



Memorandum

Date: December 7, 2000

Re: Preliminary Financial Analysis of PTIP Conceptual Alternatives (including Financial Summary, Financial Spreadsheets, and Financial Assumptions)

Three attachments accompany this memorandum. The first attachment is detailed spread sheets showing financial analysis over a 20-year period for five conceptual alternatives presented in the Presidio Trust Implementation Plan (PTIP) Conceptual Alternatives Workbook (November 2000). The Trust commissioned the financial analysis of alternatives from the Sedway Group.

Also attached is a summary matrix comparing the preliminary financial information of each alternative. The third attachment lists the financial assumptions used in the financial analysis of the conceptual alternatives. These assumptions have previously been made available to the public at the PTIP scoping workshop on November 15, 2000.

SUMMARY POINTS FROM THE PRELIMINARY FINANCIAL ANALYSIS

1. In all studied alternatives – except “Alternative B: GMPA 2000/No Action” --the Trust is able to achieve Financial Self-sufficiency. Financial self-sufficiency as defined in the Presidio Trust Act means that the Trust is generating sufficient revenues to support Area B operations, capital needs, and programs over the long-term without federal funds beginning in Fiscal Year (FY) 2013.
2. In all studied alternatives, required Capital Improvements for buildings, infrastructure and natural areas will not be completed by FY2013 and will take 12-27 additional years to complete, depending on the alternative.
3. In all studied alternatives, Capital Replacement Funds – to replace buildings, infrastructure and natural area resources will not be fully in place by FY2013 and will take 17-37 additional years to be fully in place, depending on the alternative.
4. In all studied alternatives, \$8 million per year will be expended on programs. Additional program dollars would be available once Capital Improvements and Capital Replacement Funds are fully funded.
5. The attached financial models represent an illustration of what the financial results of the Conceptual Planning Alternatives could look like based upon specific market,

timing, financing, and operational assumptions. These versions are based upon work done through December 6, 2000. Refinement of both the financial models and the assumptions that underlie the models will continue throughout the planning and environmental review process. Thus, these versions should be considered tentative and preliminary. As a result of ongoing refinements, some of the financial results presented in materials prepared for the November 15, 2000 PTIP public workshop differ slightly from the financial results reflected in the attached materials.

6. The five conceptual alternatives, together with preliminary financial analysis and assumptions, are for your review and comment. The proposed alternatives could, but do not necessarily, represent a proposed “preferred alternative.” We encourage you to review the information presented, draw upon a blend of ideas and elements from each alternative, and suggest how they could be recombined into a potential preferred plan.

WORKING DEFINITIONS FROM THE FINANCIAL MODEL FY2013 SNAPSHOT

1. The “Existing Conditions Alternative” retains all buildings – which are brought into compliance with all building codes – and adds no new construction or demolition other than the 23-acre Letterman Digital Arts project.
2. “Alternative A: GMPA 2000/No Action” implements the 1994 General Management Plan Amendment (GMPA) updated to include current (Year 2000) conditions, including the Letterman Digital Arts project.
3. The Term “Total Square Feet (millions)” refers to the planned gross square footage of all buildings in Area B for an alternative, including existing rehabilitated space, existing buildings and new construction.
4. The Term, “Square Footage Completed by Trust” is the approximate square footage rehabilitated or built new by the Trust as of FY2013, excluding projects completed by third parties.
5. In the “Cash Flow Summary,” the term “Cash Carried Forward from Previous Year” is used. Some years will have temporary cash surpluses due to the timing of projects. Because the Presidio Trust cannot operate with a financial deficit, these temporary cash surpluses will carry forward to round out potential cash shortfalls in subsequent years.
7. In “Capital Projects,” the term “Total Capital Projects” is the total dollar investment required in order to preserve and upgrade the park and bring buildings, infrastructure and natural areas to current codes and use conditions in Area B.
8. In “Capital Replacement Funds” (Reserves) the term “Scheduled Annual Capital Replacement Amount” is the annual amount of funds that need to be reserved to create a fund for future replacement or upgrades of buildings, infrastructure and natural areas when their effective life is over.

PROJECT FINANCIAL SUMMARY

PRESIDIO ALTERNATIVES							
Data in Years or Millions Constant FY 2001 dollars	Alternative						
	A		B		C		D
	Existing Conditions	GMPA 2000	Resource Consolidation	Sustainable Community	Int'l Cultural Destination	Preliminary Preferred	
Total Square Feet (millions)	6.0	5.0	5.3	5.7	6.0		
Capital Projects							
Total Capital Costs	\$452	\$510	\$636	\$619	\$627		
Funded Projects as of 2013	\$406	\$116	\$286	\$329	\$334		
Unfunded Projects as of 2013	\$46	\$394	\$350	\$290	\$293		
Year Capital Program Completed	2015	Never	approx. 2040	approx. 2025 to 2030	approx. 2025		
Capital Replacement Fund							
Capital Replacement Fund Deficit in 2013	(\$83)	(\$64)	(\$75)	(\$78)	(\$77)		
Maximum Capital Replacement Fund Deficit	(\$83)	NA	(\$275)	(\$180)	(\$165)		
Year of Maximum Capital Replacement Fund Deficit	2013	NA	approx. 2040	approx. 2025 to 2030	approx. 2025		
Year Capital Replacement Fund Deficit is Fully Funded	2018	Never	approx. 2045 to 2050	approx. 2030 to 2035	approx. 2030		
Cash Flow							
Maximum Cumulative Deficit through 2013	\$0.0	(\$31.0)	\$0.0	\$0.0	\$0.0		
Year of Maximum Cumulative Deficit	NA	2013	NA	NA	NA		
Steady State Cash Flow (1)	\$49.0	\$20.0	\$37.0	\$39.0	\$42.0		
Year Steady State is Reached	2019	Never	approx. 2045 to 2050	approx. 2030 to 2035	approx. 2030		
Programs							
Annual Program Expenditures	(\$8.0)	(\$8.0)	(\$8.0)	(\$8.0)	(\$8.0)		
<p>Notes: (1) "Steady State" is defined as the first year after the Capital Replacement Fund deficit is completely funded.</p> <p style="text-align: center;"><i>These models represent an illustration of what the financial results of the conceptual Planning Alternatives could look like based upon specific market, timing, financing, and operational assumptions. These versions are based upon work done through 12/6/00. Refinement of both the financial models and the assumptions that underlie the models will continue throughout the planning process. Thus, these versions should be considered tentative and preliminary.</i></p>							

FY 2013 SNAPSHOT FINANCIAL SUMMARY

PRESIDIO ALTERNATIVES						
Data in Millions Constant FY 2001 dollars	Alternative					
		A	B	C	D	
	Existing Conditions	GMPA 2000	Resource Consolidation	Sustainable Community	Int'l Cultural Destination	Preliminary Preferred
Total Square Feet (millions)	6.0	5.0	5.3	5.7	6.0	
Square Feet Completed by Trust (1)	5.0	2.1	2.4	3.0	2.9	
<u>Cash Flow Summary</u>						
Revenues	\$90.1	\$45.4	\$57.3	\$66.7	\$68.7	
<u>Cash Carried Forward from Previous Year (2)</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	<u>\$0.0</u>	
Cash Available in 2013	\$90.1	\$45.4	\$57.3	\$66.7	\$68.7	
Less: Operating Expenses	(\$46.3)	(\$44.2)	(\$44.3)	(\$44.4)	(\$44.4)	
Less: Programs	(\$8.0)	(\$8.0)	(\$8.0)	(\$8.0)	(\$8.0)	
<u>Less: Financing</u>	<u>(\$3.0)</u>	<u>(\$3.0)</u>	<u>(\$3.0)</u>	<u>(\$3.0)</u>	<u>(\$3.0)</u>	
sub-total	(\$57.3)	(\$55.2)	(\$55.3)	(\$55.4)	(\$55.4)	
Funds Available for Capital Projects	\$32.8	(\$9.8)	\$2.0	\$11.3	\$13.3	
<u>Less: Capital Costs</u>	<u>(\$32.8)</u>	<u>\$0.0</u>	<u>(\$2.0)</u>	<u>(\$10.5)</u>	<u>(\$12.7)</u>	
Net Cash Flow	\$0.0	(\$9.8)	\$0.0	\$0.8	\$0.6	
<u>Capital Projects</u>						
Total Capital Projects	\$452	\$510	\$636	\$619	\$627	
Funded Capital Projects (as of 2013)	\$406	\$116	\$286	\$329	\$334	
Unfunded Projects (as of 2013)	\$46	\$394	\$350	\$290	\$293	
<u>Capital Replacement Funds</u>						
Amount	(\$9.0)	(\$5.2)	(\$5.8)	(\$6.5)	(\$6.3)	
Capital Replacement Fund Deficit	(\$83)	(\$64)	(\$75)	(\$78)	(\$77)	
<u>Notes:</u>						
(1) Approximate square footage rehabilitated or built new by the Trust. Excludes projects completed by third parties (Letterman Digital Arts Center, new lodging and new conference).						
(2) Excess cash flow from prior year used to prevent negative cash flow.						
<p><i>These models represent an illustration of what the financial results of the conceptual Planning Alternatives could look like based upon specific market, timing, financing, and operational assumptions. These versions are based upon work done through 12/6/00. Refinement of both the financial models and the assumptions that underlie the models will continue throughout the planning process. Thus, these versions should</i></p>						

EXISTING CONDITIONS

Scenario: Base Case

Constant, 2001 dollars

	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	TOTAL										
REVENUES	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
NON-RESIDENTIAL BUILDING REVENUES																					
Non-Residential Building Revenues	8,071,785	11,033,206	16,388,100	15,887,546	11,361,258	14,829,382	17,336,769	18,567,158	22,024,416	23,103,924	26,260,073	28,438,733	32,018,737	34,494,212	38,494,779	41,094,453	41,094,453	41,094,453	41,094,453	40,934,453	523,622,344
Non-Residential Service District Charge Revenue	2,578,138	4,911,471	6,726,727	6,650,674	5,937,016	6,380,547	6,909,957	7,268,464	7,866,494	8,108,307	8,622,344	8,879,493	9,464,867	10,046,656	10,692,868	11,024,066	11,024,066	11,024,066	11,024,066	11,024,066	166,184,351
RESIDENTIAL BUILDING REVENUES																					
Net Residential Building Revenues	20,041,810	20,944,248	26,762,120	29,674,938	29,674,938	29,674,938	29,674,938	29,674,938	29,674,938	30,185,547	30,185,547	30,185,547	30,185,547	30,185,547	30,185,547	30,185,547	30,185,547	30,185,547	30,185,547	30,185,547	577,328,212
Residential Service District Charge Revenues	0	4,947,576	6,329,935	7,021,115	7,021,115	7,021,115	7,021,115	7,021,115	7,021,115	7,168,821	7,168,821	7,168,821	7,168,821	7,168,821	7,168,821	7,168,821	7,168,821	7,168,821	7,168,821	7,168,821	132,113,523
Residential Utility Revenues	0	1,099,392	1,406,563	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	1,560,149	30,225,840
NON-BUILDING/PARKWIDE REVENUES																					
Appropriations	23,400,000	23,125,000	22,500,000	21,875,000	21,250,000	20,625,000	20,000,000	19,375,000	18,750,000	18,125,000	17,500,000	16,875,000	0	0	0	0	0	0	0	0	243,400,000
Treasury Borrowing	22,500,000	17,500,000	0	0	0	0	0	0	0	0	0	0	0	0	2,204,385	2,329,153	2,460,983	2,600,275	2,747,450	2,902,955	55,245,200
Utilities & Telecom	3,070,800	3,051,388	4,385,627	4,470,734	4,183,072	4,347,677	4,544,718	5,317,235	5,666,151	5,791,239	6,066,040	6,081,528	6,400,596	6,717,710	7,069,939	7,250,464	7,250,464	7,250,464	7,250,464	7,250,464	113,416,776
Parking	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Permit and Salvage	1,251,750	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	7,704,359
Special Events	752,650	772,595	793,069	814,085	835,659	857,804	880,535	903,870	927,822	952,409	977,648	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	18,500,149
Other Parkwide	(1) 1,459,727	1,556,711	1,481,155	1,505,679	1,535,792	1,566,508	1,597,838	1,629,795	1,662,391	1,695,639	1,729,551	1,764,142	1,799,425	1,835,414	1,872,122	1,909,564	1,947,756	1,986,711	2,026,445	2,026,445	34,588,810
Letterman Demo	8,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,000,000
Other Misc.	4,779,720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,779,720
Other 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	95,906,380	89,281,199	87,112,909	89,799,531	83,698,609	87,202,731	89,865,631	91,657,334	95,513,087	96,372,331	100,529,519	102,416,316	90,061,044	93,471,411	100,711,511	103,985,118	104,155,140	104,333,387	104,520,296	104,515,801	1,915,109,285
EXPENSES																					
CAPITAL COSTS																					
Non-residential Building Capital Costs	9,977,501	10,180,881	5,955,512	18,803,171	25,879,675	15,586,878	21,086,451	21,035,556	26,692,244	29,956,273	33,864,754	36,146,494	25,293,773	11,989,068	0	0	0	0	0	0	292,450,232
Residential Building Capital Costs	(2) 8,202,548	15,202,821	15,202,821	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	38,608,189
Non-building Capital Items	10,431,000	4,327,942	5,410,332	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	4,869,137	102,944,599
Program Capital Costs	0	0	0	0	0	0	3,333,333	3,333,333	3,333,333	0	0	0	0	0	0	0	0	0	0	0	10,000,000
DEMOLITION COSTS																					
Non-Residential Demolition Costs	8,000,000	82,413	82,413	82,413	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,247,238
Baker Housing Demolition	(3) 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Residential Demo (except Baker)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
PARKWIDE EXPENSES																					
Facilities	21,497,223	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	19,350,000	19,350,000	19,350,000	19,350,000	19,350,000	19,350,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	15,050,000
Legal	2,569,474	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,340,000	2,340,000	2,340,000	2,340,000	2,340,000	2,340,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	1,820,000
Planning	6,731,146	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,030,000	6,030,000	6,030,000	6,030,000	6,030,000	6,030,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	4,690,000
Real Estate	3,602,386	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,240,000	3,240,000	3,240,000	3,240,000	3,240,000	3,240,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,520,000
Operations	9,843,447	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	8,370,000	8,370,000	8,370,000	8,370,000	8,370,000	8,370,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	6,510,000
Releasing Reserves	0	380,244	508,867	541,437	496,175	530,856	555,930	568,234	602,806	613,601	652,943	674,730	710,530	735,285	775,290	801,287	801,287	801,287	801,287	801,287	799,687
Special Events	998,136	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	10,498,136
Public Safety	5,950,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	119,950,000
Finance and Insurance	635,250	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	12,035,250
Programs	1,806,347	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	129,806,347
Parking	(4) 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESERVES/SET-ASIDES																					
Scheduled Infrastructure and Building Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,325,032	9,494,551	9,494,551	9,494,551	9,494,551	9,494,551	56,797,787
Funded Infrastructure and Reserve Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	24,567,550	34,931,759	34,529,325	0	0	0	94,028,634
OTHER EXPENSES																					
Financing	1,100,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	5,265,385	5,255,201	5,244,440	5,233,070	5,221,057	5,208,363	72,320,515
Residential Affordability Subsidy	(5) 0	3,752,820	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	65,714,580
Misc.	4,055,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,055,000
TOTAL EXPENSES	95,399,458	89,788,121	86,463,264	83,599,478	90,548,306	86,290,191	90,778,171	90,739,580	96,340,840	96,372,331	100,320,154	102,625,681	87,436,759	74,156,809	98,304,714	108,854,255	108,441,059	73,900,365	73,888,352	69,504,058	1,803,841,947
NET CASH FLOW	506,922	-506,922	649,645	6,200,053	-6,849,697	912,540	-912,540	917,754	-917,754	0	209,365	-209,365	2,624,285	19,314,602	2,406,797	-4,869,137	-				

ALTERNATIVE C - SUSTAINABLE COMMUNITY

Scenario: Base Case
Constant, 2001 dollars

	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	TOTAL
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
REVENUES																					
NON-RESIDENTIAL BUILDING REVENUES																					
Non-Residential Building Revenues	8,071,785	11,033,206	16,482,996	16,161,461	10,108,297	15,377,460	18,130,831	19,691,322	20,138,971	20,070,041	19,562,313	23,012,383	24,183,150	24,516,904	24,519,404	24,812,856	24,812,856	25,731,892	26,475,873	26,447,209	399,341,209
Non-Residential Service District Charge Revenue	2,578,138	4,911,471	6,764,241	6,758,958	5,799,244	6,367,675	6,676,583	6,987,851	7,243,076	7,243,076	6,973,501	7,693,432	7,842,455	7,974,395	7,974,395	8,102,803	8,102,803	8,284,460	8,431,516	8,507,829	141,217,904
RESIDENTIAL BUILDING REVENUES																					
Net Residential Building Revenues	20,041,810	20,788,915	25,874,973	28,421,883	28,421,883	28,421,883	28,868,149	27,204,486	26,939,900	26,687,621	24,502,150	20,055,910	20,055,910	20,055,910	20,055,910	20,055,910	20,055,910	20,055,910	20,055,910	20,502,176	467,123,108
Residential Service District Charge Revenues	0	4,878,278	6,079,000	6,679,362	6,679,362	6,679,362	6,833,490	6,448,767	6,382,595	6,411,269	5,960,285	4,960,285	4,960,285	4,960,285	4,960,285	4,960,285	4,960,285	4,960,285	4,960,285	5,114,413	107,822,489
Residential Utility Revenues	0	1,080,866	1,346,906	1,479,926	1,479,926	1,479,926	1,551,768	1,472,742	1,563,741	1,604,451	1,557,156	1,279,969	1,279,969	1,279,969	1,279,969	1,279,969	1,279,969	1,279,969	1,279,969	1,351,810	26,208,969
NON-BUILDING/PARKWIDE REVENUES																					
Appropriations	23,400,000	23,125,000	22,500,000	21,875,000	21,250,000	20,625,000	20,000,000	19,375,000	18,750,000	18,125,000	17,500,000	16,875,000	0	0	0	0	0	0	0	0	243,400,000
Treasury Borrowing	22,500,000	17,500,000	0	0	0	0	0	0	0	0	0	0	0	0	2,204,385	2,329,153	2,460,983	2,600,275	2,747,450	2,902,955	55,245,200
Utilities & Telecom	3,070,800	3,037,288	4,358,207	4,462,000	4,051,919	4,279,166	4,425,599	5,090,813	5,305,697	5,337,242	5,057,363	5,139,466	5,220,694	5,292,610	5,362,601	5,362,601	5,461,616	5,541,772	5,636,465	5,636,465	96,786,528
Parking	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Permit and Salvage	1,251,750	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	7,704,359
Special Events	752,650	772,595	793,069	814,085	835,659	857,804	880,535	903,870	927,822	952,409	977,648	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	18,500,149
Other Parkwide	(1) 1,459,727	1,556,711	1,481,155	1,505,679	1,535,792	1,566,508	1,597,838	1,629,795	1,662,391	1,695,639	1,729,551	1,764,142	1,799,425	1,835,414	1,872,122	1,909,564	1,947,756	1,986,711	2,026,445	2,026,445	34,588,810
Letterman Demolition	8,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,000,000
Other Misc.	4,779,720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,779,720
Other 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	95,906,380	89,023,941	86,020,159	88,497,965	80,501,693	85,994,395	89,304,403	89,144,257	89,253,805	88,466,360	84,153,603	82,123,754	66,685,055	67,258,653	69,502,246	70,156,307	70,326,329	71,704,285	72,862,386	73,832,469	1,610,718,444
EXPENSES																					
CAPITAL COSTS																					
Non-residential Building Capital Costs	9,977,501	10,894,176	8,077,627	8,750,743	23,876,043	12,452,897	7,893,599	765,842	0	15,678,650	21,937,601	7,567,483	3,358,520	2,999,250	7,247,182	5,412,504	5,593,287	1,884,376	5,962,860	14,573,960	174,904,099
Residential Building Capital Costs	(2) 8,202,548	10,497,348	10,497,348	0	4,200,000	4,200,000	4,200,000	22,372,800	16,325,800	12,125,800	0	0	0	0	0	0	4,200,000	4,200,000	4,200,000	0	101,021,644
Non-building Capital Items	10,431,000	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	5,156,688	108,408,075
Program Capital Costs	0	0	0	0	0	0	3,333,333	3,333,333	3,333,333	3,333,333	0	0	0	0	0	0	0	0	0	0	10,000,000
DEMOLITION COSTS																					
Non-Residential Demolition Costs	8,000,000	0	403,890	403,890	451,999	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	9,259,779
Baker Housing Demolition	(3) 0	0	0	0	0	0	0	0	0	0	0	11,000,000	1,966,104	1,966,104	1,966,104	1,966,104	1,966,104	1,966,104	1,966,104	0	22,796,624
Residential Demo (except Baker)	0	0	0	0	0	0	0	147,494	0	410,235	0	0	0	0	0	0	0	0	0	0	557,729
PARKWIDE EXPENSES																					
Facilities	21,497,223	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	19,350,000	19,350,000	19,350,000	19,350,000	19,350,000	19,350,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	15,050,000
Legal	2,569,474	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,340,000	2,340,000	2,340,000	2,340,000	2,340,000	2,340,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	1,820,000
Planning	6,731,146	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,030,000	6,030,000	6,030,000	6,030,000	6,030,000	6,030,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	4,690,000
Real Estate	3,602,386	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,240,000	3,240,000	3,240,000	3,240,000	3,240,000	3,240,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	63,722,386
Operations	9,843,447	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	8,370,000	8,370,000	8,370,000	8,370,000	8,370,000	8,370,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	6,510,000
Releasing Reserves	0	377,813	497,839	527,426	466,895	519,586	553,842	548,173	550,252	547,734	515,759	493,085	504,793	508,131	508,156	511,090	511,090	520,281	527,720	534,156	9,723,822
Special Events	998,136	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	10,498,136
Public Safety	5,950,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	119,950,000
Finance and Insurance	635,250	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	12,035,250
Programs	1,806,347	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	129,806,347
Parking	(4) 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESERVES/SET-ASIDES																					
Scheduled Infrastructure and Building Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Funded Infrastructure and Reserve Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER EXPENSES																					
Financing	1,100,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	5,265,385	5,255,201	5,244,440	5,233,070	5,221,057	5,208,363	72,320,515
Residential Affordability Subsidy	(5) 0	3,752,820	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,337,920	3,233,520	2,514,120	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	49,644,780
Misc.	4,055,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,055,000
TOTAL EXPENSES	95,399,458	86,539,845	83,936,712	74,142,067	93,454,944	87,632,491	82,070,782	93,257,650	86,194,994	94,643,626	87,615,168	83,502,976	65,901,826	65,545,893	71,998,235	70,156,307	70,326,329	70,815,239	72,923,046	72,957,887	1,609,015,476
NET CASH FLOW	506,922	2,484,096	2,083,447	14,355,898	-12,953,251	-1,638,096	7,233,621	-4,113,393	3,058,811	-6,177,267											

ALTERNATIVE D - INTERNATIONAL CULTURAL DESTINATION

Scenario: Base Case
Constant, 2001 dollars

	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	TOTAL
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	
REVENUES																					
NON-RESIDENTIAL BUILDING REVENUES																					
Non-Residential Building Revenues	8,071,785	11,033,206	16,482,996	16,490,686	10,638,034	16,017,204	20,427,269	21,910,836	24,253,326	24,449,120	27,021,667	27,775,117	29,078,519	29,751,597	29,953,597	31,660,115	31,700,756	32,112,396	32,223,327	32,158,280	473,209,831
Non-Residential Service District Charge Revenue	2,578,138	4,911,471	6,764,241	6,801,350	5,920,903	6,481,920	7,004,314	7,319,457	8,077,913	8,669,674	9,073,226	9,353,429	9,617,328	9,793,380	9,831,912	10,067,622	10,095,096	10,270,612	10,345,602	10,409,790	163,387,378
RESIDENTIAL BUILDING REVENUES																					
Net Residential Building Revenues	20,041,810	20,772,193	25,252,483	27,496,510	27,496,510	27,356,461	26,687,464	25,459,970	23,789,528	23,103,776	18,657,536	15,120,865	15,857,184	15,857,184	15,857,184	15,857,184	15,857,184	15,857,184	15,857,184	15,857,184	408,092,573
Residential Service District Charge Revenues	0	4,861,016	5,916,055	6,443,575	6,443,575	6,392,712	6,219,039	5,970,774	5,660,993	5,581,023	4,586,999	3,905,286	4,158,110	4,158,110	4,158,110	4,158,110	4,158,110	4,158,110	4,158,110	4,158,110	95,245,928
Residential Utility Revenues	0	1,077,612	1,311,497	1,428,440	1,428,440	1,393,717	1,333,850	1,277,574	1,199,746	1,217,706	940,520	803,612	917,171	917,171	917,171	917,171	917,171	917,171	917,171	917,171	20,750,085
NON-BUILDING/PARKWIDE REVENUES																					
Appropriations	23,400,000	23,125,000	22,500,000	21,875,000	21,250,000	20,625,000	20,000,000	19,375,000	18,750,000	18,125,000	17,500,000	16,875,000	0	0	0	0	0	0	0	0	243,400,000
Treasury Borrowing	22,500,000	17,500,000	0	0	0	0	0	0	0	0	0	0	0	0	2,204,385	2,329,153	2,460,983	2,600,275	2,747,450	2,902,955	55,245,200
Utilities & Telecom	3,070,800	3,034,811	4,330,994	4,443,081	4,073,017	4,268,541	4,414,710	5,126,189	5,493,835	5,841,752	5,752,669	5,692,199	5,919,974	6,015,934	6,036,937	6,165,414	6,180,389	6,276,057	6,316,932	6,351,919	104,806,153
Parking	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Permit and Salvage	1,251,750	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	339,611	7,704,359
Special Events	752,650	772,595	793,069	814,085	835,659	857,804	880,535	903,870	927,822	952,409	977,648	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	1,003,556	18,500,149
Other Parkwide	(1) 1,459,727	1,556,711	1,481,155	1,505,679	1,535,792	1,566,508	1,597,838	1,629,795	1,662,391	1,695,639	1,729,551	1,764,142	1,799,425	1,835,414	1,872,122	1,909,564	1,947,756	1,986,711	2,026,445	2,026,445	34,588,810
Letterman Demolition	8,000,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	8,000,000
Other Misc.	4,779,720	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,779,720
Other 4	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL REVENUES	95,906,380	88,984,226	85,172,102	87,638,017	79,961,540	85,299,478	88,904,629	89,313,077	90,155,165	89,975,710	86,579,426	82,632,816	68,690,878	69,671,957	72,174,585	74,407,500	74,660,611	75,521,683	75,935,388	76,125,020	1,637,710,187
EXPENSES																					
CAPITAL COSTS																					
Non-residential Building Capital Costs	9,977,501	11,910,730	11,760,847	10,666,377	27,951,220	15,797,490	17,996,468	11,168,463	12,188,338	11,860,000	8,142,973	10,368,025	5,603,322	7,376,157	7,106,691	7,059,725	8,191,772	14,982,483	13,195,902	16,364,664	239,669,146
Residential Building Capital Costs	(2) 8,202,548	7,784,423	7,784,423	0	0	0	0	2,843,750	13,110,417	10,266,667	0	0	0	0	0	0	0	0	0	0	60,258,893
Non-building Capital Items	10,431,000	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	5,127,993	107,862,867
Program Capital Costs	0	0	0	0	0	0	3,333,333	3,333,333	3,333,333	0	0	0	0	0	0	0	0	0	0	0	10,000,000
DEMOLITION COSTS																					
Non-Residential Demolition Costs	8,000,000	0	359,350	359,350	2,291,362	0	0	0	0	0	333,500	0	0	0	0	0	0	0	0	0	11,343,562
Baker Beach Housing Demolition	(3) 0	0	0	0	0	0	0	0	0	0	0	11,000,000	1,966,104	1,966,104	1,966,104	1,966,104	1,966,104	1,966,104	1,966,104	1,966,104	22,796,624
Residential Demo (except Baker)	0	0	0	0	0	0	229,680	401,594	410,235	301,376	301,376	0	0	0	0	0	0	0	0	0	1,644,261
PARKWIDE EXPENSES																					
Facilities	21,497,223	21,500,000	21,500,000	21,500,000	21,500,000	21,500,000	19,350,000	19,350,000	19,350,000	19,350,000	19,350,000	19,350,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	17,200,000	380,547,223
Legal	2,569,474	2,600,000	2,600,000	2,600,000	2,600,000	2,600,000	2,340,000	2,340,000	2,340,000	2,340,000	2,340,000	2,340,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	2,080,000	45,989,474
Planning	6,731,146	6,700,000	6,700,000	6,700,000	6,700,000	6,700,000	6,030,000	6,030,000	6,030,000	6,030,000	6,030,000	6,030,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	5,360,000	118,621,146
Real Estate	3,602,386	3,600,000	3,600,000	3,600,000	3,600,000	3,600,000	3,240,000	3,240,000	3,240,000	3,240,000	3,240,000	3,240,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	2,880,000	63,722,386
Operations	9,843,447	9,300,000	9,300,000	9,300,000	9,300,000	9,300,000	8,370,000	8,370,000	8,370,000	8,370,000	8,370,000	8,370,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	7,440,000	165,153,447
Releasing Reserves	0	377,440	489,630	518,592	460,066	511,601	546,676	546,192	549,036	543,516	512,067	476,049	500,110	506,841	508,861	525,926	526,332	530,449	531,558	530,907	9,691,848
Special Events	998,136	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	500,000	10,498,136
Public Safety	5,950,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	119,950,000
Finance and Insurance	635,250	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	600,000	12,035,250
Programs	1,806,347	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	8,000,000	129,806,347
Parking	(4) 0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
RESERVES/SET-ASIDES																					
Scheduled Infrastructure and Building Reserves	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Funded Infrastructure and Reserve Deficit	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
OTHER EXPENSES																					
Financing	1,100,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	3,061,000	5,265,385	5,255,201	5,244,440	5,233,070	5,221,057	5,208,363	72,320,515
Residential Affordability Subsidy	(5) 0	3,752,820	3,442,320	3,442,320	3,442,320	3,442,320	3,442,320	3,337,920	3,233,520	3,233,520	2,514,120	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	1,794,720	49,435,980
Misc.	4,055,000	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	4,055,000
TOTAL EXPENSES	95,399,458	84,814,406	84,825,563	75,975,632	95,133,961	86,740,403	88,167,470	84,250,244	95,443,872	88,824,072	84,689,696	86,257,787	68,113,249	69,892,815	71,829,754	71,789,668	72,911,360	79,694,818	75,931,230	74,716,647	1,635,402,106
NET CASH FLOW	506,922	4,169,820	346,539	11,662,385	-15,172,421	-1,440,926	737,159	5,062,832	-5,288,707	1,151,638	1,889,730										

PTIP FINANCIAL ASSUMPTIONS

November 14, 2000

The following are the major assumptions underlying the financial model being used by the Trust to “test” the financial results of each conceptual alternative. More detailed materials explaining these assumptions will be available at the Presidio Trust no later than December 15, 2000. A snapshot of the key conclusions for the year FY2013 is provided in the Conceptual Alternatives Workbook.

GENERAL

1. **Five Planning Areas.** The model refers to five planning areas:

- ?? Main Post/Stables/Crissy Field
- ?? Letterman
- ?? East Housing
- ?? Fort Scott
- ?? Southwest

The Southwest contains the Public Health Services Hospital, the Presidio Forest, Presidio Hill and Lobos Creek in the vicinity of Building 1750 (Trust maintenance building).

2. **Aggregate Square Feet.** The model aggregates built or proposed square footage by potentially similar building use. Aside from existing leases, the model does not assume specific rents or occupancies for specific buildings.
3. **Standards of Measurement.** The model uses gross total square feet of buildings as originally measured by the U.S. Department of the Army and as subsequently updated by the National Park Service and Presidio Trust.
4. **Principle of Conservatism.** The model employs the principle of conservatism in formulating its financial model of the alternatives– this is, the Trust makes reasonable and prudent financial assumptions that reflect its fiduciary responsibilities as set forth in the Presidio Trust Act.
5. **Principle of Consistency.** The model employs the principle of consistency by treating like revenues and expenses in the same manner across alternatives so that the financial performance of alternatives is comparable.
6. **Financial Self-sufficiency.** Financial self-sufficiency must be achieved by fiscal year 2013 when federal appropriations end pursuant to the Trust Act (Public Law 104-333). The Trust also seeks to achieve long-term financial sustainability by generating sufficient revenues not only to support Area B operations, but also to fund adequately capital needs, capital replacement, and programs without federal appropriations, beginning in fiscal year 2013.
7. **All Figures in 2001 Dollars.** The financial analysis is in 2001 dollars to facilitate evaluation and comparison.

REVENUES

8. **Non-residential Building Revenues.** The model assumes that Presidio tenants pay market rate rents as follows:

Best Office Space titled “Class B Office”: \$30.00 per sq.ft. annual rents, plus SDC (refer to item #14 for SDC definition) and utility charges. This rent level is based upon historical Class B rental rates in San Francisco.

Other Office Space titled “Class C Office”: \$20.00 per sq. ft. annual rents, plus SDC and utility charges. The model allocates 25% of total existing office space to this lower quality Class C Office category.

Industrial/Warehouse: \$12.00 per sq. ft. annual rents, plus SDC and utilities. This rent level is based upon current and historical industrial rental rates in San Francisco.

Retail: “Retail” is defined as those services required to support residents, businesses and visitors at the Presidio. Rents for this use are estimated to be \$18.00 per sq. ft. annual rents, plus SDC and utilities. There is no percentage rent assumed. This rent level is based upon current and historical retail rental rates in San Francisco.

Cultural/Educational: \$9.00 per sq. ft. annual rents, plus SDC and utilities. This rent level is based upon current rental rates in San Francisco for similar uses.

Recreational: \$5.10 per sq. ft. annual rents, plus SDC and utilities. This rent level is based upon current rental rates in San Francisco for similar uses.

New Lodging and Conference facilities: Rent for the lodging component is assumed to consist of ground lease payments at \$3.00 per sq.ft. annually, plus SDC and utility payments. Payment for the conference facility component is assumed to be SDC charges only. These payment levels are based upon the anticipated economics of the project, when completed. In Alternative A, the \$3.00 per square foot ground rent payment is reduced to zero in recognition of the potential use restrictions implied in the GMPA.

Rehabbed Lodging and Conference facilities: Rent for the lodging component is assumed at \$26.75 per sq. ft. annually, plus SDC payments. Payment for the conference facility component is assumed to be SDC charges only. These payment levels are based upon the anticipated economics of the project, when completed.

9. **Vacancy Rates.** The model assumes a 5% vacancy rate for both non-residential and residential buildings. These vacancy rates are typically used in most rental markets, including the San Francisco market, for estimating the financial performance of office and residential properties. *Sources: Pricewaterhouse Coopers Korpacz Real Estate Investor Survey.*

10. **Existing NPS and Trust Leases and Interim Leasing Program.** Existing non-residential National Park Service (NPS) leases and existing Trust leases in place or announced as of October 1, 2000 are included with applicable terms and conditions. When leases end, space is re-leased at then applicable market rate rents or demolished, if required, under the alternative.
11. **Letterman Digital Arts (LDA).** LDA is assumed to pay the Trust \$5 million annually in ground rent as well as SDC.
12. **Non-revenue Generating Uses.** 268,000 sq.ft. of non-residential buildings are primarily designated for Trust and NPS uses that are associated with Presidio operations, including infrastructure and utility structures.
13. **Residential Building Revenues.** Residential rents are assumed based upon current rents actually received or budgeted by the Trust for fiscal year 2001. The residential revenue figures shown are net of SDC and utility charges that are included in rent but separately indicated in the model. See attached rental rate schedule for each housing type.
14. **Service District Charge (SDC).** The model assumes the continuation of the Trust's existing SDC program. Through the SDC, tenants reimburse the Trust for the Trust's cost of providing public safety services, Presidio-wide support services, insurance, and common area maintenance. This charge most closely resembles real estate taxes and common area charges paid by tenants in San Francisco. The current applicable annual SDC rate is \$3.38 per sq.ft.
15. **Appropriations Revenue.** Federal appropriations set at \$23.4 million in fiscal year 2001, \$23.1 million in 2002, and decline every year thereafter as mandated by the Trust legislation. There are no federal appropriations assumed after fiscal year 2012.
16. **Treasury Borrowing Revenue.** The model assumes that the Trust reaches its Treasury borrowing authority limitation of \$50 million (as set in the Trust legislation) by the end of 2002.
17. **Utility and Telecommunication Revenues.** The model assumes annual net utility and telecommunication revenue factors as follows: utilities at \$0.83 per sq.ft. for non-residential buildings and \$1,260 per house or apartment for residential buildings; stabilized telecom revenues at \$1.01 per sq. ft. for non-residential buildings and \$951 per house or apartment for residential buildings.
18. **Parking Revenues.** Parking revenues are assumed to be offset by parking program expenses. The model assumes construction of one underground parking structure, funded using third-party financing.
19. **Permit and Salvage Revenue.** These revenues represent reimbursements to the Trust for plan check and permit issuance costs as well as proceeds from salvage operations.
20. **Special Events Revenues.** Special events revenues are based upon budgeted revenues for fiscal year 2001 and increase as residential and non-residential occupancies increase.
21. **Other Parkwide Revenues.** This includes one-time revenue sources budgeted for fiscal year 2001.

EXPENSES

22. **Capital Project Funding.** All rehabilitation and new construction is completed by the Trust, except for the parking garage and new lodging and conference facilities. By undertaking funding of capital projects for non-residential and residential buildings, the Trust is able to generate more revenue and cash flow on a long-term basis, compared to entering into ground leases with third parties who secure their own financing.
23. **Non-residential Building Capital Costs.** Per sq.ft. non-residential building rehabilitation costs are based on project experience: concrete buildings at \$136 per sq. ft.; masonry buildings at \$131 per sq. ft.; wood frame (non-warehouse) at \$144 per sq. ft.; wood frame (warehouse) at \$100 per sq. ft.; and, steel at \$125 per sq. ft. An additional 10 percent was added to the resulting weighted average per sq. ft. rehabilitation cost to account for contracted engineering and architectural costs.
24. **Residential Building Capital Costs.** Capital costs associated with rehabilitation of existing residential units range from \$22.5 to \$37.7 million depending on the alternative. A rehab cost of \$50 per sq. ft. was applied to additional buildings containing dorm/SRO units in the appropriate alternatives.
25. **Non-building Capital Items.** These are Presidio parkwide improvements including utility systems, telecommunications systems, roads and sidewalks, grounds, forest and native habitat restoration. Capital costs for these items vary by PTIP alternative from \$102.9 to \$128.4 million.
26. **Program Capital Costs.** The model assumes the Trust will invest \$10 million in capital costs for program facilities.
27. **Non-residential Demolition Costs.** Costs of non-residential buildings vary by construction type: \$7.25 per sq.ft. for concrete buildings, \$5.25 per sq. ft. for wood frame buildings, and \$3.75 per sq. ft. for steel frame buildings. These costs include remediation expenses; they are based upon the Trust's actual contract bid experience and estimates from third-party sources.
28. **Demolition of Baker Beach Apartments.** Demolition costs are estimated at \$22.78 million based upon a third-party analysis and adjustment for inflation. This cost estimate includes the cost of restoring the area to a natural condition. *Source: Wherry Housing Relocation Study, Dames and Moore, 1997.*
29. **Residential Housing Demolition (except Baker Beach Apts).** Costs for residential building demolition vary by construction type: \$7.25 per sq. ft. for concrete buildings, \$5.25 per sq. ft. for wood frame buildings, and \$3.75 per sq. ft. for steel frame buildings. These costs include remediation expenses; they are based upon the Trust's actual experience and estimates from third-party sources. *Sources: Trust Facilities Department and Marshall Valuation Service Cost Manual.*

30. **Parkwide Expenses:** Certain Trust operating costs such as facilities, legal, planning, operations, and real estate peak in 2001 and later decline when the Trust's overall leasing and construction activity declines. The expenses shown in FY2013 are considered the ongoing costs of operations.
31. **Re-leasing Reserves.** Re-leasing reserves cover the costs of marketing, brokerage commissions, cleaning, and minor upgrades (e.g., paint and carpeting) that are often required when the tenancy in a space changes. Annual re-leasing reserves are estimated at approximately 1% of revenue.
32. **Special Events Expenses.** Based upon estimates provided by the Trust Operations Department.
33. **Public Safety Expenses.** Cost indicated is based upon existing agreement with the U.S. Park Police and NPS for law enforcement, fire prevention and suppression, and emergency medical response services. No long-term change in the level of service provided is assumed. *Source: Interagency Agreements with the National Park Service.*
34. **Finance and Insurance Expenses.** Includes Trust actual and estimated costs of obtaining federal loan guarantees as well as property and general commercial liability insurance.
35. **Programs Expense.** This item includes the Trust's costs of providing public programming at the Presidio, including visitor experience and education programs. Program expenses begin with \$2 million budgeted for current fiscal year 2001 and are assumed to increase to \$8 million in 2006.
36. **Parking Expense.** Parking revenues are assumed to offset parking expenses (see Parking Revenues above).
37. **Reserves.** Based upon an update of estimates contained in the July, 1998 Presidio Trust Financial Management Program.
38. **Funded Infrastructure and Reserves Deficit.** The model assumes that no reserves are funded until the entire Trust capital program is completed.
39. **Financing Expenses.** Financing expenses related to U.S. Department of Treasury loans to the Trust for capital projects. Treasury loans are calculated at interest-only for the first 15 years of each loan and then convert to a full repayment schedule over the next 15 years. The Trust's current interest rate of 6.12% is applied to all borrowings assumed in the model. *Source: U.S. Department of the Treasury.*
40. **Residential Affordability Subsidy.** The residential affordability subsidy represents costs associated with the On-Call Duty Officer's Program and Preferred Rental Program. The cost of this item varies by alternative in accordance with the number of apartments and homes available for these programs.

TIMING OF ACTIVITIES

41. **Occupancy of Non-residential Buildings.** The priority order for non-residential building occupancy (also referred to as "absorption") assumed only for purposes of the financial model is:
Main Post/Letterman

Crissy Field
Fort Scott
East Housing
Southwest (PHSH)

42. **Priority of Capital Program Funding.** Capital costs prioritized to give highest funding priority to residential rehabilitation programs and then to split available capital funds between non-building capital and non-residential building rehabilitation.
43. **Demolition of Non-historic Housing.** Except for GMPA 2000 and Existing Conditions, the demolition of Baker Beach and Tennessee Hollow units is currently assumed to occur between 2011 and 2013 depending upon alternative and scenario. Baker Beach housing is not demolished in the Existing Conditions alternative. Baker Beach housing is demolished in 2003 through 2005 in the “GMPA 2000 Alternative.”

LIMITING CONDITIONS

44. **Preliminary Nature of Financial Estimates.** The financial model results presented for the November 15, 2000 Public Scoping Workshop are preliminary and should be considered working numbers to inform participants in the scoping process. Financial models are inherently illustrative and no models, including these, should be taken as precise predictions of what will happen in the future or as a firm plan for how projects or plans would be implemented in the future. The Trust will revise these assumptions as needed based upon updated information and public feedback obtained during the scoping process.
45. **Environmental Remediation.** PTIP financial analysis excludes revenue and expenses related to environmental remediation, as a result of the separate \$100 million agreement between the U.S. Department of the Army and the Trust. Due to the technical nature of the program and its large absolute budgeted amount, it has been excluded from the PTIP financial model to facilitate comparisons among alternatives.
46. **Area A of the Presidio.** The financial analysis does not include costs or revenues associated with buildings and lands in Area A of the Presidio managed directly by the NPS.
47. **2013 Snapshot Year.** The model provides results for fiscal year 2013 in order to facilitate comparisons of each alternative’s consistency with the Trust legislation requirement for financial self-sufficiency.