

and again during construction of the interiors. On-site reuse of demolition debris, which would reduce the number of truck trips during that phase, would be explored.

2.5.8 Financial Considerations

Alternative 2 is financially feasible. It would cost approximately \$84.8 million, not including site improvements outside the leasehold boundary such as the landscape and parking areas west of the main hospital building and utilities leading to the site. Total costs would be shared by the Presidio Trust and private development partner(s), with each party's share determined through negotiations.

Alternative 2 would generate a minimum of \$1.0 million in annual base rent in 2008, the first stabilized year of project operation. Over a lease term of 75 years, the alternative would generate in the area of \$253 million in total revenue to help fund preservation and enhancement of the Presidio's natural, cultural, scenic, and recreational resources.⁸

2.6 ALTERNATIVE 3: NO INFILL ALTERNATIVE

Alternative 3, the No Infill Alternative, would rehabilitate historic buildings within the PHSB district, remove the non-historic wings of Building 1801 and other non-historic buildings and additions, and provide no replacement construction at Battery Caulfield or elsewhere within the district. Total building square footage in the district would decrease to about 275,000 sf. Buildings would be rehabilitated for primarily residential use (up to 230 units). The Battery Caulfield site would remain in the short term as a maintenance/corporation yard.⁹ Outlying buildings would continue to serve as Trust maintenance facilities in the short term, and would be rehabilitated for non-residential uses over time (see Figure 6).

2.6.1 Building Uses and Character

Historic buildings within the district would be retained and rehabilitated. Attention would be paid to repairing and restoring character-defining features and adapting the historic structures to new uses. Building 1801 would be converted into an apartment building, with a mix of studio and one-bedroom apartments. The Wyman Avenue residences would be rehabilitated consistent with their original design and character and used for housing. New uses, primarily residential, would be included in the other historic buildings, and character-defining features or original spatial configurations would be preserved.

2.6.2 Circulation and Parking

Fourteenth and 15th Avenues would operate as a one-way couplet, providing access to and from the PHSB district and the city to the south (unless the Park Presidio Boulevard Access Variant is implemented as discussed in Section 2.8, below). Roads within the site would be designed to discourage cut-through

⁸ See footnote 6 above.

⁹ See footnote 5 above.

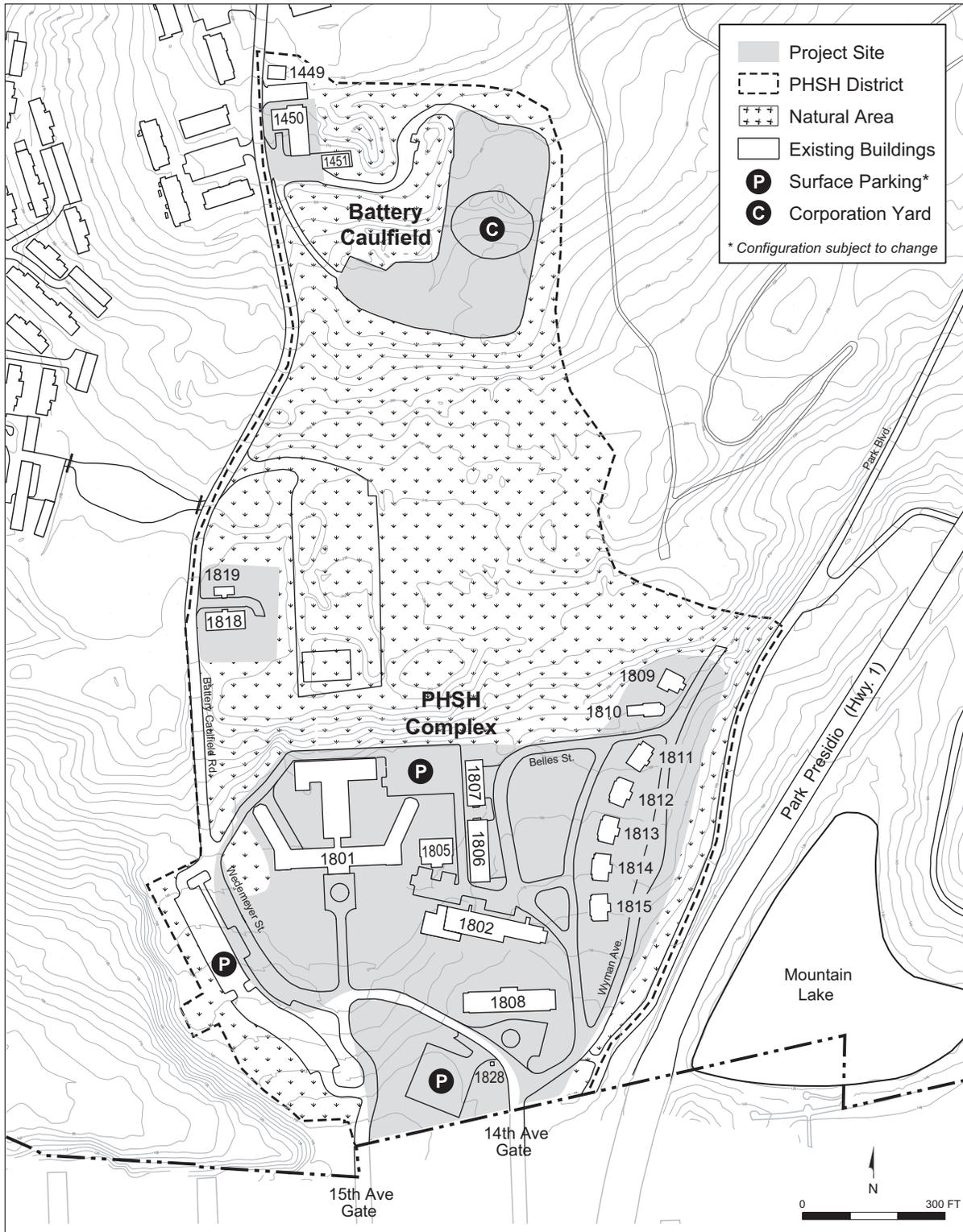


FIGURE 6. ALTERNATIVE 3: NO INFILL ALTERNATIVE

Source: Presidio Trust, 2004

traffic, with Battery Caulfield Road retained for secondary access. Traffic-calming techniques would be used to slow traffic as it passes through the district. Parking and loading areas would be located to complement and minimize conflicts with adjacent areas. The large parking lot on the upper plateau would not be reused. The parking lot to the west of Building 1801 would be reduced in size following remediation activities to accommodate planned public access improvements. A total of 330 parking spaces would be provided to serve proposed uses, consisting of 18 spaces on the upper plateau and 312 spaces on the lower plateau.

2.6.3 Landscaping and Habitat Restoration

The alternative would incorporate plantings to better define historic open spaces and entry sequences. Landscape features and elements that would be enhanced include the hospital's front lawn and tree-lined entry roads and the Wyman Avenue houses' landscapes and tree plantings. Landscape treatments would also be used to provide appropriate screening from surrounding areas.

2.6.4 Public Amenities and Access

The alternative would include amenities such as a café and restrooms for visitors in Building 1805. Important trails that intersect in the district would be improved to connect to the network of nearby local and regional trails. These trails include the Juan Bautista de Anza National Historic Trail, the West Pacific/Mountain Lake Corridor, and the Lobos Creek Valley Trail.

2.6.5 Existing Tenants

Arion Press and Lone Mountain Children's Center would remain as existing tenants in Buildings 1802 and 1806, respectively.

2.6.6 Sustainability

The alternative would incorporate sustainable development and building practices consistent with the Trust's draft Green Building Guidelines. Examples of such measures would include energy conservation and efficiency strategies, indoor environmental and air quality management, and resource efficiency practices such as construction waste management, storm water management, and water-efficient irrigation systems.

2.6.7 Construction

The duration of the building rehabilitation phase would be approximately 17 months, possibly excluding Building 1450 and other outlying buildings (which may be deferred). The number of round trips taken by trucks onto the site is estimated to be about 1,580 for demolition and 540 during the course of rehabilitation. This estimate represents an average of about five truck round trips per day, although the

frequency of trips may fluctuate. On-site reuse of demolition debris, which would reduce the number of truck trips during that phase, would be explored.

2.6.8 Financial Considerations

Alternative 3 is financially feasible. It would cost approximately \$55.0 million, not including site improvements outside the leasehold boundary such as the landscape and parking areas west of the main hospital building and utilities leading to the site. Total costs would be shared by the Presidio Trust and private development partner(s), with each party's share determined through negotiations.

Alternative 3 would generate a minimum of \$1.0 million in annual base rent in 2008, the first stabilized year of project operation. Over a 75-year lease term, the alternative would generate in the area of \$207 million in total revenue to help fund preservation and enhancement of the Presidio's natural, cultural, scenic, and recreational resources.¹⁰

2.7 ALTERNATIVE 4: BATTERY CAULFIELD ALTERNATIVE

Alternative 4, the Battery Caulfield Alternative, would rehabilitate historic buildings within the PHSB district, and remove the non-historic wings of Building 1801 and replace them with new construction at Battery Caulfield. The alternative would include a mix of senior housing (age-restricted independent living), assisted living facilities, and conventional dwelling units on the lower plateau, and conventional dwelling units at Battery Caulfield. Rehabilitation of the historic buildings, including a portion of Building 1801, would accommodate approximately 192 units. Several non-historic buildings totaling 116,000 sf, including Building 1803 and the wings and connector in front of Building 1801, would be removed and replaced with about 73,000 sf of compatible new residential construction, including a 14,000-square-foot building (14 units) on Belles Street above the Central Green within the lower plateau, and 56,000 sf at Battery Caulfield (up to 64 units) (see Figure 7). Building area in the district would not exceed 362,000 sf.

2.7.1 Building Uses and Character

Historic buildings within the PHSB district would be retained and rehabilitated for new uses, with attention paid to preserving character-defining features. Building 1801, with 125 units, would be converted into housing for independent seniors, and would include studios and one- and two-bedroom apartments equipped with small kitchens. Building 1808 would be renovated as an assisted living residence with 30 units. With the exception of Buildings 1802 and 1806, which would accommodate Arion Press and Lone Mountain Children's Center, and Building 1819, which would be converted into an art studio for local residents, all remaining buildings in the district would accommodate residential uses.

¹⁰ See footnote 6 above.

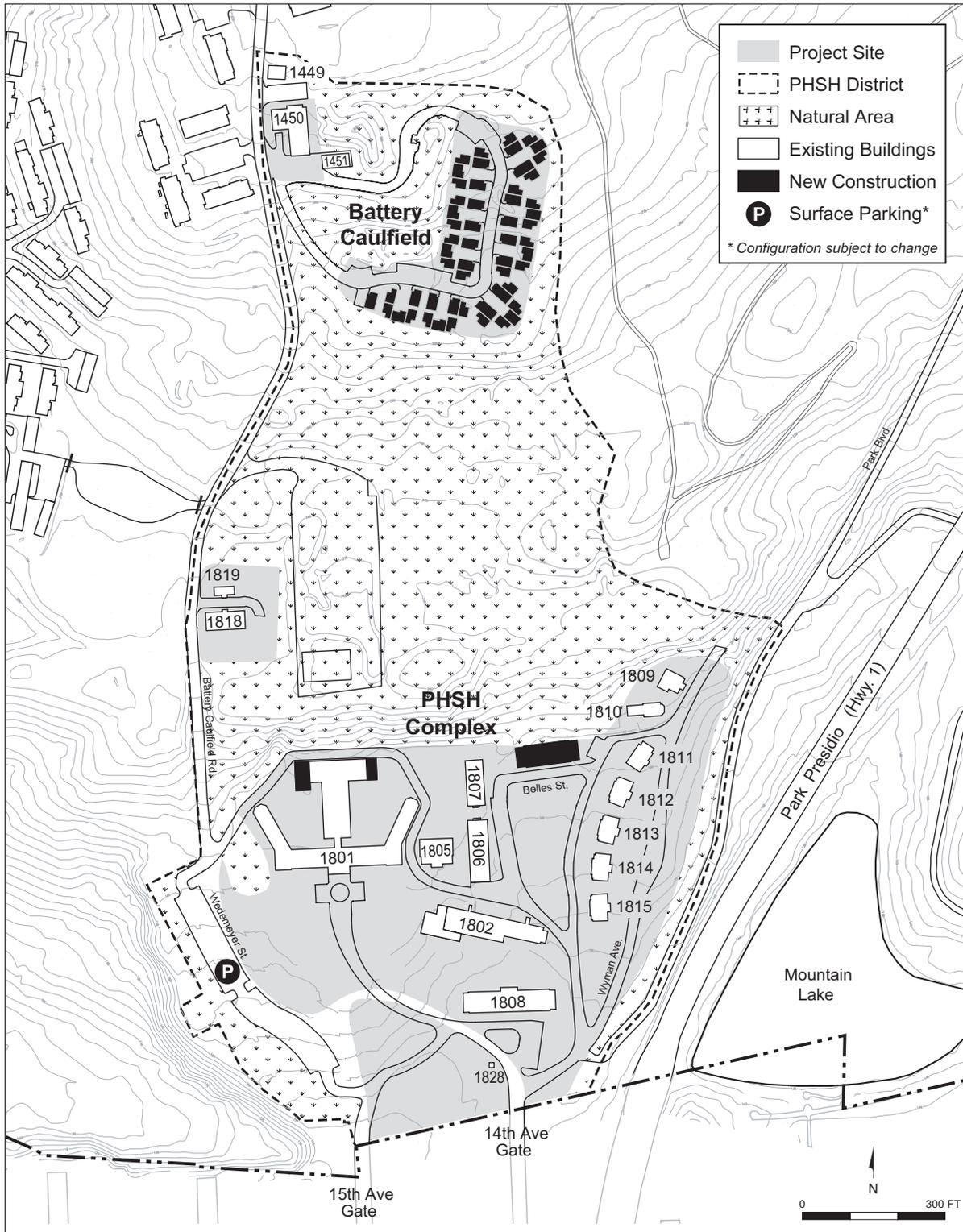


FIGURE 7. ALTERNATIVE 4: BATTERY CAULFIELD ALTERNATIVE

Source: Presidio Trust, 2004

A new three-story apartment building would be built along the north edge of the Central Green on Belles Street. The massing and scale of the building would be modeled after nearby historic buildings, but it would be contemporary in design.

The existing Wyman Avenue residences would be rehabilitated consistent with their original design and character. Buildings 1809 and 1810 would be subdivided, retaining original fenestration on the exterior with alterations to the interior to accommodate the additional units.

The character of housing proposed for construction at Battery Caulfield would be distinct from that of the lower plateau. The two-story buildings would be similar in scale to the existing Wyman Avenue duplexes and designed to look like single residential structures. Housing would be clustered along a loop road that winds along the sloping site.

2.7.2 Circulation and Parking

Fourteenth and 15th Avenues would operate as a one-way couplet, providing access to and from the PHSB district and the city to the south (unless the Park Presidio Boulevard Access Variant is implemented as discussed in Section 2.8 below). The 14th Avenue entrance road would be reconstructed to re-create the historic entry road alignment. Wedemeyer Street would be re-routed farther south, creating a new intersection and left turn intended to reduce cut-through traffic.

Parking would be condensed on small lots convenient to building access points on the lower plateau. The large parking lot on the upper plateau would not be reused. The lot to the west of Building 1801 would be downsized following remediation activities and reconfigured to discourage cut-through traffic on Battery Caulfield Road. The parking lot adjacent to the 14th Avenue Gate would be eliminated. Parking within Battery Caulfield would be accommodated mostly in the buildings themselves. Guest parking would be provided by on-street parking spaces along the loop road leading to the buildings. Alternative 4 would include up to 233 spaces, consisting of 126 spaces on the lower plateau and 107 spaces on the upper plateau (including parking for Buildings 1818 and 1819).

2.7.3 Landscaping and Habitat Restoration

Alternative 4 would include a new landscape design compatible with the historic landscape of the district and with the VMP as amended. Major trees and significant stands that frame views and articulate open space would be retained. The lawn in front of Building 1801 would reflect the historic character of the site while accentuating a well-defined entry court. The formal front lawn would be developed with paths and trees. The historic character of the Central Green and Wyman Avenue residences would be maintained with lawns and trees. The landscape design at Battery Caulfield would incorporate native plants compatible with the surrounding natural vegetation.

Trees would be replanted near the south entrance to the project to create a buffer between the project and the adjacent residential area. Dune scrub vegetation would be restored in the area west of the

reconfigured parking lot along the west side of the project. The woodland area to the east of the Wyman Avenue residences along Park Presidio Boulevard would be improved. Landscaping within the district would not include use of invasive non-native species that could compete with sensitive plant species on the upper plateau.

2.7.4 Public Amenities and Access

The alternative would include a recreation center and district- and neighborhood-serving retail spaces in Building 1805, including a small convenience store, a coffee shop, and a pick-up/drop-off dry cleaning counter. The recreation center would provide wellness programs for seniors and residents of the surrounding community. The alternative also assumes key trail extensions to segments of the Juan Bautista de Anza National Historic Trail, the West Pacific/Mountain Lake Corridor, and the Lobos Creek Valley Trail that would connect with the existing regional network and other key features of the Presidio in accordance with the Presidio Trails and Bikeways Master Plan.

2.7.5 Existing Tenants

Arion Press and Lone Mountain Children’s Center would be retained as tenants in Buildings 1802 and 1806, respectively. The non-historic addition on Building 1802 may be either removed or rehabilitated for additional space.

2.7.6 Existing Battery Caulfield Uses

The Trust’s building and landscaping materials at the Battery Caulfield maintenance/corporation yard would be consolidated and moved to Battery Dynamite in the Fort Scott area. NPS use of the yard for equipment and materials would be eliminated.

2.7.7 Sustainability

The alternative would incorporate sustainable development and building practices. The “green building” measures would be consistent with the Trust’s draft Green Building Guidelines and would qualify for a LEED rating. Examples of such measures would include energy conservation and efficiency strategies, indoor environmental and air quality management, and resource efficiency practices such as construction waste management, storm water management, and water-efficient irrigation systems.

2.7.8 Construction

The duration of the construction phase would be about 20 months. The number of round trip truck trips onto the site is estimated to be approximately 2,200 during the course of construction, with an average of about five truck round trips per day for the 20-month duration. The frequency of trips would fluctuate, with the most trips (up to 20 truck round trips per day) occurring during demolition and excavation. Trips

are expected to decrease during concrete construction and decrease more during construction of the interiors. Reuse of demolition debris on-site, which would reduce the number of truck trips during that phase, would be explored.

2.7.9 Financial Considerations

Alternative 4 is financially feasible. It would cost approximately \$75.6 million, not including site improvements outside the leasehold boundary such as the landscape and parking areas west of the main hospital building and utilities leading to the site. Total costs would be shared by the Presidio Trust and the private development partner(s), with each party's share determined through negotiations.

Alternative 4 would generate a minimum of \$1.0 million in annual base rent in 2008, the first stabilized year of project operation. Over a 75-year lease term, the alternative would generate in the area of \$274 million in total revenue to help fund preservation and enhancement of the Presidio's natural, cultural, scenic, and recreational resources.¹¹

2.8 PARK PRESIDIO BOULEVARD ACCESS VARIANT

Under Alternatives 1, 2, 3, and 4, vehicular access to the site could be altered with approval and construction of a new intersection on Park Presidio Boulevard (Highway 1). Because this intersection would require approval by Caltrans, which has yet not been secured, the intersection is described and evaluated in this EIS as a "variant" that could be combined with any alternative except the Requested No Action Alternative. The Presidio Trust strongly supports this variant and has requested Caltrans' support.

The Park Presidio Boulevard Access Variant would construct a new signalized intersection approximately 400 feet north of the current intersection of Lake Street and Park Presidio Boulevard (see Figure 8) and would make operational changes to 14th and 15th Avenues. Internal Presidio roadways (e.g. Wyman Avenue, Brown Street) would be reconfigured in the immediate vicinity to accommodate these changes.

The new intersection would allow traffic traveling southbound on Park Presidio Boulevard to enter the PHS site directly via a right turn, and would provide virtually all traffic exiting the PHS site with direct access to northbound or southbound Park Presidio Boulevard.¹² Rather than operating as they do today, or as a one-way couplet as proposed in the PTMP and Alternative 1, the 14th and 15th Avenue Gates would both allow inbound (northbound) Presidio access only.

¹¹ See footnote 6 above.

¹² While Wedemeyer Street and Battery Caulfield Road would still permit some traffic exiting the project site to travel north through the Presidio, changes to the configuration of these roads at the site are proposed to slow traffic and discourage their use by motorists heading to the Golden Gate Bridge.

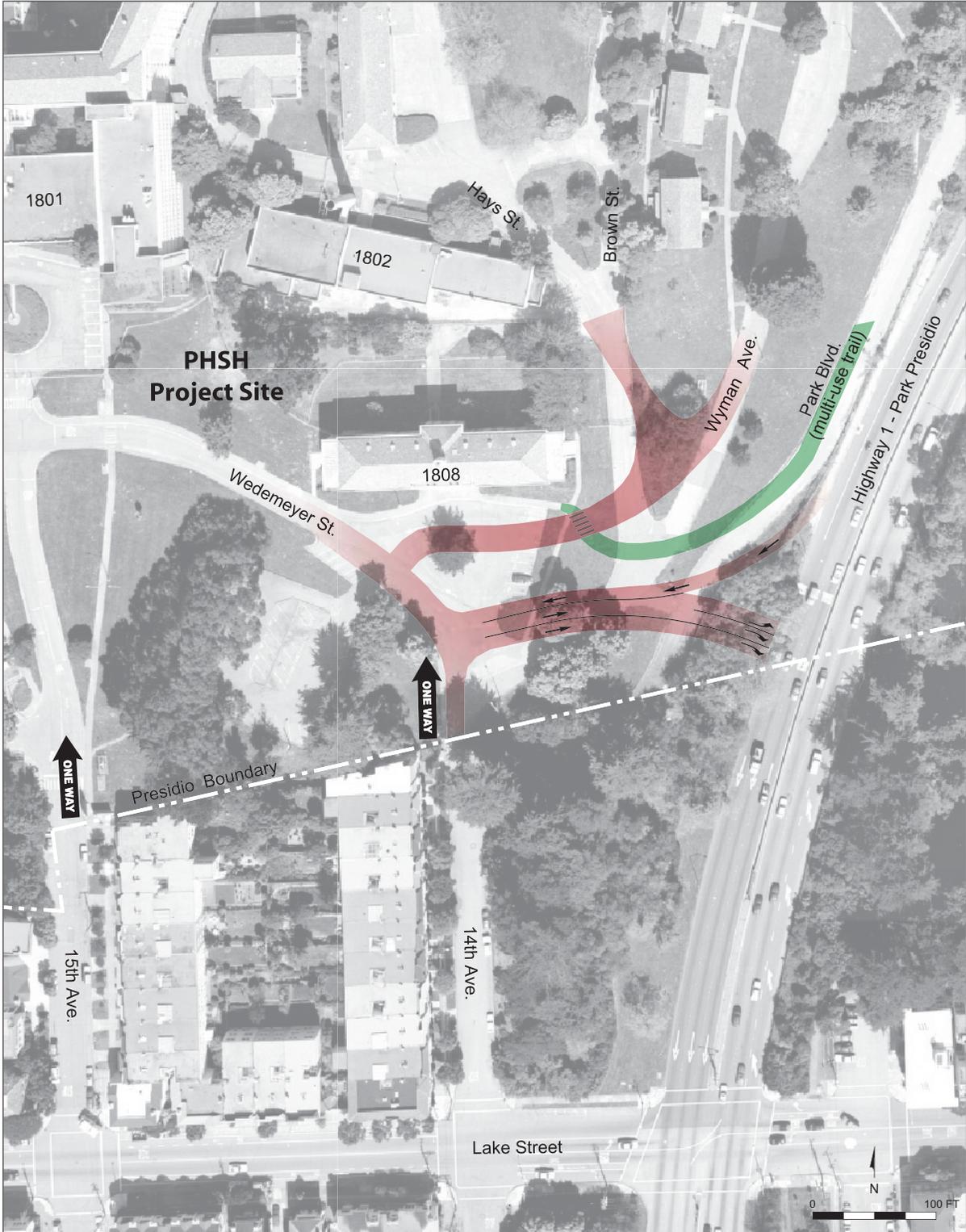


FIGURE 8. PARK PRESIDIO ACCESS VARIANT

Source: Presidio Trust, 2004

Installation of a traffic signal would not require widening of Park Presidio Boulevard but would require reconfiguration of traffic lanes in two ways. First, in the northbound direction, the existing three-lane configuration north of Lake Street would be extended about 350 feet and through the new intersection, so that traffic in the right-hand lane would have a total of about 600 feet before merging left. Second, in the southbound direction, the three-lane configuration that currently begins about 200 feet before Lake Street would begin about 400 feet earlier, and before the new intersection. These changes in lane configuration would effectively extend existing non-standard highway conditions, wherein traffic uses the full width of the roadway without provision of standard shoulders. Sign and lighting changes on the highway and within the Presidio would be required. In addition, some grading would be required within the Presidio, and the retaining wall on the west side of Park Presidio Boulevard could require modification.

Operationally, no pedestrian or bicycle use would be permitted at the new intersection. Pedestrians and bicyclists would continue to be accommodated via the exclusive multi-use trail that connects the PHS district to Mountain Lake Park under Highway 1, or at Lake Street (San Francisco Bicycle Route No. 10). The new intersection would act as a transition point between the free-flow conditions of Highway 1 and the signalized Park Presidio Boulevard. In providing this transition point, the new intersection would improve pedestrian and bicycle safety at Lake Street because traffic would be slowed by the new traffic signal before it reached the bike lanes along Lake Street or the Park Presidio crosswalk.

The cost of the Park Presidio Boulevard Access Variant has been preliminarily estimated at approximately \$1.0 million, and could be shared by the Trust and its private development partner(s). Further discussion of operational issues associated with this variant is included in Section 3.2, Transportation, of this document.

2.9 OTHER ALTERNATIVES

A number of other alternatives for the PHS district have been suggested, previously considered, and rejected since the hospital closed in 1981, and a number of additional alternatives were requested by the public during the review and scoping periods for the PHS EA and this Draft SEIS. The following section summarizes these other alternatives. In each case, the text indicates whether the alternative has been eliminated from detailed examination, and if so why. Where requested alternatives are being considered, the text explains how they fall within the range of alternatives reviewed in this Draft SEIS.

2.9.1 Alternatives Suggested Pre-1989

In 1988, a year before the decision was made to close the Presidio as an Army post but seven years after the Public Health Service vacated the site, the City and County of San Francisco (CCSF) received a ten-year lease option on the PHS property from the U.S. Army. At that time, a study was prepared for the CCSF to determine the feasibility of converting the PHS into a long-term treatment facility for AIDS patients. The result of the study was the “Reactivation Plan” submitted in 1990 (Fong & Chan Architects).

Ultimately, the CCSF declined to exercise its lease option for the PHSB, presumably because the Reactivation Plan concluded that the costs of seismic upgrade of the facility for acute health care would be substantial, making the economics of reuse for this purpose infeasible. More recent suggestions that the PHSB buildings be used for medical purposes have been rejected for similar reasons. In addition, medical use is inconsistent with land uses included in both the 1994 NPS management plan for the Presidio and the subsequent PTMP adopted in 2002. The medical reuse alternative is not considered further in this Draft SEIS.

2.9.2 1994 GMPA FEIS Alternatives

Following the base closure announcement in 1989, the NPS considered four alternatives for the Presidio, including a number of options for the PHSB district, as part of the GMPA EIS. Under two GMPA EIS alternatives (Alternatives B and C), the PHSB would have been turned over to the federal General Services Administration (GSA) for disposal as surplus property. No site improvements would have been made prior to disposal, but new private development would have been allowed if compatible with the historic setting and structures.

In 1994, the NPS rejected these proposals to sever the PHSB site and sell off the land. The same proposals today would be inconsistent with the Presidio Trust Act because the Trust cannot sell property transferred to it and is obligated to protect the integrity of the NHLD.

Under the adopted NPS plan (Alternative A) and one other alternative (Alternative D) considered in the GMPA EIS, the PHSB district was to be rehabilitated as an education and conference center and might have served as an international school or a youth job training center. Under the GMPA, the 1950s wings of the main hospital building were to be removed, and under Alternative D they would have been retained. Non-historic buildings totaling 4,500 sf would have been removed, and new construction of up to 20,000 sf would have been permitted. Under the adopted plan, “if a suitable tenant could not be found for the hospital, the building would be removed and the site returned to open space.” Residences on Wyman Avenue and dormitories such as Building 1808 would have been used to support educational and conferencing activities. Natural areas and water resources would have been protected. The planning approach in the GMPA was later modified in the PTMP to allow more leasing flexibility and because public comment favored a predominantly residential approach to the site. The GMPA alternatives are not being considered further.

2.9.3 PTMP EIS Alternatives

The PTMP EIS included seven alternatives for Area B of the Presidio, including the adopted GMPA and the adopted PTMP. In these alternatives, the Trust considered and analyzed various treatments of the PHSB district. As described above, the GMPA called for removing the non-historic wings and reusing the remainder of the site for educational and/or conferencing activities, with limited, supporting residential use and up to 20,000 sf of new construction. Under this alternative, the district would have included about 290,000 sf of built space. Another alternative (Final Plan Variant) considered the same scenario without the possibility of new construction, for a total of 270,000 sf of built space in the district.

The Resource Consolidation Alternative considered removing all buildings within the district and returning the entire area to open space. A third alternative (Sustainable Community) envisioned mostly residential use and possibly a small increment (10,000 sf) of additional building area. A fourth alternative (Cultural Destination) contemplated a residential campus with educational and educational uses within 400,000 sf of built space. The last alternative (Minimum Management) considered a mix of office, institutional, and residential uses in the existing buildings (400,000 sf).

The Final Plan Alternative in the PTMP EIS assumed 400,000 sf of developed space in the PSHH district, consisting of 190,000 sf of educational space, 200,000 sf of residential space, and 10,000 sf of lodging/conference space. The adopted Plan provided the flexibility to consider up to a maximum of 400,000 sf in residential and educational use at unspecified intensities, as long as the mix resulted in no environmental consequences beyond those identified in the PTMP EIS. The PTMP Record of Decision (ROD) notably rejected the Resource Consolidation Alternative in part because it proposed demolition of all buildings in the PSHH district, thus impairing the integrity of the NHLD. Instead, the ROD selected an alternative with a mix of residential and educational uses and called for residential use of the main hospital building. In doing so, the adopted PTMP implicitly rejected other planning approaches that envisioned intensive use of the site for office, conferencing, or primarily educational uses.

2.9.4 Reuse as a Hospital

Under state law, San Francisco's hospitals have limited time to upgrade their facilities to meet stringent seismic safety standards. As a result, those who operate the hospitals, including the California Pacific Medical Center, the University of California at San Francisco (UCSF), and San Francisco General Hospital, have been charged with identifying potential replacement sites for some or all of their facilities. The PSHH site is occasionally mentioned or considered as one such potential site. The Presidio Trust has eliminated this option from consideration because earlier consideration of this option determined the economics of this land use to be infeasible. It is also being eliminated from further review because the potential scale of a medical facility would likely cause intensive traffic and other environmental impacts, and because it is inconsistent with the PTMP, the adopted management plan for the area.

2.9.5 Demolition of Building 1801

Although the PTMP allows the Trust to consider removal of the PSHH if reuse is found to be infeasible, this suggestion is not currently being considered. In fact, within the Request for Qualifications (RFQ) and Request for Proposal (RFP) prepared for the PSHH in early 2003, the Trust *required* preservation of historic portions of Building 1801. By requiring building rehabilitation and reuse, the Trust believes it is fulfilling its obligation to preserve the cultural and historic integrity of the NHLD. Offering the property for lease is a reasonable way to determine whether retention and rehabilitation of the hospital building is feasible, even though some potential developers declined to submit qualifications due to their difficulty in meeting this requirement. If the Trust were to find reuse of the hospital infeasible at a later date, it could consider demolition and replacement construction, which would likely result in a greater financial return than the reuse alternatives.

2.9.6 No Development at Battery Caulfield/“District Plan” for the PHSH District

A number of commenters advocated removing the Battery Caulfield site from consideration for development and restoring the site as a natural area. They stated their belief that the environmental impact of construction at Battery Caulfield would be so significant that additional analysis and review would need to be undertaken. Other commenters suggested that the Trust should undertake a plan for the entire PHSH district that included the ultimate reuse of Battery Caulfield as open space.

Battery Caulfield is identified in the PTMP as a previously disturbed site (developed by the U.S. Army as the site of underground missile silos), and the possibility of future development at Battery Caulfield was left open in the PTMP subject to later, more detailed analysis. The option of no new development at Battery Caulfield continues to be considered as part of the Requested No Action Alternative, as well as Alternatives 1, 2, and 3 within this Draft SEIS. Under each of these alternatives, the site would remain in its current use as a maintenance/corporation yard for the present but could be converted to open space (natural area or recreational area) under a separate project sometime in the future.

The potential conversion to open space is not part of the current project because there is no current funding source for planning or implementation of open space improvements at Battery Caulfield and the type and configuration of open space that is desirable (i.e., active recreation and/or native plant restoration) has not been determined. The scope of the actions for decision under this Draft SEIS are the extent and configuration of building development and associated landscape changes within the project site. This Draft SEIS will not be used to decide all future resource management or open space decisions for the entire PHSH district. In addition, the Trust cannot incur the costs and planning associated with relocation of Trust maintenance yard functions in the near term unless a third party provided the investment revenue for changes to the area, as with Alternative 4. The construction at Battery Caulfield assessed as part of Alternative 4 within this Draft SEIS has not been shown to result in new significant impacts warranting additional environmental analysis, although conformance with extensive and potentially costly mitigation measures would be required.

2.9.7 Minimal Development on Lower Plateau

A number of commenters requested a “variant” of Alternative 3 allowing a limited amount of new construction on the lower plateau (e.g., up to 25,000 sf). They suggested that this variant should be considered in the event that a development team can show that a particular construction project, such as an addition to the back of Building 1801 or a low building east of the building, would enhance the revitalization of the district. The variant would consist of removal of the non-historic wings, no construction at Battery Caulfield, and up to 25,000 sf of new construction, for a total of up to 300,000 sf of development overall within the district.

The proposed Alternative 3 “variant” with demolition of the non-historic wings and limited replacement construction on the lower plateau is encompassed within and being analyzed as part of the existing range of alternatives included in the Draft SEIS. Thus, the variant requested can be fully considered as among

the alternatives available for selection on the basis of the current SEIS, and its impacts would fall between those associated with Alternative 2 and Alternative 3.

2.9.8 Professional Office Complex or Commercial Retail Center

During scoping for the EA, one individual requested consideration of the rehabilitation of some or all of the buildings at the PHS site for development as an office complex for small businesses or a “shopping mall.” These suggested alternatives are inconsistent with the land uses designated for the site in the PTMP, the adopted management plan for the district, and would generate substantially more traffic and parking demand than other alternatives being considered. For both reasons, the proposed alternative has not been analyzed in detail.

2.9.9 Supportive Housing, 100-Percent Affordable Housing, or other “Community Service” Use

During scoping for the EA and the Draft SEIS, a couple of individuals suggested that the PHS should be used for “community service” instead of conventional residential use. One individual specified that the complex should be rented to the CCSF or other public or private entity for use as “supportive housing for homeless singles, single-parent and other homeless families, etc. whose lives can be expected to benefit curatively from onsite medical, psychiatric and social services.” This suggestion is similar to a reuse alternative considered and rejected more than a decade ago because of financial infeasibility (see discussion in Section 2.9.1). As a result, the alternative has not been carried forward for detailed analysis in this Draft SEIS.

2.9.10 210 Dwelling Units with the Trust as Developer

Some commenters suggested that the Trust itself undertake rehabilitation of buildings in the PHS district, and then lease the buildings directly without involvement by a private development partner. The commenters claimed that this strategy would allow the Trust to remove the non-historic wings of Building 1801, achieve the 210 dwelling units anticipated in the PTMP, and also achieve a greater revenue stream than if a private development partner were involved.

An alternative with 210 dwelling units (Alternative 1) is included in the Draft SEIS, together with an alternative that would remove the non-historic wings of Building 1801 and not replace them (Alternative 3), and an alternative with substantially less overall activity (Requested No Action Alternative). Thus, the potential physical impacts of the suggested alternative fall within the range presented in this Draft SEIS, and this alternative could be considered for implementation by the Trust. In addition, the Trust will consider investing some capital in the project during negotiations with a private development partner(s) in order to enhance revenues generated for the Presidio. As explained in the PTMP (page 121), the Trust will combine and balance the strategies of Trust and third-party investment over time.

The Trust does not believe, however, that implementation of any of the alternatives, with the exception of the Requested No Action Alternative, would be feasible without some participation by a private development partner(s). This is because implementation of Alternative 1, 2, 3, or 4 would require the Trust to invest between \$57 and \$82 million up front before any revenue stream could be realized. The Trust would not have the required capital dollars available for this investment in the near term without borrowing from the U.S. Treasury and increasing the long-term operating costs of the Presidio (costs associated with payment of interest and principal). In addition, the cost of funds available to the Presidio Trust at the 30-year U.S. Treasury rate currently exceeds the cost of funds available to a private development partner using tax allocation bond financing. An additional factor is that historic preservation tax credits would not be available to the Trust. These factors suggest that, on balance, the overall financial profile of the project would be better with a development structure that includes some private development partner participation. The level of that participation would be the subject of lease negotiation with the private development partner(s), regardless of which alternative is selected.

2.9.11 One-Hundred-Percent Senior Housing Alternative

A number of scoping commenters suggested that the Trust pursue a project consisting entirely of senior housing and/or assisted living because these uses would result in the fewest transportation impacts. Senior housing (age-restricted independent living and assisted living) has been incorporated within the range of alternatives and is being evaluated as part of Alternative 4. In addition, in Section 3.2, Transportation, of this Draft SEIS describes the differences in traffic and parking demand from senior housing and other housing.

2.9.12 Offices for USPP, FBI, IRS, or Secret Service/Department of Labor Job Training Center

The suggestions to rehabilitate the PSHS for government office and training space were made by separate individuals. The proposed reuse alternatives have been eliminated from further analysis because of inconsistencies with the PTMP, and because it is highly unlikely that the federal government would have the large sums required for the needed capital improvements to the district's historic buildings. Without tenant financing of the needed improvements, the Trust would need to act as the developer, an option that is not being pursued for the reasons stated above.

2.10 PREFERRED ALTERNATIVE

Based on the information and analysis to date in the EA and in this Draft SEIS, Alternative 2 is the Trust's preferred alternative. Identification of a preferred alternative does not indicate a final decision or commitment to approve or execute a project identical to that alternative. While NEPA analysis is ongoing, no final approvals may be granted and no development agreement or lease may be signed. The project ultimately selected for implementation may combine various elements of the alternatives or may fall within the range they represent.

Alternative 2 has been identified as the Trust’s preferred alternative at this stage of the process because it appears to meet the project purpose and need and to best balance the Trust’s objectives without resulting in significant adverse impacts that would be avoided in other alternatives. Alternative 2 meets this balance in part by offering a variety of financial benefits – overall return and capacity to ameliorate the short- and long-term financial risks of the project – without unduly affecting park resources or the adjacent community.

Under any alternative, there would inevitably be a change in activity level at and near the project site as compared to the last 20 years of building vacancy. Also, under Alternatives 1, 2, 3, and 4, there would clearly be a change in activity level when compared to the Requested No Action Alternative. Nevertheless, across the spectrum of impact topics, the increase in activity level and degree of environmental impact would not rise to a level of environmental significance under any of the alternatives considered in the Draft SEIS if identified mitigation measures are implemented. Thus, the Trust believes it is prudent to favor the alternative that is financially beneficial while meeting the project purpose and need and also minimizing high-intensity non-residential land uses in the district (unlike Alternative 1) and land use changes at Battery Caulfield (unlike Alternative 4).

2.10.1 Financial Considerations

The PSHS district is one of few significant opportunities at the Presidio to convert non-residential space to residential use and thus one of few remaining opportunities of this scale to generate a substantial and stable revenue stream to support operation and enhancement of the Presidio. This is due to the size and configuration of buildings within the district when compared to other areas of the Presidio such as Fort Scott and the Main Post. Alternative 2 has the capacity, because of the greater number of units, to generate more revenue than Alternative 3. Alternatives 1 and 4 could generate even more overall revenue, but are not currently preferred by the Trust because of the more impact-intensive non-residential uses included in Alternative 1 and because the change in land use at Battery Caulfield in Alternative 4 would necessitate extensive and costly mitigation measures related to hydrology and biology. The Requested No Action Alternative would generate the least revenue and would also not fully address the project purpose and need.

Alternative 2 also appears to better address the Trust’s financial objectives than other alternatives because it could generate the greatest amount of revenue and have the smallest risk of financial failure. Based on the simplified financial analysis of the Draft SEIS alternatives referenced in this chapter, Alternative 2 could generate about \$253 million in lease revenue over a 75-year lease term, more than Alternative 3 (\$207 million), and less than Alternatives 1 and 4 (\$323 and \$274 million, respectively). This analysis assumes a simple financial structure, where the developer funds the entire project and the Trust does not otherwise participate in financing or revenue sharing. (The Requested No Action Alternative would gross an estimated \$45 million over 75 years.) The revenue-generating potential of all alternatives could be higher if the Trust contributed to cost of the project, or if the Trust structured the lease to benefit from gross revenues in addition to or instead of receiving base rent. Because Alternative 2 has more dwelling units than Alternative 3, the potential for additional revenue due to these alternate financial structures

would be greater than the potential for additional revenue associated with Alternative 3 using the same structure.

Alternative 2 would also pose less financial risk to the Trust. Based on the simple analysis conducted, the leveraged internal rate of return with Alternative 2 would be incrementally below the 15 percent that is typically required by developers of multi-family rental projects in San Francisco. This rate of return would be still less with Alternative 3, suggesting that there would be a very small margin (little “breathing room”) if construction costs were higher than anticipated, or if rents were lower. Risks associated with Alternative 1 relate to the large amount of educational space that would be available in multiple buildings and the resulting mix of uses (education and residential) in Building 1801. Educational space configured in this way might not be attractive to a single institutional user who could pay market rents, and multiple land uses in a single building might result in land use conflicts affecting residential occupancy – for example, if residents were disturbed by students arriving early in the morning. Risks associated with Alternative 4 relate to the senior housing/assisted living component and its likely desirability when compared to competing locations closer to medical facilities, more varied and frequent transit services, and neighborhood-serving retail. Also, the success of any project depends on the availability of investment capital and the willingness of lenders to lend. Financing for affordable housing, typically available for residential development, would not be available in Alternative 4 with its age-restricted units, whereas it would be available for the other alternatives with 20-percent affordable units. Thus, achieving financial success with a senior housing development is more difficult.

2.10.2 Other Objectives and Environmental Issues

Like Alternatives 1, 3, and 4, Alternative 2 would improve the existing, dilapidated and unsightly appearance of the PHSB district, remove chain link fencing around the main hospital, increase public access, and adaptively reuse historic buildings. Rehabilitating and occupying currently vacant buildings would improve health and safety in the area by reducing the incidence of vandalism and the risk of a structural fire set by unauthorized building occupants.

Alternatives 1, 2, 3, and 4 would all address the other leasing objectives identified by the Trust. Based on the information and analysis available to date, however, the Trust believes that Alternative 2, including the retention of the non-historic “wings,” the associated opportunity for additional housing supply, and the greater capacity for financial return and risk mitigation, would best balance the Trust’s objectives without resulting in significant adverse environmental impacts on the environment. Non-financial objectives and environmental issues are discussed further below.

Traffic and Parking Demand – The increase in traffic and parking demand associated with all alternatives would be a noticeable change compared to what has existed for 20 years, and compared to the future “no action” condition reflected in the Requested No Action Alternative. In relative terms, Alternative 2 would result in more daily and peak hour vehicle trips than Alternatives 3 or 4, and less than Alternative 1. Alternative 2 would also result in higher parking demand than Alternatives 3 or 4, and less than Alternative 1. What the Draft SEIS analysis shows, however, is that the expected increase in all

alternatives would not be of a magnitude that would result in a significant deterioration of environmental conditions beyond what is expected as a result of background growth in the region.¹³ The Draft SEIS analysis demonstrates that all study intersections would operate at similar level of service (LOS) under Alternative 2 compared to Alternatives 3 or 4 and the same or better levels of service compared to Alternative 1. None of the alternatives would noticeably increase anticipated traffic congestion or decrease traffic safety over the Requested No Action Alternative, given the roadway capacity and density in the surrounding area. Also, each of the alternatives would provide parking supply sufficient to meet demand, and each would limit parking demand by requiring aggressive transportation demand management measures.

Historic Resources – Like the other alternatives except for the Requested No Action Alternative, Alternative 2 would include preservation and rehabilitation of historic buildings within the PHSB district and would avoid new construction or other changes within the district that deviate from adopted and proposed planning and design guidelines intended to ensure compatibility with the NHLD. Indeed, the primary differences between the alternatives relate to the use and disposition of non-historic buildings and building additions. Alternative 2 would remove some but not all non-historic buildings and additions.

Natural Resources – Alternative 2 could have greater indirect impacts on natural resources near the site than the Requested No Action Alternative or Alternative 3, which has less building space and fewer residents. Alternative 2 would introduce fewer people to the site than Alternative 1, however, and would not include housing construction at Battery Caulfield, which would require extensive and costly mitigation related to hydrology and biology as in Alternative 4. Alternative 2 and all other alternatives would incorporate all mitigation measures necessary to avoid any significant natural resources impacts.

Revitalization and Reuse – Like the other alternatives, Alternative 2 would include land uses that would be consistent with the PTMP, improve the overall appearance of the area, and preserve public access to open space.

Design Quality and Environmental Sustainability – All alternatives except the Requested No Action Alternative assume the opportunity for addressing design quality through building rehabilitation and other site planning and landscaping activities. Alternative 2 would be more sustainable in that it would result in less demolition and more reuse of existing buildings and would contribute more dwelling units toward the Presidio's jobs/housing balance than other alternatives.

Other Environmental Issues – Other environmental topics addressed in the Draft SEIS include land use, housing and schools, archeological resources, air quality, noise, visual resources, visitor use, utilities and services, geology and soils, hydrology, wetlands, and water quality. While impacts and benefits would vary to some degree by alternative for each topic, the analysis establishes that Alternative 2 would not result in any significant adverse impacts that would be avoided in the other alternatives.

¹³ The one exception to this statement is Alternative 1 when combined with the Park Presidio Boulevard Access Variant. See Section 3.2, Transportation.