural and historic sites in the Golden Gate National Recreation Area. The Presidio Trust works to preserve the Presidio as a sustainable national park in an urban area.

