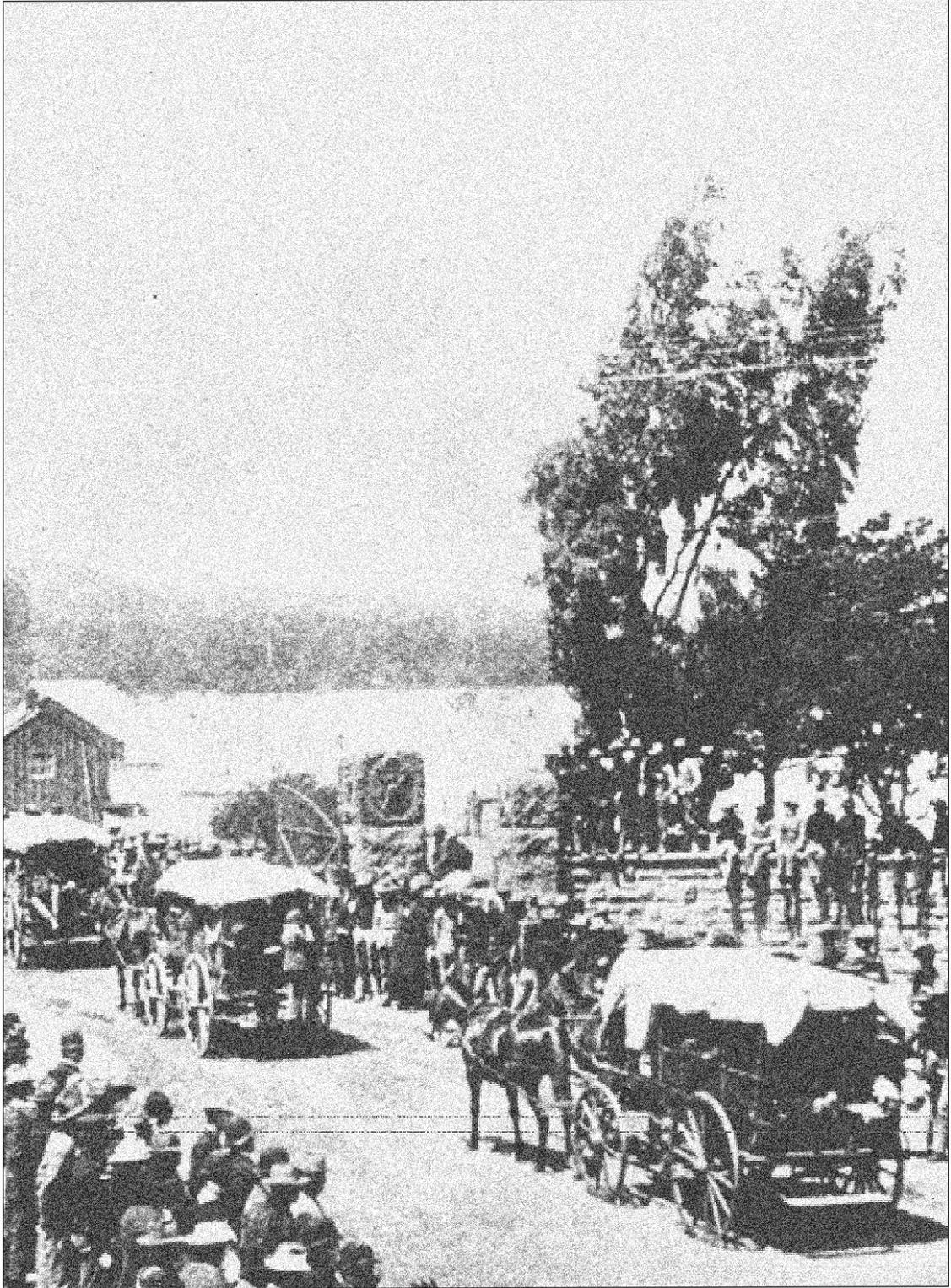


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# 1

1. PURPOSE AND NEED

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This section specifies the underlying purpose and need to which the Presidio Trust is responding in proposing and analyzing the alternatives for new development and uses at a 23-acre site within the Letterman Complex.

## **1.1 Background**

The transfer of the Presidio of San Francisco from military jurisdiction represented a historic opportunity to preserve an area of incomparable beauty and historical significance for present and future generations. In seizing this opportunity, Congress recognized the Presidio of San Francisco as a unique site requiring unique and innovative management authorities and solutions.

### **1.1.1 THE UNIQUE PRESIDIO SITE**

The Presidio is at the northern tip of the San Francisco peninsula on the south side of the Golden Gate. On its southern and eastern boundaries is the city of San Francisco, on the west the Pacific Ocean, and on the north the San Francisco Bay (Figure 1). The Presidio is 1,480 acres of unparalleled scenic beauty, dense forests, native plant communities, valuable wildlife habitat, expansive beaches and an extraordinary assortment of both non-historic and historic buildings and landscapes in a National Historic Landmark setting. With 220 years of military history captured in its buildings, natural features ranging from coastal bluffs to grasslands and forests, and abundant recreational opportunities, the Presidio is a unique place made even more remarkable by its location in the middle of a major urban metropolitan area.

The site has been a National Historic Landmark since 1962. As a former Spanish colonial military settlement founded in 1776 and a U.S. Army post from 1846 to 1994, the Presidio represents more than 200 years of military history under three nations' flags. Until its closure, the post played a logistical role in every U.S. military engagement since the Mexican-American War and supported America's global efforts during both the Spanish American War and World Wars I and II. With approximately 500 of the Presidio's buildings having historic and cultural significance, the site is a showcase of military architectural styles.

The complex of buildings, landscapes, and other features at the Presidio today provide evidence of how the site has been developed, occupied, and shaped over time. Of its total land area, about 700 acres are developed and 780 acres are open space. In 1994, at the time the Presidio was transferred from the Army to the U.S. Department of the Interior's National Park Service (NPS), there were 700 developed acres and over 870 buildings, representing approximately 6.3 million square feet of building space. In addition to office space, warehouses, and other facilities related to the former post's military mission, there are residential areas with more than 1,100 units of housing; an extensive infrastructure system including roads, water systems and electric utilities; community facilities; retail stores; and a wide range of recreation facilities, including tennis courts, gymnasiums, a bowling center, a theater, a swimming pool, a golf course, and a number of small playgrounds and athletic fields.



1. PURPOSE AND NEED

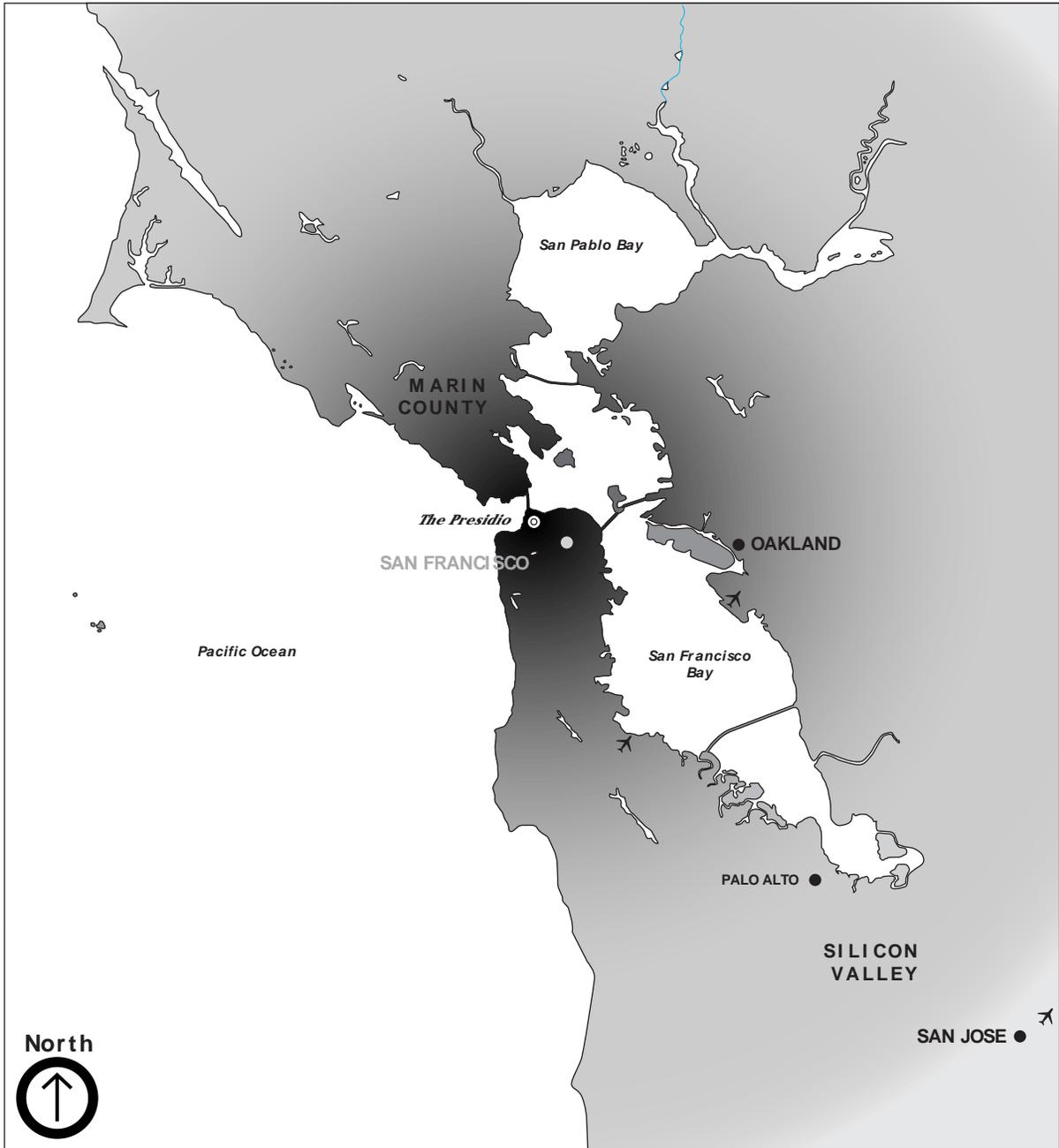


Figure 1.  
Regional Setting



**1.1.2 FROM MILITARY POST TO NATIONAL PARK**

In 1972, Congress established the Golden Gate National Recreation Area (GGNRA), consisting of approximately 74,300 acres of shoreline areas of San Francisco and Marin counties, to preserve certain areas possessing outstanding natural, historic, scenic, and recreational values for public use and enjoyment in an urban environment. As a National Recreation Area, the GGNRA is under the administrative jurisdiction of the NPS. In the same law that created the GGNRA, U.S. Representative Phillip Burton successfully included a provision that the Presidio would become part of the GGNRA if the U.S. Department of Defense ever declared the base excess to its needs. In 1989, the Base Realignment and Closure Act designated 86 military bases, including the Presidio, for closure. When the Army departed in 1994, jurisdiction over the Presidio transferred to the NPS, thus realizing Representative Burton's earlier vision.

Planning for the transition of the Presidio from the Army to the NPS had been ongoing. In 1980, NPS had developed a General Management Plan to guide the overall management of the GGNRA (NPS 1980). As part of the planning process for the Presidio's transfer to the GGNRA, NPS released in October 1993, after three years of preparation, a Draft Amendment to the General Management Plan for the GGNRA and Draft Environmental Impact Statement (EIS) specifically for the Presidio. The Plan and EIS received extensive public review and comment both during its development and in the period after release. When the NPS completed and issued the final General Management Plan Amendment (GMPA) for the Presidio in July 1994, the GMPA laid out a vision for the future uses and management of the Presidio (NPS 1994a). While the GMPA included plans and designs for whole planning areas, such as the 60-acre Letterman Complex, NPS contemplated that more detailed site-specific plans and designs would be prepared and additional environmental analysis would be conducted as required. The site-specific analysis would be tiered on the Presidio-wide programmatic Final EIS.

The GMPA set forth land use plans for 13 distinct Presidio planning areas involving a varied mix of preservation, rehabilitation, demolition, and new construction. Although the majority of buildings had contributed to the Presidio's beauty and its designation as a National Historic Landmark, other buildings contributed little to the history or aesthetics of the site. The GMPA therefore called for 348 historic buildings to be rehabilitated for new uses, 276 buildings totaling 1.5 million square feet to be removed, and both public and private organizations to establish a mix of uses, with an emphasis on those relating to social, environmental, and cultural issues. The GMPA assumed that the Sixth Army would continue to use approximately 30 percent of the Presidio's square footage of building space, including about half of the available housing. Shortly after NPS completed the GMPA, however, that aspect of the plan changed when the Sixth Army decided to permanently vacate the Presidio entirely. Thus, although the GMPA was wide-ranging in its scope and specificity, even as it was being finalized, certain assumptions and circumstances on which the planning had been premised changed in response to factors unforeseen at the inception of the GMPA's development.

**1.1.3 INNOVATIVE APPROACHES AND AUTHORITIES FOR THE PRESIDIO**

The comprehensive plan set forth in the GMPA presented the difficult issue of how the GMPA would be funded. NPS projected the total annual cost of managing the Presidio to be about \$40 million, making it the most expensive park managed by NPS (U.S. Congress 1995b). (By comparison, NPS estimated the cost to operate the next most costly park, Yellowstone National Park, at \$20 million annually.) An important element of this cost was the existing state of disrepair of the buildings and infrastructure at the Presidio. After the Army's departure, almost none of the Presidio met existing standards for utilities, earthquake protection, or



building codes. Without substantial capital improvement, the buildings and infrastructure would further deteriorate and become unusable. A number of cost estimates were developed based upon the development plans in the GMPA. Congressional estimates showed the total development costs for the Presidio to be \$741 million, bringing the total cost of implementing the GMPA for both operations and capital improvements to \$1.3 billion (\$600 million for operations (\$40 million/year for 15 years) plus \$741 million for development) (U.S. Congress 1995b). NPS estimated the total development costs of the GMPA at about \$490 million (NPS 1994f). NPS planned to fund these costs through a mixture of lease revenues, private philanthropy, tax credits, and other federal agencies, combined with approximately \$16 to \$25 million in continuing annual federal appropriations (NPS 1994f). In view of these projections, one of Congress's major issues at the Presidio was its overall cost. Congress was unwilling to commit the amount of federal monies, either capital or operating costs, needed over the long-term to protect and maintain the Presidio, but was willing to create an innovative public-private entity that would be charged with achieving these goals.

NPS, too, had considered innovative means to implement the plan for the Presidio, specifically proposing in the GMPA itself a federally chartered partnership institution to carry out the repair, leasing, and management of properties and the fund-raising needed to sustain the Presidio. While the NPS had inherited properties from the Department of Defense in the past, it had never received a property as large and as complex as the Presidio, requiring management of such a large array of buildings, housing, and infrastructure. Early in the planning process, therefore, the NPS recognized that managing the Presidio would require skills not typically held by NPS personnel, including property management, leasing, real estate, and finance, and authorities traditionally beyond the reach of NPS's enabling statutes. The Presidio would require unique authorities such as the ability to generate and retain revenues, and the ability to borrow money to finance repair and rehabilitation of historic structures, and would require flexibility in operating procedures in order to secure tenants in an ever-changing market environment. To implement the plan, the GMPA proposed establishment of a trust to manage those aspects of the GMPA outside of NPS' expertise.

#### **1.1.4 CREATION OF THE PRESIDIO TRUST AND ITS UNIQUE MANDATE**

Using as its foundation the NPS's plan for a federally chartered partnership institution, in 1996 Congress established the Presidio Trust pursuant to the Presidio Trust Act (Title I of Public Law 104-333) (Trust Act, provided in Appendix H). The Trust Act was Congress' response to a number of competing public policy goals, including concerns about the high costs of the Presidio in relation to other units of the national park system, the need to reduce the costs of the Presidio to the federal government, and the desire that the Presidio should be retained within the GGNRA rather than sold as federal surplus property. The legislation therefore devised a means to preserve and protect a nationally significant cultural and natural resource while also requiring generation of sufficient revenue from the park's operations to eliminate by 2013 the need for federally appropriated funds. In devising the Trust as the means to achieve these goals, Congress provided only a limited budget, which would incrementally decrease to zero over 15 years, and provided no funds targeted for needed capital expenditures. Thus, although NPS had projected the need for hundreds of millions of dollars in capital expenditures and tens of millions in annual operating costs, Congress charged the Trust with accomplishing



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## 1 . P U R P O S E A N D N E E D

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these dual policy goals with an insufficient capital budget and with only a temporary and partial operating budget.<sup>1</sup>

To achieve these complex goals within Congress's funding constraints, the Trust Act includes unique mandates and authorities for application at the Presidio. The Presidio Trust is a wholly-owned federal government corporation whose purpose is to preserve and enhance the Presidio as a national park and to ensure that the Presidio becomes financially self-sufficient by 2013. The Presidio Trust is managed by a seven-person Board of Directors with diverse expertise including environmental preservation and compliance, legal, and real estate planning and development. Six members of the Board are appointed by the President, the seventh member is the Secretary of the Interior or the Secretary's designee.

The Presidio Trust assumed administrative jurisdiction of the built areas of the Presidio, including the Letterman Complex, on July 1, 1998. It brings to the built areas of the Presidio experience in real estate leasing, finance, development and property management.<sup>2</sup> The Trust will apply this expertise to lease more than 3 million square feet of new and historic building space and more than 1,100 housing units in the Presidio. The Presidio Trust retains the revenues from its operation and management of the Presidio properties that are under its administrative jurisdiction. The NPS retains administrative jurisdiction of the coastal area of the Presidio and, in cooperation with the Presidio Trust, provides visitor services and interpretive and educational programs throughout the Presidio.

Like other federal government entities, the Trust is required to carry out its mission in compliance with the National Environmental Policy Act (NEPA). Under the Presidio Trust Act, the Presidio Trust is considered the successor-in-interest to the NPS for purposes of compliance with NEPA. Thus, to the extent that the Trust seeks to implement proposals that have been previously adequately analyzed under the GMPA EIS, the Trust may rely upon that earlier analysis. Where, however, the Trust's proposals depart from the plans previously analyzed under NEPA, the Trust undertakes further environmental review consistent with the requirements of NEPA, the National Historic Preservation Act (NHPA), and other relevant environmental review laws and executive orders. Pursuant to interagency agreement, the NPS is considered a "cooperating agency" for the preparation of this NEPA document and has submitted comments on the document for consideration by the Presidio Trust as the lead agency.

### 1.1.5 THE GMPA - MASTER PLANNING DOCUMENT

The GMPA is the foundational plan that guides the Trust's planning and decision-making. Its importance has been reinforced by both the Trust Act and Trust policy. The Trust Act directs the Presidio Trust to manage the property under its administrative jurisdiction, including the Letterman Complex, in accordance with the purposes of the Act establishing the Golden Gate National Recreation Area and in accordance with the "general objectives" of the GMPA.

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<sup>1</sup> The primary means for the Trust to generate revenue is by leasing Presidio buildings. In order to do so, capital improvements to buildings and park-wide infrastructure are necessary to bring poorly maintained or functionally obsolete Presidio facilities into appropriate condition for current use. The Trust Act provides for a limited amount of near-term appropriations to fund both operating and capital expenses and access to a capped amount of Treasury borrowing to assist in funding capital costs during the initial 15-year period leading to self-sufficiency. Funds borrowed for capital expenditure must be repaid.

<sup>2</sup> In general terms, the Trust approaches leasing in two different ways. In some leases, the Trust seeks a tenant who can obtain and use private capital to fund development or rehabilitation costs in return for rent savings for a specified period. In other leases, the Trust must itself fund the capital improvements needed to bring buildings into marketable condition and, in turn, receives market rent from the tenant.



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The purposes of the GGNRA Act are clear and are stated in its preamble as follows:

*In order to preserve for public use and enjoyment certain areas of Marin and San Francisco Counties, California, possessing outstanding natural, historic, scenic, and recreational values, and in order to provide for the maintenance of needed recreational open space necessary to urban environment and planning, the Golden Gate National Recreation Area is hereby established. In the management of the recreation area, the Secretary of the Interior shall utilize the resources in a manner which will provide for recreation and educational opportunities consistent with sound principles of land use planning and management. In carrying out the provisions of this Act, the Secretary shall preserve the recreation area, as far as possible, in its natural setting, and protect it from development and uses which would destroy the scenic beauty and natural character of the area.*

By comparison, the general objectives of the GMPA are not precisely identified either within the text of the GMPA itself (i.e., no list of “general objectives” appears in the document) or by Congress in the Trust Act. It was therefore up to the Trust to ascertain the meaning of the term used in the Trust Act.

Although early drafts of the Act required the Trust to manage the Presidio in accordance with the GMPA, the term “general objectives” was added in the final version of the Trust Act that became law. Early versions of the Trust Act did not include the requirement that the Presidio become financially self-sufficient by a certain time. Once the Act incorporated the restriction on federal appropriation and a specific time constraint for achieving self-sufficiency, the term “general objectives” was added to give the Trust some needed flexibility to reach the Act’s self-sufficiency goal. By its directive to follow the “general objectives” of the GMPA, Congress intended to afford the Trust with that flexibility by not obligating it to follow the Plan in all its specifics.

To ascertain the GMPA’s “general objectives” as intended by Congress, the Trust looked first to the GMPA itself. Rather than looking only to the GMPA to ascertain the meaning of the term, the Trust also looked to the Trust Act and its legislative history to help inform its interpretation. Congress explicitly did not accept the GMPA as a governing document in all its particulars because of its economic requirements and the changing circumstances already evident in 1996 when the Trust Act became law (U.S. Congress 1995b) (see also Sections 1.1.2 and 1.1.3). While recognizing the significant work that the NPS had accomplished in creating the GMPA, Congress also recognized the Trust’s need for flexibility in light of these changing circumstances and its mandate that the Presidio Trust achieve financial self-sufficiency within 15 years. The interpretation of Congress’s intent therefore would require a reconciliation of these competing elements. Following an administrative process in which the Trust Board looked to a number of specific sentences and phrases from various portions of the 150-page GMPA, including its site-specific programmatic goals for each planning area, the Presidio Trust Board of Directors adopted and set forth the general objectives of the GMPA in its Board Resolution No. 99-11 dated March 4, 1999 (General Objectives).

In the exercise of its administrative discretion, the Presidio Trust Board of Directors has identified the following as the General Objectives of the GMPA:



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1. To preserve and (where appropriate) enhance the historical, cultural, natural, recreational, and scenic resources of the Presidio;
2. To address the needs of Presidio visitors, tenants and residents for community services such as transportation, water, power, waste management, and public safety (among others) in an environmentally responsible manner, while respecting neighboring communities;
3. To increase open space, consolidate developed space and provide for appropriate uses of the Presidio, including uses that involve stewardship and sustainability, cross-cultural and international cooperation, community service and restoration, health and scientific discovery, recreation, the arts, education, research, innovation and/or communication; and
4. To sustain the Presidio indefinitely as a great national park in an urban setting.

This statement of the General Objectives of the GMPA tracks closely the “park-wide goals and objectives” articulated by the NPS in its 1994 Request for Qualifications (RFQ) for the Letterman Complex (see Section 1.1.7). NPS summarized the park-wide objectives as: 1) to promote environmental stewardship and sustainability; 2) to encourage cross-cultural and international cooperation; 3) to provide community service and restoration; and 4) to promote health and scientific discovery (NPS 1994c). This early statement of goals and objectives by NPS, in its similarity to the objectives ascertained by the Trust, exemplifies the way in which the General Objectives of the GMPA incorporate and expand upon the NPS’ earlier formulation. Each NPS objective is incorporated among the objectives ascertained by the Trust.

The Trust’s adoption of the General Objectives of the GMPA reinforces the importance of the GMPA as the foundational planning document for the Presidio. Although the General Objectives of the GMPA, not its specific plans, are the required guideposts for future development of the Presidio, the Trust continues to use the GMPA as the foundation for its planning decisions. It is the master document that guides the Trust in decision-making, despite the fact that changed conditions at times require the Trust to reassess certain of the GMPA’s site-specific plans and programs. In sum, as a matter of law, the Presidio Trust follows the General Objectives of the GMPA. As a matter of policy, the Trust uses the GMPA as its principal guide for all planning activities, whether establishing planning priorities, or managing resources.

Given the Trust’s reliance on the GMPA as the foundational planning document, NEPA does not require development of a new comprehensive plan for this Supplemental EIS. Nevertheless, both NPS and the public have expressed desire for the Trust to better explain how it intends to implement the GMPA Presidio-wide in view of the need under some circumstances to depart from the site-specific proposals of the GMPA. The Trust believes that the best means to understand the Trust’s approach to GMPA implementation is to undertake certain additional comprehensive planning that tiers off the GMPA. In proposing this undertaking, the Trust acknowledges and wishes to respond to the strong sentiment of NPS as a cooperating agency and the public generally to clarify the Trust’s Presidio-wide approach to circumstances that have changed since finalizing the GMPA and to the specific comprehensive program elements of Section 104(c) of the Trust Act. The Trust has made no decisions on the scope of such comprehensive planning, but expects future public sessions to involve the interested community in helping to define both its scope and content.



#### **1.1.6 THE PRESIDIO'S LETTERMAN COMPLEX**

The Letterman Complex, located in the northeast corner of the Presidio of San Francisco, is in close proximity to the city of San Francisco at the Lombard Street Gate, and is one of the most urbanized of Presidio places (Figure 2). Consistent with the historic use of the site, the Letterman Complex was designated under the Presidio GMPA as one of the “building and activity cores” where building demolition and replacement construction would occur.

The southeast corner of the Letterman Complex has long been an urbanized building and activity center at the Presidio. The original Letterman Hospital was constructed beginning in 1898 to accommodate soldiers during the Spanish-American War. Construction of the original hospital complex was designed as a 300-bed pavilion-style hospital with buildings, including wards, administrative buildings, operating theater, kitchen and mess halls arranged symmetrically around a centrally planted quadrangle. By 1904, additional buildings were constructed within and around the quadrangle.

The land selected for construction of the new hospital came face-to-face with the city of San Francisco boundary. Non-military business enterprises at the Presidio's eastern edge, such as public resorts, attracted citizens to the Presidio's border and offered recreation to Army personnel as early as the 1860s. Rail service connected people to these resorts, and with the establishment of the new hospital, a cable car line was brought into the Presidio as an extension of the Greenwich Street line, terminating in front of the main hospital building and connecting the Presidio to the city.

Following the 1906 earthquake, to showcase the revival of San Francisco, the Army allowed a significant portion of the Panama Pacific International Exposition to be placed within the boundaries of the Presidio. The Exposition occupied all of the current 23 acres to the east of the original hospital (the East Hospital site) and extended into the Gorgas Avenue warehouse area and into Crissy Field. Work began on the site in 1912 and opened to the public in 1915. The Palace of Fine Arts and the layout of the streets in this area remain to this day.

During and after World War I, the Letterman Hospital expanded significantly with a new ancillary hospital (East Hospital) and new quarters, support services buildings, and roads built during this time to support large numbers of patients arriving from the Philippines, Hawaii, China, and western military installations. By 1942, during the second World War, Letterman was one of the busiest military hospitals in the country and continued to expand into both new and temporary structures. This period represents the maximum building density on the site. The Letterman Hospital Complex was like a self-contained city within the Presidio.

After World War II, the military started planning for a more modern hospital at the site. Between 1965 and 1976, much of the original hospital quadrangle buildings and all of East Hospital were removed to make way for a new, more modern structure. In 1968, the Letterman Army Medical Center (LAMC), a new 550-bed, 10-story building, was constructed. Between 1971 and 1976, the Army constructed the Letterman Army Institute of Research (LAIR). By this time, the hospital's role had changed from serving wounded soldiers to serving the military community living in the region as a regional medical center. However, since the Army's departure from the Presidio in 1994, the LAMC and LAIR facilities have remained essentially vacant.



1. PURPOSE AND NEED

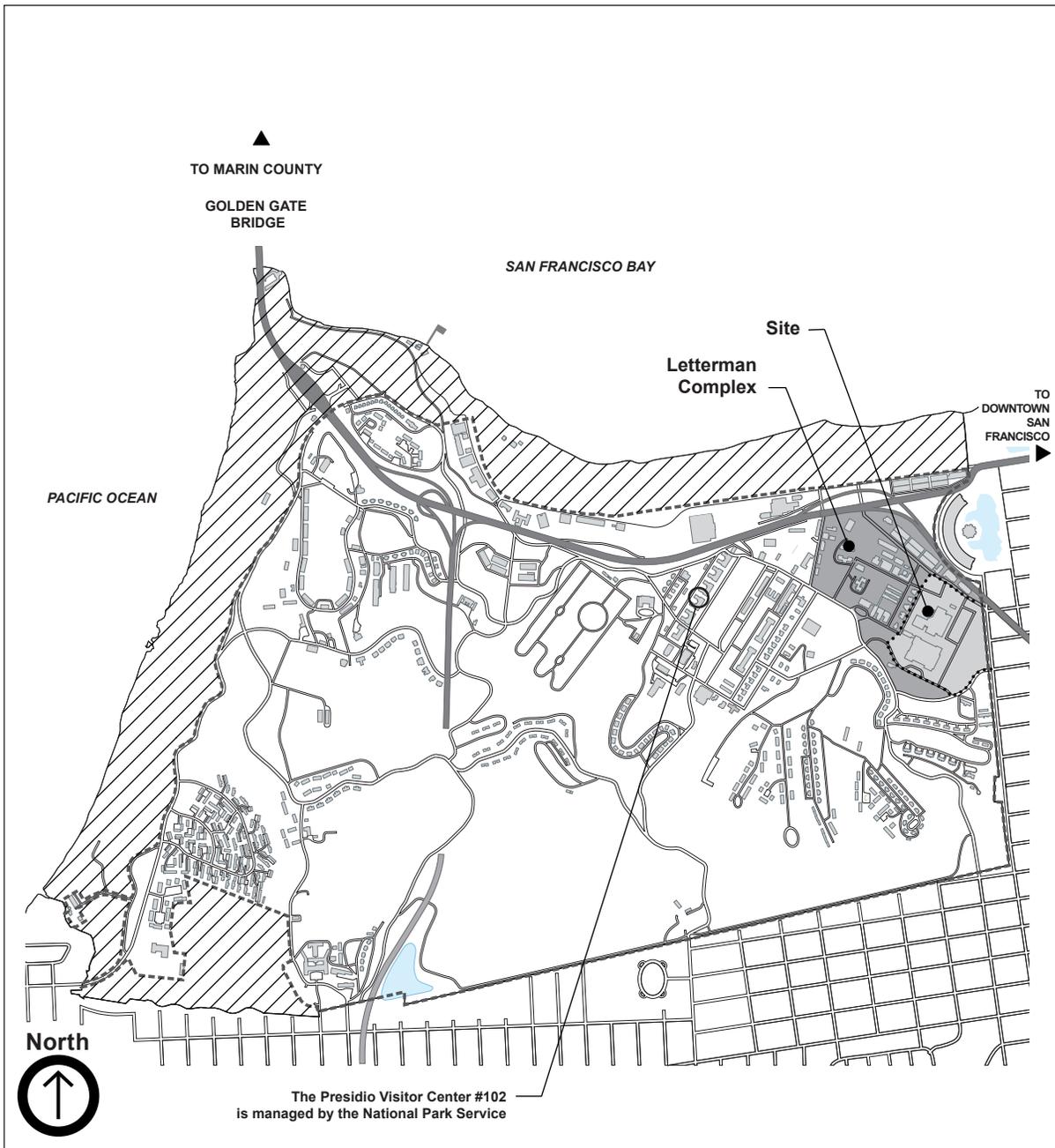
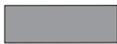
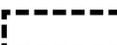


Figure 2. Site Location Map

-  60-Acre Letterman Complex
-  23-Acre Site
-  Area A. Managed by the National Park Service
-  Area B. Managed by the Presidio Trust



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Today, the Letterman Complex continues to be a predominantly developed site that includes approximately 50 buildings, both historic and non-historic, totaling approximately 1.3 million gross square feet of building space within a 60-acre campus-like setting. The bulk of that space is contained in two non-historic, physically dominant, modern multi-story structures within 23 acres at the southeast portion of the complex: the LAIR (or research institute), a 356,000-gross-square-foot former Army medical research facility with laboratory space, offices, and support space; and the LAMC (or medical center), a 451,000-gross-square-foot former general acute care hospital. The LAIR building, constructed in three phases between 1972 and 1976, includes three structurally independent buildings joined by common halls and a central atrium to form three distinct functional areas. LAIR is considered uneconomical to reuse because of layout problems and functional obsolescence (BAR 1993). LAMC, built in 1968 under the provisions of the 1964 Uniform Building Code, is now considered outdated for use as an acute care hospital. When LAMC and LAIR were constructed on the site of the former East Hospital, they blocked or compromised historic view corridors, and the buildings' height, scale, mass, and materials contrast sharply with the surrounding historic setting. The remainder of the 23-acre site is occupied predominantly by paved surface parking lots.

The remaining square footage in the Letterman Complex is contained in an assortment of historic warehouses, clinics, wards, offices and ancillary buildings, including the Gorgas Avenue warehouses, gymnasium, non-historic dormitories and the 158,000-square-foot Thoreau Center for Sustainability, currently leased to a diverse group of predominantly non-profit organizations, which is housed within the historic buildings that comprise the remaining elements of the original Letterman Army Hospital. The Letterman Complex also contains additional surface parking lots, landscaped areas, and approximately two miles of roadways.

### 1.1.7 THE LETTERMAN COMPLEX - LEAD PROJECT AND ECONOMIC ENGINE

When the legislation creating what ultimately became the Presidio Trust stalled late in the 103<sup>rd</sup> Congress and with the Presidio buildings and infrastructure in critical need of rehabilitation and repair, Congress enacted interim legislation (Public Law 103-175) permitting NPS itself to begin generating revenue from the Letterman Complex (about 1.3 million square feet). The NPS estimated that it would receive between \$6 million and \$12 million annually in lease revenues from the Letterman Complex, some of the most commercially viable real estate within the Presidio (U.S. Congress 1995b). The legislation granting NPS leasing authority allowed NPS to retain these revenues for the purpose of defraying the capital and operating costs associated with the management of the Presidio.

Through a 1994 Request for Qualifications (RFQ), NPS solicited potential users for the 60-acre Letterman Complex (NPS 1994c). From among the 16 responses, NPS chose to enter into lease negotiations with the University of California at San Francisco (UCSF) to occupy the hospital and research facilities within the 23 acres at the southeast portion of the site. When these negotiations broke down, the next best RFQ respondent, the State of California Department of Health Services (DHS), had already made other arrangements to relocate in Richmond, California. As a fallback, NPS negotiated with the City of San Francisco Department of Public Health (DPH), but here too was unable to conclude lease terms. Although ultimately unsuccessful in concluding the lease negotiations with UCSF, NPS did complete leases on approximately 158,000 square feet (approximately 14 percent of the RFQ offering) within other portions of the Letterman Complex. As a result of this early leasing activity within the Letterman Complex, today, the Thoreau Center for Sustainability occupies the former general hospital wards adjacent to the hospital and research facility, which showcases state-of-the-art



energy conservation and sustainability technologies and is home to more than 50 tenant organizations. The initial legislation under which the NPS concluded these leases was intended to provide interim authority until the pending legislation establishing the Presidio Trust was enacted.

The Trust had the new Trust Act mandates in mind when it returned to the implementation of the planning process that the NPS had started several years earlier when it issued its 1994 RFQ for the Letterman Complex.

## ***1.2 Underlying Purpose and Need***

The Trust Act’s financial self-sustainability mandate sets the Trust’s decision-making process for the Letterman Complex apart from what had been originally contemplated under the GMPA, and gives the proposed project an urgency not previously required. Consistent with the congressionally required Financial Management Program for the Presidio, a financial forecast detailing how the Trust plans to achieve the Act’s self-sufficiency requirement, the proposed project is intended to serve as an economic engine, generating early and significant revenue to pay for capital improvements and historic building rehabilitation that, in turn, will allow revenue generation at other areas of the Presidio.

### **1.2.1 CONSISTENCY WITH THE TRUST ACT MANDATES**

At the threshold, the Trust must carry out its proposals, including the proposed project, in accordance with its congressional mandates. Although the Presidio is part of the national park system, many of the Trust Act requirements differ significantly from those that NPS must meet in managing property under its administrative jurisdiction, and were not anticipated by the drafters of the GMPA during its development. These directives were therefore not addressed in the planning process that resulted in the GMPA, making certain specifics of the GMPA difficult to implement consistently with the Trust Act. The Trust Act mandates are, however, a necessary element of the Trust’s decision-making process as it has moved forward with Letterman Complex planning and with the Supplemental EIS for the 23-acre site. Certain key mandates include:

- First, the Trust must manage its portion of the Presidio in such a way as to become financially self-sufficient by 2013 — that is, to generate sufficient revenue without any federal appropriation to fund the capital, operating, and long-term maintenance costs for the Presidio. If the Trust is not successful in meeting this goal by the deadline, the Presidio property under the Trust’s administrative jurisdiction will revert to the General Services Administration for disposal (Trust Act Section 104(o)). In adopting this requirement, the House Committee on Resources noted that its “greatest concern . . . has been the cost of the Presidio. The Committee cannot support funding levels for the Presidio as proposed in the NPS plan [the GMPA]” (U.S. Congress 1995b).
- Second, consistent with the 2013 deadline, Section 104(n) of the Trust Act requires the Trust, in selecting tenants, to give primary emphasis to those that enhance the financial viability of the Presidio and facilitate the cost-effective preservation of historic buildings. In adopting this criterion, the House Committee on Resources noted that it was “concerned that strict adherence to potential tenants targeted in the Presidio general management plan will result in leases that are substantially below market value and which will seriously undermine the financial viability of the Trust. Accordingly, the Committee believes that selection



of tenants which enhance the financial viability of the Presidio is the most important criteria to be used in the tenant selection process” (U.S. Congress 1995b).

- Third, the Trust Act, at Section 104(c)(1-4), allows the Trust to evaluate certain categories of buildings for possible demolition. In formulating this directive, the House Resources Committee observed that “a key to development of a cost-effective program will be an expanded program of building demolition . . . The Committee urges the Trust to carefully examine the retention of each building at the Presidio” (U.S. Congress 1995b).

Other requirements involve obtaining reasonable competition and reducing costs to the federal government. Specifically, Section 104(b) provides that with respect to lease agreements and other agreements for use and occupancy of Presidio facilities, the Trust must obtain reasonable competition. Further, Section 104(n) concerning leasing requires the Trust to consider the extent to which prospective tenants contribute to the reduction of cost to the Federal Government.

#### **1.2.2 ACHIEVING FINANCIAL SELF-SUFFICIENCY**

The project proposed in this Supplemental EIS is needed to achieve the mandates of the Presidio Trust Act — most importantly the mandate that the Presidio become financially self-sufficient by 2013, while being managed in accordance with the General Objectives of the GMPA.

*The Financial Management Program* – Congress not only set the self-sufficiency requirement, but also required the Trust, among its first official acts, to present to Congress its plan for achieving the mandate. Pursuant to the requirements of the Trust Act, by July 8, 1998 the Trust presented to Congress a Financial Management Program (FMP, provided in Appendix E) detailing how the Presidio would become independent of federal appropriations within 15 years after the first meeting of the Trust Board of Directors (i.e., by July 8, 2013). Building upon the GMPA, which was a comprehensive programmatic plan for the Presidio, the FMP was to serve as the budgetary program for meeting the newly imposed financial self-sufficiency requirements of the Trust Act.

The FMP presents a forecast of replacement reserves and capital and operating costs associated with leasing, maintenance, rehabilitation, repair and improvement of property within the Trust’s administrative jurisdiction at the Presidio. It further projects the recovery of these costs through a combination of near-term federal appropriation, borrowing from the U.S. Treasury, and lease revenues. Using these forecasts and assumptions, the FMP sets forth a declining schedule of appropriations until the date of financial self-sufficiency and demonstrates how, over the 1998 to 2013 time period, the Presidio Trust can complete needed upgrades to buildings, open space, and infrastructure to enable and enhance use of the Presidio as a national park by tenants and park visitors.

With regard to costs, operating the Presidio long-term requires maintenance of 780 buildings, 1,000 acres of open space, roads, utility systems, and all other aspects of maintaining a park and community without access to federal appropriations or taxation as a source of revenue. To support the Presidio long-term, the annual cost of operations and replacement reserves is forecasted in the FMP at \$35.7 million (all FMP projections are in 1998 dollars). This cost includes the projected annual operating budget of \$24 million, which is based upon the 1998 NPS budget, with a minimum 20 percent reduction for operating efficiencies expected under the Trust’s



streamlined authorities. It also includes an annual set aside of \$11.5 million to build a fund that will pay for long-term capital improvements to both buildings and natural areas.

With respect to revenues, in order to break even by 2013 with a small margin, the FMP forecasts the need for \$36.6 million of annual revenues.<sup>3</sup> The Trust's primary source of ongoing revenue to support this cost is revenue from the lease of residential and non-residential real estate. Lease revenues account for \$35.6 million of the \$36.6 million annual total, and the proposed project lease is expected to be the single largest non-residential component (by 2.5 times) of the revenue needed to meet the financial self-sufficiency plan of the FMP. With respect to total revenue needed to meet the financial self-sufficiency plan of the FMP, the proposed project is expected to yield minimum annual ground lease revenue<sup>4</sup> of \$5 million, accounting for one-third of non-residential lease revenues needed or 14 percent of the total lease revenues.<sup>5</sup> To provide the revenue stream to make the capital investments needed to assure the revenue targets in the FMP are met, this revenue stream must start early, phased in over several years beginning in 2000. Further, the LAMC/LAIR tenant must be financially capable of funding more than \$200 million in capital costs to redevelop the LAMC/LAIR facilities.

Because the FMP's self-sufficiency margin at the end of 15 years is quite small, if lease revenues from the proposed project are not generated in the amount and on the timetable forecast in the FMP, more income would need to be raised elsewhere on the Presidio, placing pressure to collect higher rents on other non-residential uses or to recoup the Letterman Complex shortfall from residential rents to the extent possible, prospects that are impracticable where rents are already set at market rate. In the alternative, the Trust would have to make operating expense cuts that would compromise the long-term sustainability of the Presidio.

*The Letterman Complex as the Presidio's Economic Engine* – In developing the FMP, the Trust used as its starting point the general land use categories of the GMPA and the financial information and studies that were prepared to support the GMPA, including NPS's July 1994 building leasing and financing implementation strategy (NPS 1994f). This supplement to the GMPA set forth NPS's financial strategy for implementing the GMPA, and it identified the Letterman Complex as the priority project at the Presidio. It viewed the LAMC/LAIR facilities, under the market conditions at the time, as the ideal project to fuel capital improvements elsewhere on the Presidio.<sup>6</sup>

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<sup>3</sup> As reflected in Appendix B of the FMP, more than \$36.6 million is needed to achieve self-sufficiency in order to cover the estimated \$5.1 million annual debt service payment through 2027.

<sup>4</sup> Ground leasing is a middle position between the sale of land and leasing of finished building space. The Trust is prohibited by law from selling land and does not have sufficient capital resources to redevelop the Letterman project to the stage of finished buildings. By offering a ground lease, the Trust can offer the right to use a land parcel for a definite length of time and can secure a tenant who is willing to invest the necessary capital to redevelop the site. The ground rent is the annual payment to the Trust for the land value. Land value is determined based upon the income stream that can be generated from the parcel after taking into account the investment required to generate income (i.e., capital and operating costs).

<sup>5</sup> The FMP submitted to Congress is based upon a minimum yield of \$3.5 million from the Letterman Complex. This number reflected a conservative estimate of the potential revenue yield from leasing LAMC and LAIR (Concord Group 1998, Mancini-Mills 1998a). Subsequent market information supported potentially higher yields from the Letterman project (Mancini-Mills 1998b). Accordingly, the Trust set a minimum annual revenue target of \$5 million. This target was validated by market submittals in response to the Trust's Letterman RFQ. The FMP financial forecasts have therefore been revised to reflect this and other offsetting valuation updates.

<sup>6</sup> The leasing and financing strategy revalidated the early assumptions of NPS's approach. As discussed in Section 1.1.7 above, Congress gave NPS special legislative authority in 1993 to lease the facilities within the Letterman Complex, and NPS moved forward to solicit potential project proponents in its 1994 Request for Qualifications, prior to final adoption of the GMPA. In response to the RFQ, NPS entered into long-term lease negotiations with the University of California at San Francisco Medical Center (UCSF), but was ultimately unsuccessful in completing a transaction. UCSF later decided to relocate to a site at Mission Bay south of San Francisco, and the LAMC/LAIR facilities have remained essentially vacant ever since.



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## 1 . PURPOSE AND NEED

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To better forecast costs and revenues in response to Congress's FMP command, the Trust took a fresh look at the GMPA leasing and financing strategy by initiating additional financial analysis and newly commissioned consultant studies to evaluate factors related to the newly enacted Trust Act mandates that had not been taken into account by NPS when the GMPA had been finalized (BAE 1998b, Concord Group 1998, Mancini-Mills 1998a and 1998b). For purposes of the FMP cash flow forecasts, these additional studies looked at a range of opportunities available for generating early and substantial revenues, and among other factors evaluated operating costs, potential housing revenues, leasing opportunities, and building rehabilitation and improvements. The information, assumptions, cash flow analyses, and real estate information in these studies formed the basis of and became part of the FMP revenue and cost forecasts for the Presidio as a whole.

In recognition of the importance of the Letterman Complex to the Presidio's self-sufficiency, as acknowledged in the GMPA's building leasing and financing strategy supplement, soon after establishment of the Trust, the Presidio Trust Board of Directors at its October 31, 1997 meeting authorized a study to update the redevelopment potential of the Letterman Complex (Board Resolution 98-3). The Board recognized that the market conditions in the Bay Area had changed drastically from 1994 when NPS negotiated with UCSF, and believed that an updated market analysis was necessary to fully evaluate the Letterman Complex's contribution to the self-sufficiency directive and the other Trust mandates. The resulting January 1998 study concluded that the Letterman Complex would be very competitive in the market, given a scarcity of campus-type locations in San Francisco and the inner Bay Area; that there was a window of opportunity to market the site, given the improving strength of the market; and that a ground lease supporting 900,000 square feet of new construction could generate at least \$3.5 million (Mancini-Mills 1998a). Subsequent market updates assumed a range of \$3.8 million to \$5.7 million for the opportunity (Mancini-Mills 1998b). Therefore, in March of 1998, based in part on the conclusions of these studies, the Trust adopted a real estate policy that clearly establishes the Letterman project as a priority for early implementation (Board Resolution 98-18). It was this early reanalysis of the potential financial contribution of the LAMC/LAIR site that served to update and refine NPS's earlier financial analysis of the Letterman Complex and inform the Trust's July 1998 FMP and subsequent Letterman RFQ.

In developing the FMP, the Trust established financial planning assumptions that provide a rational means of achieving financial self-sufficiency without requiring large capital expenditures, which Congress has declined to appropriate, by the Trust. By leasing the Letterman Complex early, as assumed in the GMPA and carried through to the FMP, the Trust can use generated revenues to build an economic base that would allow other Presidio projects to be undertaken, including historic building rehabilitation, open space improvements, and infrastructure upgrades that have limited, if any, revenue-generating potential.

*The FMP Establishes the Proposed Project Parameters* – The FMP served to establish the parameters of the proposed project. These parameters — demolition of LAMC/LAIR and 900,000 square feet of replacement construction — were made part of the Trust's Letterman RFQ and are currently under study in this EIS. In its RFQ, the Trust solicited a project calling for the demolition of the functionally obsolete LAMC/LAIR buildings. Demolition would be followed by redevelopment and use of newly constructed low- to mid-rise, or lower-profile mixed-use buildings totaling approximately 900,000 square feet and some infrastructure improvements within a 23-acre site within the Letterman Complex. The Presidio Trust, as the approval agency for the proposed project, would enter into a long-term ground lease and development agreement with a master



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tenant/development team to build and occupy the approximately 900,000 square feet of new replacement space on 23 of the 60 acres within the complex (Figure 3). Congress's command to establish the financial forecasts of the FMP, therefore, set not only the expected financial return but also indirectly set the square footage needed for the proposed project.

*900,000 Square Feet of Replacement Construction* – In order to yield the FMP's forecasted revenue for the Letterman Complex, a project of 900,000 square feet is needed (Mancini-Mills 1998a, Concord Group 1998). Valuation analyses for this size development showed that revenue yields could range, depending upon a variety of financial variables, from \$3.8 million to \$5.7 million annually, an amount which under the FMP was needed to fuel the financial investment badly needed to address other building and infrastructure improvements throughout the Presidio (Mancini-Mills 1998b). Because the Trust could not be sure until the market responded to an actual proposal whether the market would yield the projected income or where within this range revenue yields would actually fall, it was considered financially imprudent to base the FMP on, or to later solicit, a smaller-scale project.

With respect to the 900,000 square feet, the FMP assumed the majority of the square footage would derive from demolition and replacement of both LAMC and LAIR.<sup>7</sup> The failed NPS leasing initiative, marketing analysis, and the Trust Act requirements supported this FMP assumption. At the time of the NPS's 1994 RFQ and prior to finalizing the GMPA, LAIR was perceived to have a ready market to continue in its research use and the GMPA proposed it for reuse. The failed negotiations with UCSF and the State DHS and the new unavailability of the city's DPH created real uncertainty about the possibility of finding a user for the existing facilities. Further, reuse barriers existed because of the high cost of rehabilitating LAMC to acceptable seismic standards for reuse as a laboratory and research facility and layout and other functional obsolescence problems at LAIR (BAR 1993).<sup>8</sup> The GMPA acknowledged this uncertainty by identifying the Letterman Complex, as compared to other Presidio planning areas, as an area where change in use could occur through new replacement construction if existing buildings and improvements do not meet essential program and management needs. When these factors were considered with the updated leasing analysis showing a substantially expanded Bay Area market for campus-setting developments and with the Trust Act requirement to consider reasonable competition in leasing, the FMP assumption to demolish both LAMC and LAIR was seen as rational for FMP forecasting purposes.

*23-Acre Site* – Once the FMP had established the need for a 900,000-square-foot project, focusing the proposed project within the 23-acre site was considered by the Trust as most consistent with the FMP's financial planning parameters. In making this decision, the Trust evaluated and relied upon a number of factors. To obtain the

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<sup>7</sup> The proposed 900,000 square feet of new replacement construction approximates buildings on the 23-acre site. The existing medical center and research institute on the 23-acre site total 807,000 square feet. In addition, two other non-historic support structures on the 23-acre site totaling 33,000 square feet have been identified for removal. (All square footages are approximate, based primarily on previous U.S. Army measurements.) Within the 60-acre Letterman Complex, NPS had already removed 23,000 square feet, and an additional 13,000 square feet of unleased, non-historic building space could be removed, as set forth and studied in the GMPA EIS. With these removals, the total square footage available for the proposed project is approximately 876,000 square feet. The Trust approximated this square footage by soliciting development proposals of 900,000 square feet of replacement construction, while pledging that in the end the amount of occupied square footage at Letterman would not exceed the 1.3 million total studied in the GMPA EIS.

<sup>8</sup> Updated market analysis and failed leasing initiatives since the GMPA was finalized has shown that retaining both or even one of the LAMC/LAIR facilities is inconsistent with meeting essential program and management needs and is incompatible with maximizing revenues from the project (Mancini-Mills 1998a).



1. PURPOSE AND NEED

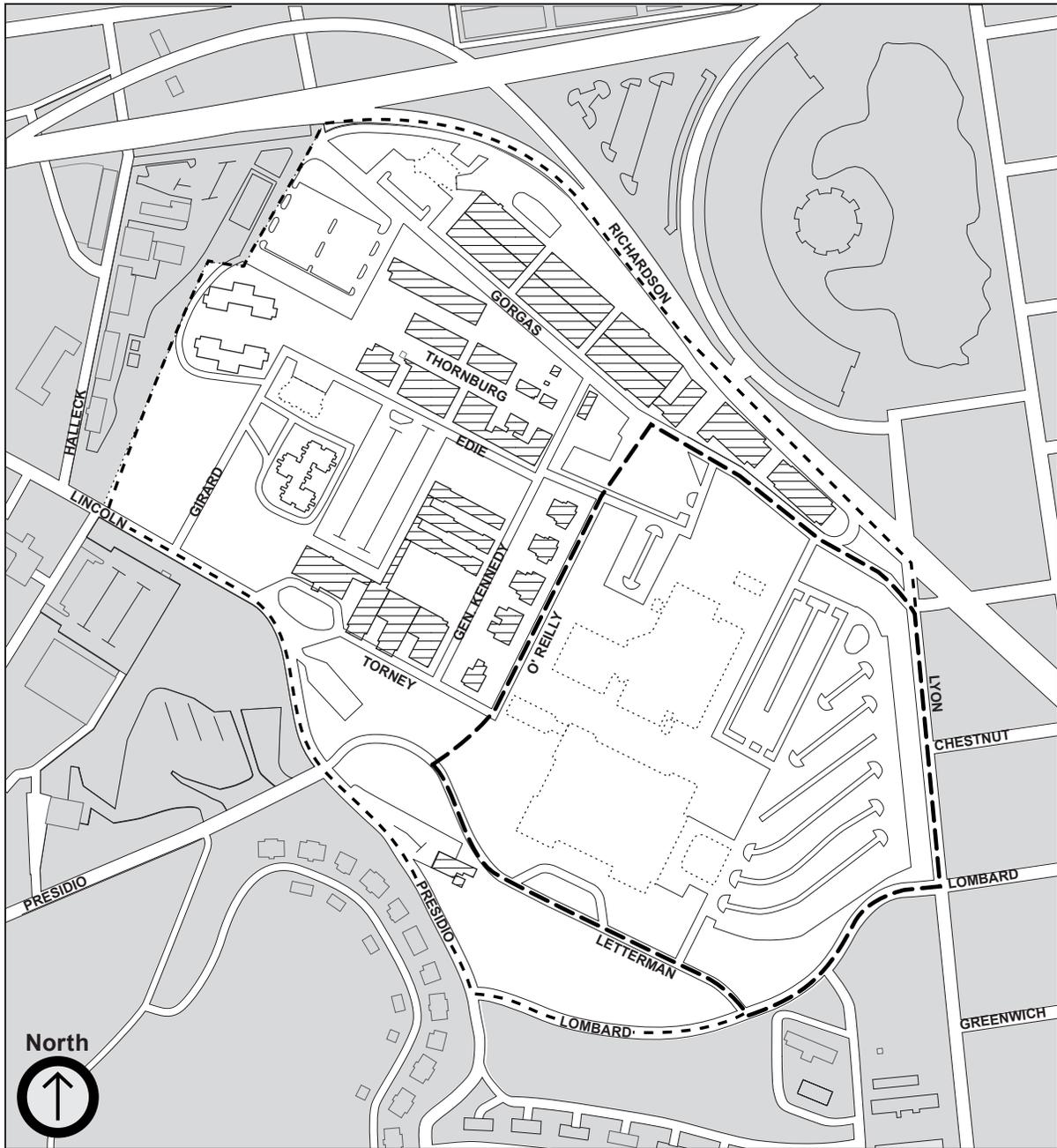
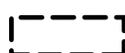


Figure 3.  
Project Boundaries

- |   |                           |   |  |
|---|---------------------------|---|--|
|  | 60-Acre Letterman Complex |  | Non-Historic Buildings which could be removed  |
|  | 23-Acre Site              |  | Non-Historic Buildings which would remain  |
|  | Historic building         | <b>Note:</b>  | See Table C-1 for Proposed  Building Treatments |



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forecasted revenues, the Trust had to look to a site that under real-world marketing pressures could offer the essential combination of characteristics for success, and the 23-acre site offered this combination. It provided a history of intensive use, development flexibility, amenities that other Presidio sites could not as effectively provide, and marketing and development efficiencies.

First, the 23-acre site continued the historic density. The 900,000 square feet of development would continue the approximate density and development footprint of LAMC and LAIR during the Army's tenure, and would therefore not be a substantial departure from the density of development that had previously existed at the site for 30 years. Similarly, NPS had carried this approximate footprint through to its 1994 RFQ (NPS 1994c). The NPS RFQ assumed retention and reuse of 356,000 square feet at LAIR and allowed for new replacement construction predominantly, although not entirely, within the 23-acre site to replace LAMC (NPS 1994c). Had NPS concluded a lease with UCSF as proposed in the RFQ, it would have involved occupancy by a single large anchor tenant largely within the 23-acre site, an intensity of use roughly comparable to that of the Army.

In addition, the 23-acre site proposed for development continues an intensity of use at one of the only sites on the Presidio that historically has been subjected to intensive development because of its proximity to the urban area and amenities outside the Presidio boundary. Since the late 1890s, when the first Letterman Army Hospital was built, the 23 acres has been used intensively, first as a corridor to the adjacent city of San Francisco neighborhoods, later as a part of the Panama Pacific International Exposition, and finally as one of the busiest military hospitals in the country until the post World War II era when it became a regional medical center serving the military community in the region (see Section 1.1.6).<sup>9</sup> Therefore, the area within and immediately surrounding the 23-acre site has had a history of intensive use.

Second, retaining intensive development on these 23 acres is also appropriate to the qualities of this site both in its potential for new construction and in its absence of historic buildings. The GMPA severely limited the amount and location of new construction at other Presidio sites. The 23-acre site, being an already built-out area of the Presidio, is by far the largest among the limited number of sites identified in the GMPA for potential new construction. And, unlike the remainder of the 60-acre complex, the 23-acre site did not house historic buildings, which add complexity and higher project costs, bringing down the revenue generation potential. Thus, given the number of historic buildings elsewhere within the Letterman Complex and at other built-out areas of the Presidio, opportunities are limited for new construction on the Presidio of a scale needed to satisfy the FMP financial parameters for the Letterman Complex.

Third, in addition to the 23-acre site offering maximum financial and development flexibility, the physical and geographic characteristics of the site are appropriate to the proposed project definition. The site is unique in its access to transit service and urban amenities. It is easily accessible from downtown San Francisco, surrounding residential neighborhoods, and commercial districts, with access via Richardson Avenue to the Golden Gate Bridge. Restaurants, stores, and other commercial establishments are located nearby outside the park entrance. The site is also served directly by public transit connections to downtown San Francisco and regional destinations. All of these amenities are appropriate qualities for a site with concentrated development.

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<sup>9</sup> About 1,500 civilian and military personnel were employed at the two facilities (NPS 1994b), and in 1990 alone as the Army was downsizing its operations, LAMC admitted 6,890 patients and provided outpatient care to over 225,000 military retirees, their dependents, or survivors. (U.S. Army Corps of Engineers 1991).



Lastly, the Trust factored in real estate marketing and development considerations in deciding to focus development within the 23-acre site. While developing the RFQ, real estate development consultants advised the Trust that revenue-generating potential could be severely constrained unless development was contained to a site that could be easily marketed and managed. The consultants recommended that marketability could be improved by focusing infrastructure improvements in a limited area and by focusing on a contiguous site that would not otherwise be broken up by roadways or other buildings. Also, focusing the development on a limited parcel would make the offer more economically attractive to a larger universe of potential submitters and would increase the likelihood of receiving simplified but viable development proposals from single institutional users. Dealing with a single developer/user could significantly simplify the lease negotiation process as compared to dealing with multiple parties for a single development parcel. For all these reasons, the Trust considered it rational to focus its solicitation on 900,000 square feet of new replacement development within the 23-acre parcel at the Letterman Complex.

In sum, the GMPA together with the financial forecasts of the FMP set forth a rational means to begin to implement the newly enacted Trust Act self-sufficiency requirement. The purpose and need of proposing to develop a project at the Letterman Complex under the parameters set out in the Trust's Letterman RFQ is to generate assured income in the amount and on the timetable forecast within the FMP.

### **1.3 Goals**

The Presidio Trust has set the following goals for the project. The proposed project must meet these goals to the fullest extent possible.

#### **1.3.1 CONSISTENCY WITH PRESIDIO GOALS AND APPROVED PLANS AND POLICIES**

The Presidio Trust seeks to approve a project that is consistent with the Presidio Trust's mandate, as provided by the Presidio Trust Act (Appendix H), and is generally consistent with the more site-specific proposals and planning principles of the GMPA.

#### **1.3.2 REVENUE GENERATION**

A key goal of the project is revenue generation. Under the Trust Act Section 104(o), the project must be consistent with the self-sufficiency mandate of the Presidio Trust Act, which requires the Trust to manage the Presidio to become financially self-sufficient by year 2013. The Trust demonstrated the means to achieve self-sufficiency in the Financial Management Program submitted to Congress in 1998 in response to the Trust Act requirement of Section 105(b).

Other requirements of the Trust Act also bear upon the revenue generation goal. The cost and terms of the ground lease must reflect reasonable competition in the San Francisco area (Trust Act section 104(b)). Also, the Trust must give priority to tenants that enhance the financial viability of the Presidio and consider the extent to which prospective tenants contribute to the reduction in cost to the federal government (Trust Act section 104(n)). Further, terms and conditions for a ground lease must include an annual service district charge to recover the Trust's costs of providing police, fire, emergency medical service, infrastructure maintenance, and other services to Presidio tenant organizations (Trust Act Section 102(a)).



### **1.3.3 TIMELY DEVELOPMENT AND FULL OCCUPANCY**

The GMPA and later the FMP established the Letterman Complex as the priority project for implementation at the Presidio (see Sections 1.1.7 and 1.2.2). Therefore, the Trust has set as a project goal the timely development and achievement of full occupancy. Users or tenants must demonstrate an ability to finance the project, including the demolition of the medical center and research institute. Further, the Presidio Trust will give preference to users or tenants offering completion of all phases within a limited timeframe.

### **1.3.4 ENHANCEMENTS FOR ACHIEVING PRESIDIO GOALS**

Although the General Objectives of the GMPA are the Trust's required guideposts, as a matter of policy the Trust uses the GMPA as the foundation for its planning decisions. Therefore, the Trust has adopted as a project goal various goals of the GMPA.<sup>10</sup> Users or tenants will need to explore ways to further the goals of the Presidio, including but not limited to the following:

- *Social Programs* – Users or tenants are encouraged to help fund social programs that directly promote the fundamental principles of the Presidio's mission, such as stewardship and sustainability, cross-cultural and international cooperation, community service, and health and scientific discovery.
- *Environmental Programs* – Users or tenants are encouraged to help fund environmental programs or participate with organizations working to resolve some of today's major environmental issues, such as sustainable design, global climate change, environmental cleanup, resource protection, and biological diversity.
- *Shared Space* – Users or tenants are encouraged to share workspace with organizations focusing on social, cultural or environmental issues.
- *Public Outreach and Input* – Users or tenants are encouraged to sponsor programs or symposia, performances, lecture series, complementary research activities and special exhibitions. Programs should be widely accessible to the public and be committed to diversity of age, ethnicity, gender, culture, and physical ability.

### **1.3.5 DESIRED USERS OR TENANTS**

The GMPA identifies potential users or tenants for the Presidio as those involved in education, arts, scientific research, environmental studies, scientific inquiry, healthcare, philanthropy, conflict resolution, and international relations. The Presidio Trust Act, which establishes additional tenant selection criteria, requires consideration not only of the extent to which prospective tenants contribute to the implementation of the GMPA, but also to the reduction in cost to the federal government and the financial viability of the Presidio. To address the additional Trust Act criteria, additional market analysis of potential user or tenant groups after enactment of the Trust Act identified additional potential categories of prospective tenants (Mancini-Mills 1998a). They might also include those involved in the following sectors: biotechnology, multimedia, computer graphics, telecommunications, film production, Internet-based research and development, computer software, environmental science and other high-technology, knowledge-based industries. Regardless of the programmatic focus of a prospective user or tenant, each will need to explore ways to further the goals of the Presidio.

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<sup>10</sup> The Trust's 1998 RFQ for the Letterman project presented these goals as the "general objectives" of the GMPA. This summary does not, however, set out the General Objectives of the GMPA (see Section 1.1.5, above), but instead certain literal statements from the GMPA. The confusion in terminology can be explained by the fact that the RFQ was drafted at a time when the Trust was a skeleton organization with only a small number of employees and had not yet considered the meaning of the term as used in the Trust Act.



#### **1.3.6 HISTORIC COMPLIANCE**

New construction must comply with the regulations that govern application of the NHPA. A Programmatic Agreement between the Trust, the SHPO, ACHP, and NPS would be executed to set forth a consultation process to fulfill the Trust's obligations under the NHPA. As part of this process, Planning Guidelines and Design Guidelines for new construction would be adopted and utilized to ensure the compatibility of new construction with the National Historic Landmark setting. By removing the medical center and research institute buildings and replacing them with buildings more architecturally compatible with the historic landmark setting, the Trust seeks to achieve the General Objective of "preserv[ing] and enhanc[ing] the historical, cultural, natural, recreational, and scenic resources of the Presidio."

#### **1.3.7 ARCHITECTURALLY SENSITIVE DESIGNS**

Pursuant to the requirements of the NHPA, new construction will be designed and sited to be architecturally compatible with the Presidio's National Historic Landmark setting through elements of massing, scale, material, style and color. New construction will be subject to Planning and Design Guidelines (Planning Guidelines are provided in Appendix B) and design review, including consultation pursuant to a Programmatic Agreement (provided in Appendix F) with the SHPO, the ACHP, and the NPS. All new buildings, additions, and landscape features will be designed and sited to harmonize with their historic settings.

#### **1.3.8 TRANSPORTATION DEMAND MANAGEMENT**

Users or tenants will participate in a transportation demand management program for the Presidio. Lease agreements will outline the actions to be taken to encourage alternatives to automobile use by employees and visitors and to reduce the number of vehicles coming to the site and demand for parking.

#### **1.3.9 ENVIRONMENTAL SUSTAINABILITY**

Both the General Objectives of the GMPA and the GMPA itself set sustainability as a goal for the Presidio. Therefore, consistent with the Planning and Design guidelines for the Letterman Complex, users and/or tenants will be required to use environmentally responsible and sustainable design in new construction. Energy-efficient material and building techniques will be employed, and facilities will be maintained to ensure their sustainability.

### ***1.4 Relationship of Planning and Design Guidelines to the Letterman Project***

In addition to the Trust's compliance with the NEPA process, which is the purpose of this EIS, compliance with the NHPA is of central importance to any project within the Presidio boundary that may have an effect on the National Historic Landmark district. Concurrent with actions to satisfy the NEPA process, the Trust has been engaged in activities designed to meet the requirements of the NHPA for the proposed project.

#### **1.4.1 THE NHPA MANDATE**

Section 110 of the NHPA sets out the broad historic preservation responsibilities of federal agencies to ensure that historic preservation is fully integrated into ongoing programs. Under Section 110(f), special protection is to be afforded to National Historic Landmarks. Under that provision, a federal agency must, "to the maximum extent possible, undertake such planning and actions as may be necessary to minimize harm" to a National Historic Landmark that may be directly and adversely affected by an undertaking such as the proposed project.



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Section 106 of the NHPA requires federal agencies to take into account the effects of their actions on historic properties and seek comments on their actions from an independent reviewing agency, the ACHP. The revised regulations of the ACHP (Title 36 of the Code of Federal Regulations at Part 800) provide the methodology for assessing impacts on historic resources and detail the requirements of the consultation process. When a project is complex and is expected to continue over time, the regulations allow development of a Programmatic Agreement that governs ongoing and future activities undertaken as part of the project or program it addresses. Once a Programmatic Agreement is finalized, implementation of the Programmatic Agreement satisfies the agency's obligations under Sections 106 and 110(f) of the NHPA. Pursuant to these regulations, the Trust has been engaged in consultation with the ACHP and the SHPO with regard to Section 106 compliance at the entire 60-acre Letterman Complex.

### **1.4.2 EARLY ACTIONS OF TRUST TO COMPLY WITH THE NHPA**

The Trust initiated NHPA compliance early in the Letterman project planning process, even before the Trust sought proposals on the proposed project and concurrent with the earliest stages of the NEPA process. In an August 1998 letter to the SHPO, the Trust initiated the Section 106 consultation process by proposing to the SHPO to develop criteria and guidelines for the Letterman Complex (e.g., cluster patterns, orientation, circulation, spatial organization, and landscaping) and buildings (e.g., massing, scale, height, roof forms, colors, materials) to ensure that any new construction at the site would be compatible with the character of the historic district. In October 1998, the SHPO responded, requesting that the Trust provide criteria and guidelines for SHPO and ACHP review and proposing development of a programmatic agreement governing the Letterman Complex.

Preparation of guidelines began in January 1999, with assistance from NPS technical staff. The Trust presented the public with a draft outline of the guidelines at a public scoping session on January 27, 1999. As the Trust continued development of the guidelines, it provided draft versions of the guidelines and periodic updates to the development teams prior to their final submittals.

At the same time, the EIS process was underway, and the Draft EIS identified the need for guidelines to be developed to ensure that potential new construction at the 23-acre site would not have an adverse effect on the National Historic Landmark district. It was at this point that the early form of the guidelines came to be referred to as Planning Guidelines (as distinguished from Design Guidelines). The Trust created this distinction because the scale of detail available at this point in the planning process, where only conceptual site plans would be available and shown as part of the EIS, was appropriate to the planning level of design and not the architectural detail level. More detailed architectural design guidelines would necessarily have to be developed later in the design process after the EIS and final project alternative selection was complete.

### **1.4.3 COORDINATION OF LETTERMAN NHPA AND NEPA COMPLIANCE PROCESS**

Guidelines are a tool used to ensure that new construction within a National Historic Landmark conforms to the historic setting. The Planning Guidelines (Appendix B) also apply to undertakings that fall short of new construction as could be the case in the area outside the 23-acre site proposed for new construction and analyzed in this EIS.



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Although design guidelines are a tool for ensuring compliance with the policies of the NHPA, neither the NHPA nor NEPA requires that they be made a part of the environmental analysis under NEPA. For other projects based upon the 1994 Presidio GMPA involving new construction at the Presidio (i.e., golf course clubhouse and fire station), NPS had prepared design guidelines internally that were not made available for public review or comment during their development and that were not made part of the NEPA analysis for those projects. As a result of these projects, however, the Trust became more aware of the keen public interest in having opportunities for public input into guideline development and the design review process. Therefore, although not required as part of the analysis under NEPA, the Trust elected to publish the planning level guidelines as part of the Letterman EIS so that the public would have a significant opportunity early in the development of the guidelines to provide comment and input prior to their final adoption.

The purpose and intent of the conceptual Planning Guidelines is to ensure that any Letterman Complex undertaking by the Trust is in keeping with the character of the Presidio's National Historic Landmark district and to provide a design framework for all future actions in the 60-acre Letterman Complex. The Final Planning Guidelines in Appendix B provide measures to guide the continuing project implementation within the Letterman Complex so that projects there would be compatible with the scale, architectural character, and pedestrian-friendly quality of the existing historic setting. Diligent attention to the Final Planning Guidelines will promote a sensitive integration of the new construction on the 23-acre site into the Letterman Complex's historic setting.

In addition to soliciting public input on the guidelines under the NEPA process through their publication in the Draft EIS (Appendix B), the Trust continued to act to meet the NHPA consultation requirements. In June 1999, the Trust invited 39 interested preservation, design, archeology, and Native American organizations to a work session to receive further public input from organizations with special expertise in historic and cultural preservation. The Trust sought input from these parties on the effect of the proposed project on cultural resource issues at the Presidio. The SHPO and representatives from the ACHP and NPS attended the session, which served as a formal consultation meeting under Section 106 of the NHPA.

In keeping with the SHPO's October 1998 letter concerning NHPA compliance, the Trust, the ACHP, the SHPO, and NPS have finalized and executed a Programmatic Agreement governing the Letterman Complex (Appendix F). The Programmatic Agreement sets forth the NHPA Section 106 review and consultation process. Its provisions provide for sustained involvement from the SHPO, ACHP, and NPS throughout the process of developing Design Guidelines, conceptual design documents, and schematic design documents and into the construction phase. In addition, the Programmatic Agreement includes opportunity for public input at both the guideline development stage and the conceptual design phase for new construction.

The Final Planning Guidelines in Appendix B, which have been publicly reviewed and finalized as part of this EIS, will be incorporated into the Design Guidelines, which are now under development and must be submitted to the SHPO for review and comment as part of the Section 106 consultation process. The Final Planning Guidelines will therefore be applied and continue to provide direction through the consultation and design review process under the Programmatic Agreement, where review of their application by the ACHP, SHPO, NPS, and public will continue after the environmental review process for this action is concluded. Where a project, as here, is in the early conceptual stages, the guidelines should not be viewed as rigid rules. They have



been prepared as a continuing interactive set of “guides” to help shape future actions as built and will serve as guides as the project moves through the process of negotiation, the signing of a lease, or the execution of a development agreement. The Trust’s intent is to ensure that the project design and construction conforms as closely as practicable to the Planning and Design Guidelines, recognizing all the while that the guidelines themselves identify priorities and goals that may in their application be at odds with one another, necessitating tradeoffs among them. To the extent that the project design and construction is not now or may not in the future be consistent with each specific of the Planning and Design Guidelines, these departures have been identified and discussed as potential adverse effects in Section 4 of the EIS.

### ***1.5 Impacts to be Analyzed***

The Presidio Trust has tiered this EIS from the Presidio GMPA EIS to eliminate repetitive discussions of the same issues. The 1994 GMPA and EIS acknowledged the need for additional environmental analysis for future site-specific development plans, such as the proposed project, and thus set up the possibility for tiering from the GMPA EIS. The Trust made the decision to tier early in the planning process and after consultation with NPS NEPA compliance staff, who recommended the proposed project as being highly appropriate for application of a tiering analysis.

Tiering of environmental impact statements refers to the process of addressing a broad general program, policy, or proposal in an initial EIS, like the GMPA EIS, and analyzing a narrower site-specific proposal, related to the initial program, plan or policy in a subsequent EIS, as is being done in this Supplemental EIS. If tiering is utilized, the site-specific EIS contains a summary of the issues discussed in the first statement and incorporation by reference of discussions from the first statement. Thus, the second, or site-specific, statement would focus primarily upon the issues relevant to the specific proposal, and would not duplicate material found in the first EIS. It is a method intended to streamline the environmental analysis process.

Consistent with a tiered analysis, the Environmental Screening Form (ESF) in Appendix A is a tiering analysis that summarizes 36 impact topics discussed in the GMPA EIS. For each impact topic, the ESF identifies specific discussions that are still relevant to the alternatives, summarizes the issues discussed in the earlier GMPA EIS, and incorporates discussions from the document by reference. The ESF also identifies those discussions that no longer apply under the changed circumstances and identifies issues specific to the project that require environmental analysis additional to what has already been prepared as part of the GMPA EIS.<sup>11</sup> Based on the results of the ESF and consultation and coordination efforts (as discussed in Section 5), the Presidio Trust has determined that the significant issues listed below require additional analysis in this document.

#### **1.5.1 CONSISTENCY WITH PRESIDIO GOALS AND APPROVED PLANS AND POLICIES**

As required by NEPA, the relationship of the project to approved land use plans for the area surrounding the Letterman Complex is discussed in this document. Formally adopted documents for land use planning that bear

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<sup>11</sup> The Presidio GMPA EIS can be viewed at the Presidio Trust, 34 Graham Street, San Francisco, California or at Park Headquarters, Building 201, Fort Mason, San Francisco, California.



on the project include the Presidio GMPA and the General Plan of the City and County of San Francisco (which only governs and applies for the area outside of the Presidio property).

The Presidio Trust Act requires that the Presidio Trust manage the property under its administrative jurisdiction in accordance with the Presidio Trust's mandate, including the purposes of the Act establishing the Golden Gate National Recreation Area and the General Objectives of the GMPA, which are identified in Section 1.1.5 of this document. This document evaluates whether the alternatives are consistent with these General Objectives and with the GGNRA Act purposes. In addition, it discusses the relationship between each of the alternatives and more specific proposals and planning principles stated in the GMPA.

#### **1.5.2 SOLID WASTE**

Demolition of the research institute was not previously considered in the GMPA EIS. The additional solid waste generated during demolition may have an impact on solid waste disposal facilities.

#### **1.5.3 WATER SUPPLY AND DISTRIBUTION**

The recent completion of renovations and upgrades at the Presidio water treatment plant has made it possible to resume diversions of Lobos Creek for the Presidio's water supply. Diversions from this water resource are limited by natural flow capacities and by specific goals in the Presidio GMPA. The new water demand associated with the alternatives may have an impact on the Presidio's water system and Lobos Creek streamflows.

#### **1.5.4 SCHOOLS**

The GMPA EIS assumed that no new housing units would be constructed at the Letterman Complex. Because new housing is currently being considered under several of the alternatives, the number of school children from the Presidio enrolled in public schools may be greater than previously analyzed, which may impact local school facilities.

#### **1.5.5 HOUSING**

The GMPA EIS did not anticipate the proposed housing that is currently being considered under several of the alternatives to support activities and programs at the complex. In addition, since preparation of the GMPA EIS, several policies and programs have been established that could impact housing availability, including short-term leasing.

#### **1.5.6 HEALTHCARE AND MEDICAL RESEARCH**

The GMPA EIS evaluated the impacts of leasing LAIR to a tenant or tenants for use as a research facility. If this use is precluded, development of space within the Letterman Complex for other than medical research programs may have an adverse effect on medical, life science and/or earth science knowledge and discovery in the Bay Area if no other such space is available nearby.

#### **1.5.7 TRAFFIC AND TRANSPORTATION SYSTEMS**

Since preparation of the GMPA EIS, new circumstances or information relevant to traffic conditions, building and land uses, and potential intersection and roadway improvements may bear on the project and its impacts. Also, changes in transportation demand management actions from those previously considered may affect parking and automobile use.



**1.5.8 CULTURAL RESOURCES**

If the medical center and research institute are demolished and replaced with new construction, these buildings could have an adverse effect on the historic setting. New construction would need to be sited and designed to be in keeping with the character of the historic setting and in accordance with guidelines prepared by the Presidio Trust.

**1.5.9 VISUAL RESOURCES**

The GMPA EIS recommended additional analysis for major replacement construction, including design guidelines and building height restrictions to help minimize adverse impacts on scenic viewing.

**1.5.10 AIR QUALITY**

Although no alternative currently under consideration for the Letterman Complex is expected to produce numbers of vehicle trips to the Presidio greater than those previously analyzed in the GMPA EIS, since the time of preparation of that document, the significance thresholds for regional emissions published by the Bay Area Air Quality Management District have been reduced. Therefore, additional analysis is required to re-evaluate regional air quality impacts.

**1.5.11 NOISE**

Noise levels presented in the GMPA EIS would require updating based on new noise measurements, recent traffic counts, and potential traffic volume increases. In addition, the analysis of construction noise in the GMPA EIS did not include demolition of the LAIR building, which is now being contemplated under several of the alternatives. Therefore, the characteristics and duration of noise for demolition/construction activities at the site, and the effectiveness of the mitigation measures within the GMPA EIS would need to be re-evaluated as necessary.

**1.5.12 CUMULATIVE IMPACTS**

The environmental analysis in the GMPA EIS included the cumulative effects of site development on the environment. Further analysis is required only for the following impact topics for which the incremental contribution of proposed development to cumulative effects addressed in the GMPA EIS may be significant: solid waste, water supply and distribution, schools, housing, traffic and transportation systems, cultural resources (including visual resources), air quality, and noise.

