

THE PRESIDIO TRUST  
FINANCIAL  
MANAGEMENT  
PROGRAM

---

REPORT TO CONGRESS  
JULY 8, 1998

THE PRESIDIO TRUST  
P.O. BOX 29052  
THE PRESIDIO OF SAN FRANCISCO, CA 94129

# THE PRESIDIO TRUST

## FINANCIAL MANAGEMENT PROGRAM

---

**REPORT TO CONGRESS**

**JULY 8, 1998**

***Presidio Trust Board of Directors***

*Toby Rosenblatt, Chairman*

*Hon. Bruce Babbitt, Secretary of the Interior*

*Edward Blakely*

*Donald G. Fisher*

*Amy Meyer*

*Mary G. Murphy*

*William K. Reilly*

***Executive Director***

***James E. Meadows***

THE PRESIDIO TRUST  
P.O. BOX 29052  
THE PRESIDIO OF SAN FRANCISCO, CA 94129  
415-561-5300 P  
415-561-5315 F

## TABLE OF CONTENTS

|   |           |
|---|-----------|
| <b>FINANCIAL MANAGEMENT PROGRAM SUMMARY.....</b>      | <b>1</b>  |
| <b>BACKGROUND .....</b>                               | <b>2</b>  |
| HISTORIC SIGNIFICANCE .....                           | 2         |
| NATURAL AND SCENIC RESOURCES .....                    | 2         |
| A NATIONAL PARK IN AN URBAN AREA .....                | 2         |
| <b>THE PRESIDIO TRUST .....</b>                       | <b>3</b>  |
| PRESIDIO TRUST MISSION, GOALS, AND OBJECTIVES.....    | 3         |
| GUIDES .....  | 3         |
| AUTHORITIES.....                                      | 4         |
| ACTIVITIES AND ACCOMPLISHMENTS.....                   | 5         |
| <b>FINANCIAL MANAGEMENT PROGRAM DEVELOPMENT .....</b> | <b>6</b>  |
| METHODOLOGY .....                                     | 6         |
| PUBLIC PARTICIPATION.....                             | 6         |
| <b>FINANCIAL MANAGEMENT PROGRAM POLICIES .....</b>    | <b>7</b>  |
| GENERAL POLICIES .....                                | 7         |
| NON-RESIDENTIAL LEASING POLICIES .....                | 8         |
| RESIDENTIAL LEASING POLICIES .....                    | 8         |
| OPEN SPACE POLICIES.....                              | 8         |
| <b>FINANCIAL ASSUMPTIONS.....</b>                     | <b>9</b>  |
| GENERAL FINANCIAL ASSUMPTIONS.....                    | 9         |
| NON-RESIDENTIAL FINANCIAL ASSUMPTIONS .....           |           |
| <i>Letterman Hospital Complex .....</i>               | <i>9</i>  |
| <i>General Office.....</i>                            | <i>10</i> |
| <i>Fort Scott.....</i>                                | <i>11</i> |
| <i>Public Health Service Hospital.....</i>            | <i>10</i> |
| <i>Golf Course/Concessions/Utilities.....</i>         | <i>11</i> |
| RESIDENTIAL FINANCIAL ASSUMPTIONS.....                | 11        |
| <i>Housing Types.....</i>                             | <i>11</i> |
| <i>Housing Renovation Program.....</i>                | <i>12</i> |
| <i>Housing Rents.....</i>                             | <i>12</i> |
| OPEN SPACE PROGRAM ASSUMPTIONS .....                  | 13        |
| <i>Natural Resources.....</i>                         | <i>14</i> |
| <i>Recreational Resources.....</i>                    | <i>14</i> |
| <b>FINANCIAL MANAGEMENT PROGRAM SUMMARY.....</b>      | <b>15</b> |
| <b>CONCLUSIONS.....</b>                               | <b>18</b> |
| <b>APPENDIX A – AREA A/B MAP</b>                      |           |
| <b>APPENDIX B - SUMMARY OF ANNUAL CASH FLOWS</b>      |           |

# FINANCIAL MANAGEMENT PROGRAM

FOR THE PRESIDIO OF SAN FRANCISCO

---

## FINANCIAL MANAGEMENT PROGRAM SUMMARY

---

The United States Congress established the Presidio Trust as a wholly owned federal government corporation by enactment of Public Law 104-333 (the Trust Act), signed by President Clinton on November 12, 1996. The stated duties of the Trust are to manage the leasing, maintenance, rehabilitation, repair and improvement of property within the Presidio. Pursuant to the requirements of the Act, by July 8, 1998 the Presidio Trust must submit to Congress a plan showing how the Trust could become independent of federal appropriations within 15 complete fiscal years after the first meeting of the Trust's Board of Directors; i.e., by fiscal year 2013. This report presents the required plan.

***The Presidio Trust Financial Management Program shows that the Trust will preserve and enhance the Presidio as an environmentally and economically sustainable national park in an urban area and achieve financial self-sufficiency by fiscal year 2013.***

The Trust prepared the Financial Management Program as a long-range projection based on the direction of the Trust Act and the implementing policies and financial assumptions outlined in this report. Program highlights include:

- Federal appropriations declining to zero by fiscal year 2013.
- Adherence to the general objectives of the Golden Gate National Recreation Area General Management Plan Amendment for the Presidio.
- Market-rate leasing of residential and non-residential properties.
- Renovations funded by Treasury borrowing and lease revenues.
- Efficient management of operating costs.
- Capture of utility revenues.
- Set-aside of adequate reserves for replacement, renovation, and restoration of buildings, landscaping, infrastructure improvements, and natural resources into the future.

This report first provides background information about the Presidio and the Trust, including the Trust's activities to date. It then discusses the methodology used to develop the Financial Management Program. The next sections discuss underlying policies and assumptions, organized into general, non-

residential, residential, and open space categories. The financial management program is summarized in a series of exhibits at the end of the report.

---

## **BACKGROUND**

---

The Presidio of San Francisco is one of America's great natural and historic sites, with multi-dimensional significance.

### **HISTORIC SIGNIFICANCE**

Designated a National Historic Landmark in 1962, the Presidio represents over 200 years of military history under three nations' flags; the post has 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. The park is a showcase of military architectural styles dating from before the Civil War; it contains 870 structures, over 500 of which have historic and cultural significance.

### **NATURAL AND SCENIC RESOURCES**

The 1,480-acre Presidio is a place of unparalleled scenic beauty, with spectacular views of the Pacific Ocean, the coastline, the Golden Gate and the City of San Francisco. It has over 800 acres of undeveloped open space, including native plant communities that preserve rare and endangered plant species and provide valuable wildlife habitat. The Presidio's coastal landscape and dunes offer extraordinary natural integrity and diversity.

### **A NATIONAL PARK IN AN URBAN AREA**

The Presidio was designated part of the Golden Gate National Recreation Area in 1972. Selected for closure as a military base in 1989, its jurisdiction transferred to the National Park Service in 1994. Between 1990 and 1994, the National Park Service conducted a public planning process to develop a plan for the Presidio. Approved in 1994, the General Management Plan Amendment for the Presidio of San Francisco outlines a vision for the preservation and enhancement of the park, including a recommendation that key operational functions be assumed by an innovative public/private partnership.

---

## **THE PRESIDIO TRUST**

---

Public Law 104-333 (the Trust Act) establishes the Presidio Trust as a Federal government corporation subject to the requirements of the Government Corporation Control Act. The Trust Act authorizes the Trust to manage a majority of the Presidio's land area by transfer of responsibility from the National Park Service by no later than July 8, 1998. By agreement, this transfer occurred on July 1, 1998. The Trust's area of responsibility, defined in Title I of the Trust Act as Area B, includes nearly all built areas of the park. Area A, the coastal area of the Presidio, remains under the management of the National Park Service, which also provides public safety and interpretive functions throughout the Presidio. The entire Presidio remains a part of the Golden Gate National Recreation Area. A map depicting Areas A and B is attached as Appendix A.

The Trust Act requires the Trust to manage the Presidio in accordance with the purposes set forth in Section One of the Act that established the Golden Gate National Recreation Area (Public Law 92-589).

### **PRESIDIO TRUST MISSION, GOALS, AND OBJECTIVES**

The mission of the Presidio Trust is two-fold:

- Preserve and enhance the Presidio as a national park in an urban area.
- Achieve financial self-sufficiency by fiscal year 2013.

The Trust's goals include:

- Finding tenants and establishing programs which preserve natural, historic, scenic, cultural, and recreational resources, as well as educational and recreational opportunities.
- Establishing a sustainable community promoting ecological integrity, socio-economic diversity, and economic viability.
- Providing workforce housing at a full range of rent levels for up to half the people working at the Presidio.

### **GUIDES**

In fulfilling these goals, the Trust will follow several fundamental guides:

- Trust Act (P.L. 104-333): The Trust's authorizing legislation sets forth Congressional intent and specific authorities and responsibilities, including compliance with the Government Corporation Control Act.
- United States Congress: Through its ongoing oversight and annual appropriation process, Congress will continue to provide programmatic and financial guidance to the Trust.

- 1994 General Management Plan Amendment for the Presidio: Developed through a four-year public planning process, the GMPA outlines the vision for the Presidio as a national park in an urban area. The general objectives contained in this document will guide Trust policy and decisions about resource protection and land and building use in Area B of the Presidio.
- Partnership with the National Park Service: The Trust is working closely with the National Park Service to ensure a smooth transition of responsibilities and an ongoing partnership in fulfilling Trust goals for the Presidio.
- A national focus: As a national park in an urban area, the Presidio is a special destination for people from all over the United States – and from around the world – to visit and enjoy. It is also experienced as a place to live, learn, work, and play on a daily basis. The Presidio Trust is committed to an ongoing program of outreach and responsiveness to its multiple communities, keeping as its primary focus its role within the National Park system and its corresponding responsibility to a national constituency, including the objective of reaching financial self-sufficiency by fiscal year 2013.

#### **AUTHORITIES**

The Trust Act grants the Presidio Trust the authority to:

- Lease Presidio buildings and facilities and retain lease revenues for dedicated use at the Presidio.
- Enter into financial, management, or service arrangements with other Federal agencies, state or local governments, and private or non-profit organizations.
- Provide guarantees of up to 75% of the principal of loans, the proceeds of which would be used to upgrade Federal facilities (predominantly historic buildings) at the Presidio.
- Borrow from the U.S. Treasury, with the aggregate amount of obligations outstanding at one time limited to \$50 million.
- Hire, employ, and compensate staff under flexible procedures.
- Acquire goods and services using streamlined procurement procedures.

In addition to granting the authorities outlined above, the Trust Act requires the Trust to:

- Comply with the Government Corporation Control Act, which requires an annual audit of the Trust's financial statements.
- Submit a detailed annual report of Trust operations, activities, and accomplishments, and a description of goals for each current fiscal year to the Committee on Energy and Natural Resources of the United States Senate and the Committee on Resources of the House of Representatives.
- Cooperate with the General Accounting Office in an interim study of the Trust in the third year of Trust operations, and in a more comprehensive study during the seventh year.

#### **ACTIVITIES AND ACCOMPLISHMENTS**

The President appointed the Presidio Trust Board of Directors in April, 1997. The first meeting of the Board occurred on July 9, 1997. After a national search, the Board hired James E. Meadows to serve as Executive Director beginning January 5, 1998. Since January, the Trust's activities and accomplishments include the following:

- **Organization:** The Board of Directors has adopted bylaws, a 1998 and 1999 budget, a personnel policy, interim guidelines for contracting, a public outreach policy, an interim real estate leasing policy, and interim regulations for management of the Presidio.
- **Staffing:** The Executive Director has hired a staff of twenty-three in a variety of disciplines including facilities and operations management, law, human resources, financial analysis, environmental science, public affairs, planning and historic architecture, and real estate leasing. Consultants and contractors leverage staff resources in legal, environmental, financial, real estate, public affairs, and property management functions. The Trust will continue to recruit additional staff as necessary.
- **Transition activities:** The Presidio Trust is meeting regularly with National Park Service officials and staff, developing a series of operating agreements, and reviewing and analyzing National Park Service records, consulting studies, policies, and procedures in order to assure a smooth transition of management functions. The Trust expects to maintain this close coordination and cooperation with the National Park Service.
- **Real Estate Leasing:** The Trust issued Interim Real Estate Leasing Guidelines for fiscal year 1998. Pursuant to these guidelines, the Trust is offering six properties totaling 1.5 million square feet for lease through a Request for Qualifications (RFQ) process through September 30, 1998. The RFQ process ensures reasonable competition as required by Section 104(b) of P.L. 104-333. To date, the Trust has entered into negotiations for lease of two historic buildings totaling 82,000 square feet.
- **Environmental Clean-up:** The Trust has initiated an aggressive program to accelerate environmental clean-up by the Army to National Park standards. Activities include review of proposed remediation programs and suggestion of alternative methods to accomplish clean-up goals more efficiently, including an extensive joint effort among

the Trust, the Army, and the National Park Service to accelerate remediation at the Presidio.

- Financial Management Program: The Trust has focused on development of the financial management program required by the Trust Act and due to Congress on July 8, 1998. The development process is described in more detail below.

---

## **FINANCIAL MANAGEMENT PROGRAM DEVELOPMENT**

---

### **METHODOLOGY**

To develop the Presidio Trust Financial Management Program, Trust staff and consultants reviewed, analyzed, and synthesized information derived from the following sources:

- *Final General Management Plan Amendment, Presidio of San Francisco*, July 1994, National Park Service, U.S. Department of the Interior.
- Final General Management Plan Amendment Environmental Impact Statement, Presidio of San Francisco, National Park Service, Department of the Interior, July 1994.
- Presidio Building Leasing and Implementation Strategy, Keyser Marston & Associates, July 1994.
- Interviews with National Park Service staff.
- Consultant analyses of operating costs and housing.
- Consultant analyses of leasing revenues and costs.
- Consultant analysis of building rehabilitation and improvement costs.

The Trust also met with members of Congress, Congressional staff, and the Office of Management and Budget to provide briefings and discuss the draft program.

### **PUBLIC PARTICIPATION**

To provide the public with maximum opportunity to learn about and comment on the Trust's Financial Management Program, the Trust held a series of public meetings, beginning with initial presentation of the draft program at a joint meeting of the Presidio Trust Board of Directors and Golden Gate National Recreation Area Advisory Commission on April 27, 1998. This meeting received local and national media coverage. The Trust conducted a series of workshops in May and June, which focused on more detailed non-residential, open space, and residential policies and assumptions. In addition to hosting the public workshops, the Presidio Trust presented the Financial Management Program to more than twenty neighborhood, community, civic, and business groups – an aggregate of approximately 1,000 citizens. The Trust shared information throughout this public process

with the Golden Gate National Recreation Area Advisory Commission, the body through which formal public input is provided to the Presidio Trust Board of Directors.

These participatory workshops and public presentations were well received and yielded valuable public input much of which was incorporated into this Financial Management Program. Many participants were interested in how to lease space or housing at the Presidio, others were residents of nearby neighborhoods or representatives of current tenant organizations interested in the future of the Presidio, and many were supporters of current and planned park preservation and restoration programs related to historic, cultural, and natural resources. Most comments were positive.

On June 10, 1998 the Golden Gate National Recreation Area Advisory Commission voted unanimously to approve a resolution supporting the Financial Management Program.

---

## **FINANCIAL MANAGEMENT PROGRAM POLICIES**

---

The policies behind the Financial Management Program serve as a general work program for the Presidio Trust as it assumes management responsibility for Area B.

### **GENERAL POLICIES**

- Preserve the Presidio as a national park in an urban area.
- Act in accordance with the general objectives of the 1994 General Management Plan Amendment.
- Achieve financial self-sufficiency by fiscal year 2013.
- Promote the preservation of historic buildings at the Presidio to the extent they are economically feasible to rehabilitate.
- Provide reserves for replacement of buildings, infrastructure, and open space to ensure long-term sustainability.
- Protect the Presidio from development and uses that would destroy the scenic beauty and natural character of the area or its historic, cultural, educational, and recreational resources.
- Cooperate with the National Park Service on provision of public interpretive services, visitor orientation, and educational programs.

### **NON-RESIDENTIAL LEASING POLICIES**

- Lease non-residential space to nonprofit and for-profit entities that are appropriate for the Presidio per the general objectives of the 1994 General Management Plan Amendment.
- As required by the Trust Act, ensure reasonable competition for leasing opportunities by soliciting responses to requests for qualifications (RFQs) from a broad audience.
- As required by the Trust Act, in managing and leasing properties consider the extent to which prospective tenants contribute to the implementation of the General

Management Plan and to the reduction of cost to the Federal government. Priority is given to tenants that enhance the financial viability of the Presidio and that facilitate the cost-effective preservation of historic buildings through their reuse of such buildings.

### **RESIDENTIAL LEASING POLICIES**

- Provide a full range of housing for people who work at the Presidio.
- Offer short-term market-rate leases to other Federal employees, specialty tenants (e.g., students, visiting faculty) and the general public, in that priority order, until demand from persons employed at the Presidio requires all the housing.
- Over time, replace Wherry and MacArthur Housing over time with more space-efficient apartments— such as studios and one-bedrooms.
- Investigate the possibility of moving Wherry Housing units off the Presidio.
- Convert selected dormitory buildings into housing for people who work at the Presidio.

### **OPEN SPACE POLICIES**

- Preserve and enhance existing open space areas in cooperation with the National Park Service.
- Increase open space by as much as 200 acres.
- Use Wherry Housing rental revenues to fund the return of the site to natural open space.
- Implement a comprehensive vegetation management strategy for native plant communities, the historic forest, and landscaped areas.

---

### **FINANCIAL ASSUMPTIONS**

---

The financial assumptions underlying the Financial Management Program are purposefully conservative, especially in the early years, in anticipation of market fluctuations and other uncertainties. In order to ensure the Trust meets its goal of financial self-sufficiency and adapts to changes and opportunities, there may be variations in uses and timing of transactions as Trust programs are implemented.

## **GENERAL FINANCIAL ASSUMPTIONS**

- On the basis of today's forecasts, from fiscal year 2013 and forward, annual total revenues create a slight surplus after accounting for operating costs, capital reserves and financing costs.
- Federal appropriations for Trust operations decline from \$25 million to zero by fiscal year 2013. The Trust forecasts a \$625,000 annual decline in appropriations until 2010, after which appropriations decline more steeply.
- Trust revenues recover all costs by fiscal year 2013 so that the Trust is self-sufficient without federal appropriations.
- Operating costs for Area B of the Presidio are reduced over 15 years due to projected efficiency improvements.
- By fiscal year 2013, a capital reserve of \$11.5 million is set aside annually for replacement of buildings, infrastructure, grounds, and natural areas to ensure long-term sustainability.
- All projections are made in 1998 dollars.
- Leases are at fair market value and include lease payments and nonmonetary returns when tenants make improvements to government properties. Tenant investments are secured by tenant leasehold interests. All properties remain under Federal ownership.
- Capital requirements to undertake building and infrastructure rehabilitation are funded through \$50 million in U.S. Treasury borrowing. All loans are repaid by year 30, subject to terms and conditions prescribed by the Secretary of the Treasury.
- Private sector investment augments Treasury borrowing for building improvements. Private investment is supported by loan guarantees and historic preservation tax credits as warranted. The Trust's loan guarantee program will be used to encourage private investment. Loan guarantees will be structured to minimize cost to the Federal government and will be subject to Federal Credit Reform Act reporting requirements.
- Environmental remediation is full and timely.

## **NON-RESIDENTIAL FINANCIAL ASSUMPTIONS**

For financial modeling purposes, the Trust has grouped revenue-generating non-residential properties into the following five clusters:

### **LETTERMAN HOSPITAL COMPLEX**

- Letterman Hospital and Letterman Army Institute of Research (LAIR) buildings are demolished and replaced with equivalent square footage in new lower-profile Class A office buildings that are architecturally compatible with the Presidio.

- A long-term ground lease is made to a tenant that invests almost \$200 million in new buildings.
- Ground lease terms are projected based on a \$40 per square foot Class A fully serviced office rent.
- Existing office uses at Thoreau Center continue.
- Reuse begins in 2000 and 1.1 million square feet is in use by 2004.

**GENERAL OFFICE**

- 600,000 square feet of existing office space - mostly in the Main Post area - will be leased and renovated through a combination of Presidio Trust and tenant investment.
- Initial occupancy begins in 1999 and lease up occurs over an eight-year period.
- Office rents average \$28 per square foot on a fully serviced basis assuming that the Trust undertakes the building improvements. The Trust has assumed this rent level to reflect an average of the last four years' Class B office rents in San Francisco, rather than predicating a 30-year plan on the current strong market.
- Rehabilitation costs of \$86 per square foot are estimated based on prior renovation experience at the Presidio.
- For-profit tenants will use historic preservation tax credits to help finance building rehabilitation. This has not been factored into financial estimates.

**FORT SCOTT**

- 250,000 square feet of existing barracks and office space at Fort Scott is renovated into a conference center/lodging facility, including office space.
- Conference center with 250 guestrooms would open by 2007.
- \$148 per square foot is invested in building renovation.
- Historic tax credits contribute \$18 per square foot, resulting in a net development cost of \$130 per square foot.
- Average room rates are \$100 per night with an occupancy factor of 80%.

**PUBLIC HEALTH SERVICE HOSPITAL**

- The non-historic wings of the Public Health Service Hospital are removed. The entire structure is either re-used or removed.
- A long-term ground lease is made to a tenant that invests in building improvements and pays annual ground lease rent of at least \$1.1 million.

- Reuse of 400,000 square feet is complete by 2001.

**GOLF COURSE/CONCESSIONS/UTILITIES**

- Revenues from the golf course and the existing concession contracts contribute \$1.5 million of annual revenue.
- The utility systems of the Presidio generate increasing revenues, with \$1 million annual revenue by 2013.
- Special events or other miscellaneous revenues are not significant.

**RESIDENTIAL FINANCIAL ASSUMPTIONS**

**HOUSING TYPES**

- There are 1,119 current housing units at the Presidio.
- During military use, barracks and dormitory buildings accommodated 1,238 beds, including those in shared rooms. Some of these buildings will be converted to non-residential uses, such as lodging. Some of the dorms will be used as group housing, such as for Swords to Plowshares, a federally funded non-profit transitional housing and training program for veterans. Others will be renovated and converted to provide small housing units for people who work at the Presidio.
- As units are removed to create open space, replacement units will be added in appropriate areas of the Presidio.
- The General Management Plan Amendment shows use of certain historic housing units for lodging. Initially, these units will be rented as residences, until lodging economics support conversion.

The following table summarizes the existing and planned future housing stock:

| <b><i>Exhibit 1 Existing and Planned Future Housing Stock</i></b> |                             |                           |
|---|-----------------------------|---------------------------|
|   | <u>Existing Conditions</u>  | <u>Future Conditions</u>  |
| Dormitory/Barracks  | 0 units<br>(1,238 beds) (1) | 500 units (1)<br>(0 beds) |
| Wherry/MacArthur  | 518 units                   | 0 units                   |
| Non-Historic Townhouses   | 300 units                   | 300 units                 |
| Historic Housing  | 301 units                   | 298 units                 |

|  |                 |                 |
|--|-----------------|-----------------|
| Replacement Housing  | 0 units         | 500 units       |
| Total  | 1,119 units (2) | 1,598 units (1) |
| <p>1 Dormitory housing is measured by bed count in the Final General Management Plan Amendment Environmental Impact Statement. Future condition unit count reflects conversion of dormitory square footage to studio and one-bedroom apartment units.</p> <p>2 Does not include dormitory bed count.</p> |                 |                 |

**HOUSING RENOVATION PROGRAM**

- Over the next four years, all existing units are rented on an interim basis with sufficient upgrades necessary to correct life-safety deficiencies and make cosmetic upgrades and repairs. For all units except Wherry Housing, these initial costs are estimated at \$16,800 per unit.
- Wherry Housing and MacArthur housing are used on an interim basis consistent with the General Management Plan Amendment. Removal of these units is phased over a period of up to 30 years. Renovation costs for Wherry Housing vary based on the anticipated time of reuse prior to removal.
- Interim use of these units generates sufficient revenues to fund the removal and replacement of these units and restoration of open space as called for in the General Management Plan Amendment.
- Housing is prioritized to permit leasing of units needing minimal renovation in late summer 1998.
- Loans from the Treasury will be used to fund the initial necessary housing renovations. Housing needs require most of the Trust’s borrowing capacity in the initial years.
- As contemplated by the Trust Act, a more complete renovation of the housing units including building system replacements and seismic upgrade is deferred until four years after their initial rental. Such renovations are funded out of housing operations commencing four years after the initial rental of the unit. The costs of this second renovation are assumed to average \$33,200 per unit with an additional \$20,000 per unit for infrastructure upgrades.

**HOUSING RENTS**

- Housing rents will be market-based. Rents for some units will be reduced to reflect current unit conditions.

- The Trust is working to have available units at a full range of rent levels so that a complete cross-section of people who work at the Presidio can afford to live on the Presidio.

### **OPEN SPACE PROGRAM ASSUMPTIONS**

- Presidio open space increases by 25 percent over the next 30 years, from 800 to 1,000 acres.
- Ultimately, two-thirds of the Presidio is open space.
- Scenic views from the Presidio, as well as those features that contribute to its visual quality, are preserved and enhanced through site improvements.
- Capital costs for parkwide improvements, including open space improvements, are \$50 million over the next fifteen years.
- Enhancements to the Golden Gate Bridge toll plaza, Lobos Creek, the San Francisco National Cemetery, and the Golf Course are not included in the cost figures. These areas are either outside the Trust's management jurisdiction, or are privately funded.

### **NATURAL RESOURCES**

The Trust, in cooperation with the National Park Service, plans to meet the following objectives:

- Native plant habitat is restored in many places throughout the Presidio.
- Wildlife species and their habitats are protected.
- Historic Presidio forest is restored.
- Mountain Lake is revitalized.
- The Main Post's historic parade ground is restored.
- Riparian corridors are restored and enhanced.
- Native plant communities and the Presidio forest are restored as ongoing projects funded through a combination of Trust funds, philanthropic grants and other funding sources. On-site native plant nursery programs are continued and expanded when possible.
- Volunteer efforts and educational programs are expanded and used to restore and sustain native plant communities.
- A Vegetation Management Plan is currently being prepared in partnership with the National Park Service. It will provide management strategies for three general vegetation zones: native plant communities, the historic forest and landscaped areas.

The proposed plan and environmental assessment will be released for public comment in the summer of 1998.

### **RECREATIONAL RESOURCES**

- Hiking trails are increased from eight to 11 miles.
- Fourteen miles of biking routes are designated along existing corridors.
- Crissy Field (Area A), under the management of the National Park Service, is transformed into a dynamic shoreline park.
- Outdoor recreational facilities such as ball fields and playgrounds are built and improved.
- Rob Hill group camping area is retained and improved.
- Bay Area Ridge Trail section through the Presidio is completed and other trail improvements are made.

---

## FINANCIAL MANAGEMENT PROGRAM SUMMARY

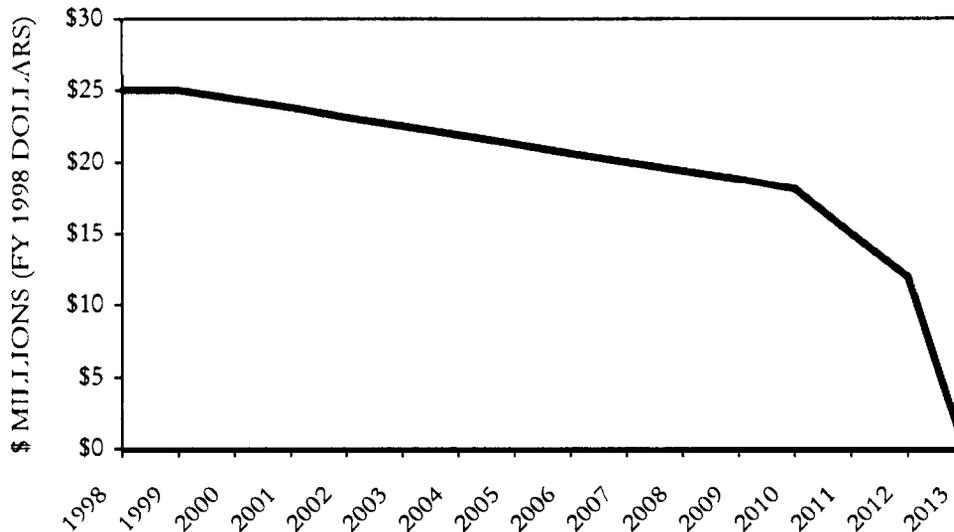
---

The Presidio Trust Financial Management Program, summarized in spreadsheet form in Appendix B, demonstrates the feasibility of financial self-sufficiency for the Presidio. The program is a long-range projection, subject to adjustment over time. Given the assumptions outlined above, including continued federal appropriations at the levels specified, the Trust should achieve its mission by fiscal year 2013 and ensure that the Presidio remains viable into the future.

Financial Management Program highlights include:

- Declining Federal appropriations: As illustrated in Exhibit 2, the Trust assumes Federal appropriations decline by \$625,000 per year through 2010, after which they decline more steeply to a zero level in fiscal year 2013. Appropriated funds will be used to fund a declining percentage of operating costs, allowing lease revenues to be invested in property renovations to ensure future cash flow and retirement of Treasury debt.

**Exhibit 2: Federal Appropriations**



- Decreasing operational costs: Through operating efficiencies implemented by the Trust, and Federal and private investment in infrastructure improvements, the Trust will decrease operational costs at the Presidio. Exhibit 3 summarizes costs over fifteen and thirty year timeframes.

| <b>Exhibit 3 Summary of Costs</b><br>(Millions of FY 1998 Dollars)                                 |                          |                          |
|--|--------------------------|--------------------------|
|  | <b>15 YEAR<br/>TOTAL</b> | <b>30 YEAR<br/>TOTAL</b> |
| Operating Budget   | \$380                    | \$729                    |
| <b>Improvements/Demolition</b>   |                          |                          |
| Non-Residential Buildings  | 84                       | 84                       |
| Residential  | 112                      | 118                      |
| <b>TOTAL</b>   | 196                      | 202                      |
| <b>Replacement Reserves*</b>   |                          |                          |
| Non-Residential Buildings  | 36                       | 111                      |
| Residential  | 25                       | 78                       |
| -Expended for res'l replacement  | (25)                     | (25)                     |
| Infrastructure   | 11                       | 33                       |
| <b>Parkwide Improvements</b>   | 11                       | 33                       |
| <b>TOTAL</b>   | 58                       | 230                      |
| <b>Grounds and Infrastructure</b>  |                          |                          |
| Non-Residential Buildings  | 35                       | 35                       |
| Residential  | 31                       | 31                       |
| <b>Parkwide Improvements</b>   | 50                       | 50                       |
| <b>TOTAL</b>   | 116                      | 116                      |
| <b>TOTAL COSTS</b>   | <b>\$750</b>             | <b>\$1,277</b>           |
| * 30-yr. totals do not reflect all expenditures of reserves that might be required in years 15-30. |                          |                          |

- Increasing revenue: As residential and non-residential square footage is leased, revenues will increase. Exhibit 4 illustrates projected revenues.

| <b>Exhibit 4: Revenue Sources</b><br>(Millions of FY 1998 Dollars)    |                          |                          |
|---|--------------------------|--------------------------|
|   | <b>15 YEAR<br/>TOTAL</b> | <b>30 YEAR<br/>TOTAL</b> |
| <b>Revenues</b>   |                          |                          |
| <b>Non-Residential Net Lease Revenue</b>                              | <b>\$172</b>             | <b>\$431</b>             |
| Residential Net Lease Revenue   | 248                      | 604                      |
| Federal Appropriation   | 311                      | 311                      |
| Starting Revenue  | 1                        | 1                        |
| Utilities Revenue   | <u>11</u>                | <u>26</u>                |
| <b>Total Net Revenues</b><br><i>(Net of Building Operating Costs)</i> | <b>743</b>               | <b>1,373</b>             |
| <b>Financing</b>  |                          |                          |
| Treasury Borrowing  | 50                       | 50                       |
| Debt Service  | <u>(41)</u>              | <u>(118)</u>             |
| <b>TOTAL</b>  | 9                        | <b>(68)</b>              |
| <b>Total Revenues After Debt Service</b>                              | <b>\$752</b>             | <b>\$1,305</b>           |

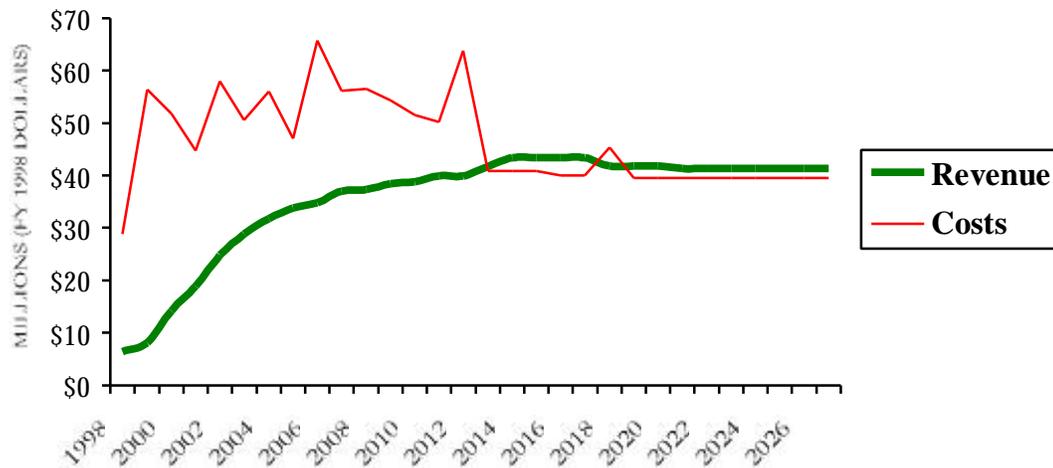
- Financial self-sufficiency by fiscal year 2013: As indicated by the financial snapshot illustrated in Exhibit 5, the Trust plans to reach stabilized self-sufficiency by fiscal year 2013.

**Exhibit 5: Fiscal Year 2013: Self-Sufficiency**  
(FY 1998 Dollars)

|                           |                |                       |
|---------------------------|----------------|-----------------------|
| <b>Costs</b>              |                | <b>\$35.7 million</b> |
| - Operations              | \$24.2 million |                       |
| - Renovation/replacement  | 11.5 million   |                       |
| <b>Revenue</b>            |                | <b>\$36.6 million</b> |
| - Non-residential leasing | \$15.0 million |                       |
| - Residential leasing     | 20.6 million   |                       |
| - Utilities               | 1.0 million    |                       |
| - Federal appropriations  | \$ 0.0         |                       |

- Exhibit 6 shows that self-sufficiency is maintained going forward.

**Exhibit 6: Revenue and Cost Summary**



---

## **CONCLUSIONS**

---

Through careful stewardship of the Presidio's resources and utilization of the authorities granted by the Trust Act, the Presidio Trust will deliver the results expected by the U.S. Congress:

- Enhancement of the Presidio as an outstanding National Park in an urban area.
- Financial self-sufficiency by fiscal year 2013.
- Demonstration of economic, environmental, and cultural sustainability.
- Use of private sector resources.
- Continuation of broad public support for the Presidio.

---

**APPENDIX A – AREA A/B MAP**

---

---

**APPENDIX B - SUMMARY OF ANNUAL CASH FLOWS**

---