

1 Purpose and Need

In accordance with the Presidio Trust Act, as amended (16 USC §§ 460bb appendix) and the PTMP, the Trust is proposing to introduce residential uses to the PSHH district and to undertake related site improvements. The project is intended to address the Trust's statutory requirements and the agency's mission, which is to preserve and enhance the cultural, natural, scenic, and recreational resources of the Presidio for public use in perpetuity while making the Presidio financially sustainable. This section describes the underlying purpose and need for the project or proposed action.

1.1 PURPOSE AND NEED FOR THE PROPOSED ACTION

The purpose of the proposed PSHH project is: (1) to rehabilitate and reactivate the severely deteriorated historic buildings within the PSHH district, particularly the hospital building; (2) to protect the National Historic Landmark District (NHLD) and other historic and cultural resources; (3) to address the health and safety risks to the Presidio and surrounding city neighborhoods from dilapidated and largely vacant buildings within the project site; (4) to improve the unsightly appearance of the existing unimproved landscapes within the project boundary; and (5) to generate revenue for the long-term enhancement of other Presidio resources, and for ongoing operation of the Presidio as a national park site. These purposes and the related need for the project are discussed in more detail below.

1.1.1 Rehabilitate and Reactivate Deteriorated and Unoccupied Historic Buildings

The dilapidated and vacant buildings on the PSHH project site pose both a land use and an aesthetic concern. The hospital building is entirely vacant and has been little used for about 20 years. Today, the building is fenced off and its surroundings either overgrown with weedy vegetation or lacking vegetation. The building's broken windows and dilapidated condition are obvious to the passerby. Many of the other buildings in the PSHH district are also unoccupied, some are currently boarded up, and most appear abandoned. Vacant buildings are subject to slow deterioration as well as vandalism and destruction of historic building materials. The magnitude of such destruction within the main hospital building can be seen on its interior (Figure 2) or by comparing its current condition to the conditions during a walk-through inspection by the U.S Army and the NPS in 1994 (NPS 2004a).

The project site's abandoned appearance is incompatible with its park setting. Trust staff members are often asked by members of the public to explain the visibly poor condition of the buildings such as the boarded up houses on Wyman Avenue, which can be seen from Park Presidio Boulevard and to a lesser extent from nearby Mountain Lake Park. The appearance of the entire south end of the PSHH district strikes most visitors as jarring. The overwhelming sense of decay and deterioration contrasts dramatically with scenic views to the west, natural areas to the west and north, and well-kept residential neighborhoods to the south.



Windows are boarded up after excessive glass-breaking.



Surrounded by a security fence, the building and landscape grow increasingly derelict.



Graffiti mars building interiors.



Vandals regularly break in and cause considerable damage.

FIGURE 2. EXISTING CONDITIONS AT THE PHS

Source: Presidio Trust, 2003

1.1.2 Protect the NHLD and Other Historic and Cultural Resources

The Presidio was designated a NHLD in 1962, and the designation was updated in 1993. According to the 1993 update, the Presidio’s “period of significance” dates from 1776 to 1945. Buildings and features within the NHLD are considered “contributing” (to the NHLD) if they were constructed during this period of significance and if they retain sufficient integrity. The 20 historic buildings within the PSHH district total approximately 280,000 square feet, and most were built around 1932, when an earlier hospital complex on the site was replaced.¹ The project is needed to protect the integrity of the NHLD and to preserve and rehabilitate the contributing historic buildings.

In addition to contributing buildings, the PSHH district includes other character-defining structures, objects, and landscape features that need to be protected as part of the project. These resources are varied and include some open spaces, road alignments, and building orientations. There are also known archeological resources and possible undiscovered archeological resources that may lie buried in previously undisturbed areas of the PSHH district.

Section 110 of the NHPA sets out the broad historic preservation responsibilities of federal agencies. Under Section 110(f), special provision is to be afforded to National Historic Landmarks like the Presidio, and agencies must “to the maximum extent possible, undertake such planning and actions as may be necessary to minimize harm” to a National Historic Landmark. Both the proposed rehabilitation of historic buildings and the proposed cultural landscape improvements are needed to meet the Trust’s NHPA obligations, including Section 110(f).

1.1.3 Address Health and Safety Risks

Vacant and dilapidated buildings on the project site pose a health and safety risk and can be most effectively secured through rehabilitation and reuse. Vacant buildings at the site are spread out and difficult for the U.S. Park Police (USPP) – which provides the Trust’s law enforcement services – to monitor effectively. As a result, vandalism is common and unauthorized individuals regularly enter the buildings, severely vandalizing the interiors. The vandalized buildings also show evidence of illicit drug use and unauthorized occupancy by the homeless, raising health and safety concerns due to the absence of power, water, or sanitation systems. During colder weather, there is always a possibility that unauthorized occupants will set fires for warmth, increasing the risk of building damage through uncontrolled fire.

Building vandalism and other property damage can spread from vacant buildings to the areas around them. Graffiti has become more of a problem in the section of the Presidio adjacent to Mountain Lake Park and the PSHH district than in other areas of the park. Vandalism threatens the success of planned trails, trailheads, and scenic overlooks. Substantial investments in these improvements and in interpretive

¹ Eighteen buildings are being considered for reuse as part of the current project. Buildings 1451 and 1449 are not.

signs, natural areas, and landscape improvements would be unwise until nearby buildings are better secured.

The Trust and the USPP have taken and continue to take steps to reduce the incidence of break-ins and unauthorized use of vacant buildings within the PHSH district. The effectiveness of increased measures appears to have reached a plateau. Common sense suggests that activating vacant buildings or abandoned sites with residents and/or employees can improve security of a site and reduce vandalism, unauthorized entry, and related crime risks. Rehabilitating and activating buildings with occupants also slows or stops building deterioration.

1.1.4 Improve the Appearance of Existing Landscapes

Developed areas of the PHSH district are characterized by expansive asphalt parking areas and other hardscape, limited landscape buffers, and poorly maintained vegetation that is overgrown in some areas and sparse in others. The unkempt appearance of these areas is incompatible with an actively managed urban and national park setting, and contributes to its vacant and neglected aesthetic. The PHSH project is needed to improve the appearance and compatibility of parking and landscape areas and to complement planned remediation of old U.S. Army landfills, planned enhancement of natural areas, and planned construction of trails, bikeways, a trailhead, and a scenic overlook. The project is also needed to facilitate implementation of local circulation improvements, including changes to the configuration of Battery Caulfield Road intended to discourage traffic that cuts through the park, and re-creation of the tree-lined entry drive that once extended from 14th Avenue to Building 1801.

1.1.5 Generate Revenue for Presidio Improvements and Operations

The proposed project is also needed to generate revenue. Under the Trust Act Section 104(o), the project must be consistent with the financial self-sufficiency mandate, which requires the Trust to manage the Presidio to become financially independent of annual federal appropriations by 2013. As federal appropriations decline annually, the Presidio becomes more dependent on other sources of funds to provide for its operating and capital needs. Lease revenues, derived primarily from the Presidio's residential and non-residential rents, are affected by economic swings. In the recent economic downturn, for example, the Trust has seen precipitous declines in non-residential rents and substantial declines in residential rents. The only certainty is that there will continue to be uncertainty in the real estate market, particularly in the non-residential area. It is therefore necessary that the Trust obtain a substantial and ongoing financial return from the PHSH district, one of the few significant opportunities to convert a previously non-residential complex into a residential facility that can generate stable residential income for the park.

Generating revenue from projects like the PHSH is also vitally important because annual appropriations to the Trust have been declining more rapidly than originally planned for. The Trust's 1998 Financial Management Program (FMP) set appropriation levels considered necessary at that time. These levels

have not been met, as illustrated in Table 1 below, and there is no guarantee that appropriations will continue to decline at a gradual rate given increasing demands on the federal budget.

Table 1. Presidio Trust Federal Appropriations, Fiscal Years 1999 to 2004 (in Millions of Dollars)

	FY1999	FY2000	FY2001	FY2002	FY2003	FY2004
Presidio Trust Financial Management Program (FMP) Assumption	14.91	24.38	23.75	23.13	22.50	21.88
Presidio Trust Budget Request	14.91	24.40	23.75	23.13	22.50	21.88
President's Budget Appropriation	14.91	24.40	23.40	22.40	21.33	20.70
Less Rescission	-0.11	-0.17	-0.05		-0.14	
Special Transportation				1.00	1.00	
Total	14.80	24.23	23.35	23.13	21.19	
Difference Between Appropriations and Presidio Trust FMP Assumption	-0.11	-0.14	-0.40	0.00	-1.31	-1.18

Source: Presidio Trust 2003.
FY = Fiscal Year

The Presidio is a costly place to operate and maintain on a daily basis, and it has extraordinary needs for capital-intensive improvements. Despite a 25-percent reduction in Trust operating costs over the past two years, the cost of operating the Presidio is budgeted at \$38.4 million in Fiscal Year 2004 and is expected to grow steadily due to projected increased costs of security and maintenance over the next decade. In addition, necessary capital improvements to the former military post turned national park were estimated at \$589 million in the 2002 PTMP. Some of these capital improvements, such as rehabilitation of a subset of the Presidio's historic buildings, will result in increased revenue. Many of the improvements, however, will not generate revenue, but are nonetheless critical to the preservation and enhancement of the Presidio as a national park. These include rehabilitating many of the Presidio's historic buildings, rehabilitating the historic forest, enhancing the Tennessee Hollow watershed, recovering the San Francisco lessingia, creating or improving 49 miles of bikeways and trails throughout the Presidio, building a series of scenic overlooks such as Inspiration Point, improving Rob Hill campground, and enhancing the park's historic entries and landscapes. All of these are projects to which the Trust is committed, and all require substantial capital investments not presently available and not projected to be available in the near term unless the Trust can successfully implement some projects that do not simply pay for themselves, but also provide ongoing revenue.

The Trust has begun to address its capital investment needs by carrying out cost-cutting measures over the last two years and by starting a philanthropy program. But these efforts will not nearly meet the park's financial needs, and the Trust must also look to achieving full and fair financial returns on its leasing projects. This is because the Presidio's long-term future depends on its generating sufficient funds for both capital expenditures and ongoing operating costs. Simply put, if lease revenues are sufficient to cover only the necessary capital expenditures, the park cannot be maintained and operated for public use. Conversely, if lease revenues are sufficient to cover only operating costs, many buildings and landscapes of the Presidio will be neglected and planned capital improvements, including increases in open space, will become infeasible. The Presidio's necessary capital expenditures and operating costs, as well as the relationship between them, are discussed in Chapter 4 of the PTMP.

In 2003, the National Academy of Public Administration (NAPA), charged by Congress to provide an independent review of the Trust's accomplishments and challenges, identified a need to bolster the Trust's financial position in order to accommodate the funding needs of the park in the context of faster-than-anticipated declines in federal funding, likely economic down cycles, and potential increases in capital costs (NAPA 2004). The Academy suggests that Trust capital cost projections, particularly those related to forest restoration and the protection and enhancement of other non-revenue-generating park resources, may be understated. Therefore, the need for funds may be greater than anticipated. The Academy has underscored the importance of residential reuse as an important source of stable revenue, less prone to the vicissitudes of the real estate market than commercial uses, and has encouraged the Trust to take full advantage of opportunities to generate additional residential revenue.

The Trust believes that the PSHH project proposal is a project with revenue-generating potential, and that by generating rent by leasing buildings within the district, the Trust can make progress toward its statutory mandate and the PTMP's stated goals. Given this mandate and the PTMP's goals, the amount of revenue needed from the project cannot be overestimated. For the project to be desirable from a financial perspective, it should generate revenue in excess of amounts generated from recent interim (short-term) leases within the district when combined with the earning potential of the 12 conventional dwelling units on Wyman Avenue. Specifically, the Trust has received about \$600,000 annually from four interim (short-term) leases in the PSHH district within the recent past. In addition, if the Trust were to undertake rehabilitation of the 12 dwelling units on Wyman Avenue with its own resources, experience has shown that the Trust could generate approximately \$400,000 in total (net) revenue from these properties on an annual basis.

1.2 PROJECT OBJECTIVES

The Trust has set the following specific leasing objectives for the PSHH project and has expressed the desire that these objectives be met in balance with one another. Some of these objectives are drawn from Trust Act requirements and others reflect the land use plan and policies set forth in the PTMP. The Trust identified similar objectives in the RFQ and RFP issued to initiate the effort to secure a private development partner for the project.

1.2.1 Historic Resources

The Trust seeks to preserve the historic resources in the PSHH district that contribute to the Presidio's designation as a NHLD. Preservation and rehabilitation of historic buildings within the district is an essential goal of the project, as is ensuring that physical changes are compatible with the NHLD.

1.2.2 Revitalization and Reuse

The Trust seeks to reactivate the project site, to provide land uses that are consistent with the PTMP, and to improve the overall appearance of the area. Under the PTMP, residential use is the preferred use for Building 1801, with residential, educational, and other supporting uses elsewhere in the district. Public access to open spaces is to be preserved.

1.2.3 Traffic and Parking

The Trust seeks to limit traffic and parking demand related to reuse of the project site, and will require prospective tenants to participate in the Trust's transportation demand management program, which encourages alternatives to single-occupant automobile use. The project must include uses or programs that limit traffic and parking demand. Program elements may include use of paratransit, public transportation support, and other incentives and disincentives.

1.2.4 Financial Contribution

The Trust must become financially sustainable over the long term, and seeks a project that enhances the viability of the Presidio. Revenues support the Trust's congressional mandate to preserve and protect the Presidio for public use in perpetuity. The Trust, therefore, seeks to realize the full economic benefit of its large residential projects.

1.2.5 Design Quality and Environmental Sustainability

The Trust seeks high quality site planning and design, compatible with the NHLD and surrounding neighborhoods, and seeks environmentally sustainable building design, materials, techniques, and construction practices.

1.2.6 Natural Resources

The Trust seeks to protect the undeveloped areas within and adjacent to the PSHH district. These areas shelter many important plant and wildlife habitats, including that of the San Francisco lessingia, a federally-listed endangered plant.