

ADMINISTRATION OF CERTAIN PRESIDIO PROPERTIES AT
MINIMAL COST TO THE FEDERAL TAXPAYER

AUGUST 4, 1995.—Committed to the Committee of the Whole House on the State
of the Union and ordered to be printed

Mr. YOUNG of Alaska, from the Committee on Resources,
submitted the following

R E P O R T

[To accompany H.R. 1296]

[Including cost estimate of the Congressional Budget Office]

The Committee on Resources, to whom was referred the bill (H.R. 1296) to provide for the administration of certain Presidio properties at minimal cost to the Federal taxpayer, having considered the same, report favorably thereon with an amendment and recommend that the bill as amended do pass.

The amendment is as follows:

Strike out all after the enacting clause and insert in lieu thereof the following:

SECTION 1. FINDINGS.

The Congress finds that—

- (1) the Presidio, located amidst the incomparable scenic splendor of the Golden Gate, is one of America's great natural and historic sites;
- (2) the Presidio is the oldest continuously operated military post in the Nation dating from 1776, and was designated a National Historic Landmark in 1962;
- (3) preservation of the cultural and historic integrity of the Presidio for public use recognizes its significant role in the history of the United States;
- (4) the Presidio, in its entirety, is located within the boundary of the Golden Gate National Recreation Area, in accordance with Public Law 92-589;
- (5) the Presidio's significant natural, historic, scenic, cultural, and recreational resources must be managed in a manner which is consistent with sound principles of land use planning and management, and which protects the Presidio from development and uses which would destroy the scenic beauty and historic and natural character of the area; and
- (6) the Presidio can best be managed through an innovative public/private partnership that minimizes cost to the United States Treasury and makes efficient use of private sector resources that could be utilized in the public interest.

SEC. 2. AUTHORITY AND RESPONSIBILITY OF THE SECRETARY OF THE INTERIOR.

(a) **INTERIM AUTHORITY.**—The Secretary of the Interior (hereinafter in this Act referred to as the “Secretary”) is authorized to manage leases in existence on the date of this Act for properties under the Administrative jurisdiction of the Secretary and located at the Presidio. Upon the expiration of any such lease, the Secretary may extend the lease for a period terminating 6 months after the first meeting of the Presidio Trust at which a quorum is present. After the date of the enactment of this Act, the Secretary may not enter into any new leases for property at the Presidio to be transferred to the Presidio Trust under this Act. Notwithstanding section 1341 of title 31 of the United States Code, the proceeds from any such lease shall be retained by the Secretary and such proceeds shall be available, without further appropriation, for the preservation, restoration, operation and maintenance, improvement, repair and related expenses incurred with respect to Presidio properties. For purposes of any such lease, the Secretary may adjust the rental by taking into account any amounts to be expended by the lessee for preservation, maintenance, restoration, improvement, repair and related expenses with respect to properties within the Presidio.

(b) **PUBLIC INFORMATION AND INTERPRETATION.**—The Secretary shall be responsible, in cooperation with the Presidio Trust, for providing public interpretative services, visitor orientation and educational programs on all lands within the Presidio.

(c) **OTHER.**—Those lands and facilities within the Presidio that are not transferred to the administrative jurisdiction of the Presidio Trust shall continue to be managed by the Secretary. The Secretary and the Presidio Trust shall cooperate to ensure adequate public access to all portions of the Presidio.

(d) **PARK SERVICE EMPLOYEES.**—No person who was a career employee of the National Park Service as of October 1, 1994, and who is employed at the Presidio as of the transfer of lands and facilities to the Presidio Trust under this Act shall be involuntarily separated from service by reason of such transfer.

SEC. 3. THE PRESIDIO TRUST.

(a) **ESTABLISHMENT.**—There is established a wholly owned government corporation to be known as the Presidio Trust (hereinafter in this Act referred to as the “Trust”).

(b) **TRANSFER.**—(1) Within 60 days after receipt of a request from the Trust for the transfer of any parcel within the area depicted as area B on the map entitled “Presidio Trust Number 1,” dated June 1995, the Secretary shall transfer such parcel to the administrative jurisdiction of the Trust. Within one year after the first meeting of the Board of Directors of the Trust at which a quorum is present, the Board shall request the Secretary to transfer any remaining parcels within such area B. Such map shall be on file and available for public inspection in the offices of the Trust and in the offices of the National Park Service, Department of the Interior. The Trust and the Secretary may jointly make technical and clerical revisions in the boundary depicted on such map. Such areas shall remain within the boundary of the Golden Gate National Recreation Area. The Secretary shall retain those portions of the building identified as number 103 as the Secretary deems essential for use as a visitor center. The building shall be named the “William Penn Mott Visitor Center”. With the consent of the Secretary, the Trust may at any time transfer to the administrative jurisdiction of the Secretary any other properties within the Presidio which are surplus to the needs of the Trust and which serve essential purposes of the Golden Gate National Recreation Area. The Trust is encouraged to transfer to the administrative jurisdiction of the Secretary open space areas which have a high public use potential and are contiguous to other lands administered by the Secretary.

(2) The Secretary shall transfer, with the transfer of administrative jurisdiction over any property, all leases, concessions, licenses, permits, and other agreements relating to such property. Upon the transfer of such property the Secretary shall transfer the unobligated balance of all funds appropriated to the Secretary for the operation of the Presidio, together with any revenues and unobligated funds associated with leases, concessions, licenses, permits, and agreements relating to properties transferred to the Trust.

(c) **BOARD OF DIRECTORS.**—

(1) **IN GENERAL.**—The powers and management of the Trust shall be vested in a Board of Directors (hereinafter referred to as the “Board”) consisting of the following 7 members:

- (A) The Secretary of the Interior or the Secretary’s designee.
- (B) Six individuals, who are not employees of the Federal Government, appointed by the President, who shall possess extensive knowledge and ex-

perience in one or more of the fields of city planning, finance, real estate, and resource conservation. At least 3 of these individuals shall reside in the city and county of San Francisco. The President shall make the appointments referred to in this subparagraph within 90 days after the enactment of this Act.

(2) TERMS.—Members of the Board appointed under paragraph (1)(B) shall each serve for a term of 4 years, except that of the members first appointed, 3 shall serve for a term of 2 years. Any vacancy in the Board shall be filled in the same manner in which the original appointment was made, and any member appointed to fill a vacancy shall serve for the remainder of the term for which his or her predecessor was appointed. No appointed director may serve more than 8 years in consecutive terms. No member of the Board of Directors may have a development or financial interest in any tenant or property of the Presidio.

(3) QUORUM.—Four members of the Board shall constitute a quorum for the conduct of business by the Board.

(4) ORGANIZATION AND COMPENSATION.—The Board shall organize itself in such a manner as it deems most appropriate to effectively carry out the authorized activities of the Trust. Board members shall serve without pay, but may be reimbursed for the actual and necessary travel and subsistence expenses incurred by them in the performance of the duties of the Trust.

(5) LIABILITY OF DIRECTORS.—Members of the Board of Directors shall not be considered Federal employees by virtue of their membership on the Board, except for purposes of the Federal Tort Claims Act and the Ethics in Government Act.

(6) PUBLIC LIAISON.—The Board shall meet at least 3 times per year in San Francisco and at least one meeting shall be open to the public. The Board shall establish procedures for providing public information and opportunities for public comment regarding policy, planning, and design issues through the Golden Gate National Recreation Area Advisory Commission.

(d) DUTIES AND AUTHORITIES.—In accordance with the purposes set forth in this Act and in section 1 of the Act entitled “An Act to establish the Golden Gate National Recreation Area in the State of California, and for other purposes”, approved October 27, 1972 (Public Law 92-589; 86 Stat. 1299; 16 U.S.C. 460bb), and in accordance with the general objectives of the general management plan approved for the Presidio, the Trust shall manage the leasing, maintenance, rehabilitation, repair and improvement of property within the Presidio which is under its administrative jurisdiction. The Trust may participate in the development of programs and activities at the properties that have been transferred to the Trust. In exercising its powers and duties, the Trust shall have the following authorities:

(1) The Trust is authorized to manage, lease, maintain, rehabilitate and improve, either directly or by agreement, those properties within the Presidio which are transferred to the Trust by the Secretary.

(2)(A) The Trust is authorized to negotiate and enter into such agreements, leases, contracts and other arrangements with any person, firm, association, organization, corporation or governmental entity, including without limitation entities of Federal, State and local governments (except any agreement to convey fee title to any property located at the Presidio) as are necessary and appropriate to finance and carry out its authorized activities. Agreements under this paragraph may be entered into without regard to section 321 of the Act of June 30, 1932 (40 U.S.C. 303b).

(B) Except as provided in subparagraphs (C), (D), and (E), Federal laws and regulations governing procurement by Federal agencies shall apply to the Trust.

(C) In exercising authority under section 303(g) of the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 253(g)) relating to simplified purchase procedures, the Trust is authorized, to use as the dollar limit of each purchase or contract under this subsection an amount which does not exceed \$500,000.

(D) In carrying out the requirement of section 18 of the Office of Federal Procurement Policy Act (41 U.S.C. 416), the Trust is authorized to furnish the Secretary of Commerce for publication notices of proposed procurement actions, to use as the applicable dollar threshold for each expected procurement an amount which does not exceed \$1,000,000.

(E) The Trust shall establish procedures for lease agreements and other agreements for use and occupancy of Presidio facilities, including a requirement that in entering into such agreements the Trust shall obtain reasonable competition.

(F) The Trust shall develop a comprehensive program for management of those lands and facilities within the Presidio which are transferred to the Trust. Such program shall be designed to reduce costs to the maximum extent possible. In carrying out this program, the Trust shall be treated as a successor in interest to the National Park Service with respect to compliance with the National Environmental Policy Act and other environmental compliance statutes. Such program shall consist of—

- (i) demolition of all structures which cannot be cost-effectively rehabilitated and are not of the highest degree of historical significance,
- (ii) new construction which would be limited to replacement of existing structures of similar size in existing areas of development, and
- (iii) examination of a full range of reasonable options for carrying out routine administrative and facility management programs.

The Trust shall consult with the Secretary in the preparation of this program.

(3) The Trust is authorized to appoint and fix the compensation and duties of an executive director and such other officers and employees as it deems necessary without regard to the provisions of title 5, United States Code, governing appointments in the competitive service, and may pay them without regard to the provisions of chapter 51, and subchapter III of chapter 53, title 5, United States Code (relating to classification and General Schedule pay rates).

(4) To augment or encourage the use of non-Federal funds to finance capital improvements on Presidio properties transferred to its jurisdiction, the Trust, in addition to its other authorities, shall have the following authorities:

(A) The authority to guarantee any lender against loss of principal or interest on any loan, provided that (i) the terms of the guarantee are approved by the Secretary of the Treasury, (ii) adequate guarantee authority is provided in appropriations Acts, and (iii) such guarantees are structured so as to minimize potential cost to the Federal Government. No loan guarantee under this Act shall cover more than 75 percent of the unpaid balance of the loan. The Secretary of the Treasury shall collect a commercially reasonable guarantee fee in connection with each loan guaranteed under this Act. The authority to enter into any such loan guarantee agreement shall expire at the end of 12 years after the date of enactment of this Act.

(B) The authority, subject to available appropriations, to make loans to the occupants of property managed by the Trust for the preservation, restoration, maintenance, or repair of such property.

(C) The authority to issue obligations to the Secretary of the Treasury, but only if the Secretary of the Treasury agrees to purchase such obligations after determining that the projects to be funded from the proceeds thereof are credit worthy and that a repayment schedule is established. The Secretary of the Treasury is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, and the purposes for which securities may be issued under such chapter are extended to include any purchase of such notes or obligations acquired by the Secretary of the Treasury under this subsection. The aggregate amount of obligations issued under this subparagraph which are outstanding at any one time may not exceed \$50,000,000. Obligations issued under this subparagraph shall be in such forms and denominations, bearing such maturities, and subject to such terms and conditions, as may be prescribed by the Secretary of the Treasury, and shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration current market yields on outstanding marketable obligations of the United States of comparable maturities. No funds appropriated to the Trust may be used for repayment of principal or interest on, or redemption of, obligations issued under this paragraph. All obligations purchased under authority of this subparagraph must be authorized in advance in appropriations Acts.

(D) The Trust shall be deemed to be a public agency for the purpose of entering into joint exercise of powers agreements pursuant to California government code section 6500 and following.

(5) The Trust may solicit and accept donations of funds, property, supplies, or services from individuals, foundations, corporations, and other private or public entities for the purpose of carrying out its duties. The Trust shall maintain philanthropic liaison with the Golden Gate National Park Association, the fund raising association for the Golden Gate National Recreation Area.

(6) Notwithstanding section 1341 of title 31 of the United States Code, all proceeds received by the Trust shall be retained by the Trust, and such proceeds shall be available, without further appropriation, for the preservation, restora-

tion, operation and maintenance, improvement, repair and related expenses incurred with respect to Presidio properties under its jurisdiction. Upon the request of the Trust, the Secretary of the Treasury shall invest excess moneys of the Trust in public debt securities with maturities suitable to the needs of the Trust.

(7) The Trust may sue and be sued in its own name to the same extent as the Federal Government. Litigation arising out of the activities of the Trust shall be conducted by the Attorney General, as needed; except that the Trust may retain private attorneys to provide advice and counsel, and to represent the Trust in proceedings to enforce and defend the contractual obligations of the Trust.

(8) The Trust shall have all necessary and proper powers for the exercise of the authorities invested in it.

(9) For the purpose of compliance with applicable laws and regulations concerning properties transferred to the Trust by the Secretary, the Trust shall negotiate directly with regulatory authorities.

(e) INSURANCE.—The Trust shall procure insurance against any loss in connection with the properties managed by it or its authorized activities as is reasonable and customary.

(f) BUILDING CODE COMPLIANCE.—The Trust shall bring all properties under its jurisdiction into compliance with Federal building codes and regulations appropriate to use and occupancy within 10 years after the enactment of this Act.

(g) TAXES.—The Trust shall be exempt from all taxes and special assessments of every kind in the State of California, and its political subdivisions, including the city and county of San Francisco.

(h) FINANCIAL INFORMATION AND REPORT.—(1) The Trust shall be treated as a wholly owned Government corporation subject to chapter 91 of title 31, United States Code (commonly referred to as the Government Corporation Control Act). Financial statements of the Trust shall be audited annually in accordance with section 9105 of title 31 of the United States Code.

(2) At the end of each calendar year, the Trust shall submit to the Congress a comprehensive and detailed report of its operations, activities, and accomplishments for the prior fiscal year. The report also shall include a section that describes in general terms the Trust's goals for the current fiscal year.

(i) SAVINGS CLAUSE.—Nothing in this section shall preclude the Secretary from exercising any of the Secretary's lawful powers within the Presidio.

(j) LEASING.—In managing and leasing the properties transferred to it, the Trust should consider the extent to which prospective tenants maximize the contribution to the implementation of the General Management Plan for the Presidio and to the generation of revenues to offset costs of the Presidio. The Trust shall give priority to the following categories of tenants: tenants that enhance the financial viability of the Presidio thereby contributing to the preservation of the scenic beauty and natural character of the area; tenants that facilitate the cost-effective preservation of historic buildings through their reuse of such buildings, or tenants that promote through their activities the general programmatic content of the plan.

(k) REVERSION.—If the Trust reasonably determines by a two-thirds vote of its Board of Directors that it has materially failed to, or cannot, carry out the provisions of this Act, all lands and facilities administered by the Trust shall revert to the Secretary of Defense to be disposed of in accordance with section 2905(b) of the Defense Authorization Act of 1990 (104 Stat. 1809), except that—

(1) the terms and conditions of all agreements and loans regarding such lands and facilities entered into by the Trust shall be binding on any successor in interest; and

(2) the city of San Francisco shall have the first right of refusal to accept all lands and facilities formerly administered by the Trust.

(l) LIMITATIONS ON FUNDING.—(1) From amounts made available to the Secretary for the operation of areas within the Golden Gate National Recreation Area, not more than \$25,000,000 shall be available to carry out this Act in each fiscal year after the enactment of this Act until the plan is submitted under paragraph (2). Such sums shall remain available until expended.

(2) Within one year after establishment of the Trust, the Trust shall submit to Congress a plan which includes a schedule of annual decreasing Federally appropriated funding such as will achieve total self-sufficiency for the Trust within 12 complete fiscal years after establishment of the Trust. That plan shall provide for annual reductions in Federally appropriated funding such that the Trust will be 80 percent self-sufficient at the end of 7 complete fiscal years after establishment. The plan shall provide for elimination of all Federally appropriated funding for public safety and fire protection purposes on lands or facilities administered by the Trust

at the end of 5 complete fiscal years after establishment of the Trust. For each of the 11 fiscal years after fiscal year 1997, there are authorized to be appropriated to the Trust not more than the amounts specified in such plan. Such sums shall remain available until expended.

(m) GAO AUDIT.—Ten years after the date of establishment of the Trust, the General Accounting Office shall conduct a complete audit of the activities of the Trust and shall report the results of that audit to the appropriate congressional committees. The General Accounting Office shall include in that audit an analysis of the ability of the Trust to initiate payments to the Treasury.

(n) SEPARABILITY OF PROVISIONS.—If any provisions of this Act or the application thereof to any body, agency, situation, or circumstance is held invalid, the remainder of the Act and the application of such provision to other bodies, agencies, situations, or circumstances shall not be affected thereby.

PURPOSE OF THE BILL

The purpose of the bill is to provide a cost-effective approach for the future management of the Presidio of San Francisco.

BACKGROUND AND NEED FOR LEGISLATION

The 1480-acre Presidio was the longest continuous serving military base in the history of the country until it was transferred to the National Park Service (NPS) on October 1, 1994. The former base, located at the foot of the Golden Gate Bridge, includes many historic buildings, natural resources and provides opportunities for outdoor recreation.

Overall there are 870 buildings at the Presidio, totaling about 6.3 million square feet of space (by comparison there are about 4 million square feet in one of the two World Trade Center buildings). About 550 of these buildings are historic and contribute to the national landmark designation for the entire Presidio. Although the military has funded an \$80 million basewide upgrade of utility systems, almost none of the buildings meet existing codes for electrical, earth quake protection, etc. The current condition of these buildings has a negative impact on their revenue/leasing potential.

About half of the overall Presidio is undeveloped open space. While there are scattered opportunities for outdoor recreation within the Presidio, most of the recreation areas are along the Pacific coast and San Francisco Bay. These lands, totaling about 150 acres, have been managed by NPS for over 10 years, prior to any discussion of the closure of the Presidio.

In 1972, legislation establishing the Golden Gate National Recreation Area in the San Francisco Bay area was enacted. Although neither the legislative study completed by NPS or the bill passed by Congress contemplated that NPS would manage the entire Presidio area, it was all included in the park boundary as enacted. Further, the 1972 Act stated that if the Presidio ever became surplus to the needs of the Department of Defense, it would be transferred to the jurisdiction of the Secretary of the Interior for purposes of the Act.

In 1989, the Base Closure and Realignment Commission determined that the Presidio was surplus and should be closed by October 1, 1994. NPS subsequently began planning for the transition of the base into an area to be managed by NPS. The original decision by the Defense Department to vacate the Presidio entirely was subsequently modified to permit the 6th Army to continue to occupy about one third of the Presidio.

NPS quickly determined that the Presidio had facilities far in excess of agency needs and that it would have to develop a plan for other uses of the facilities. In 1993, Congress enacted Public Law 103-175, permitting the Secretary of the Interior to lease out about 1.2 million square feet of the Presidio and to retain all funds from that rental without appropriation. That legislation was designed as an experiment to determine the viability of NPS as a real estate manager for the Presidio. The legislation, which was agreed to on a bipartisan basis, provided for the leasing of some of the most commercially viable real estate on the entire base. To date, NPS has not signed leases for any of those facilities; however, they are in the final stages of negotiating a lease for 73,000 square feet or six percent of that offering.

While this experimental legislation permitting NPS to implement its plans for the Presidio was enacted, legislation to fully implement the NPS plan stalled late in the 103rd Congress due to opposition in both the House of Representatives and the Senate.

In the fall of 1994, NPS completed their plan for the Presidio. The NPS plan calls for the establishment of a trust to manage certain portions of the Presidio to reduce the cost to the Federal Government. Shortly after the NPS plan was completed, the Army announced its plan to leave the Presidio entirely on October 1, 1995. The departure of the Army will have a significant impact on implementation of the NPS plan, since NPS was relying on their annual lease payments (estimated \$12-15 million annually) to provide the balance of the annual operating costs for the Presidio. Under the NPS plan, open space at the Presidio would be expanded to 65 percent of the area through the demolition of 276 buildings.

Since the Federal Government already owns the Presidio and is already spending \$25 million per year at this site, the key question is how to develop an approach which minimizes future Federal involvement and cost, and yet provides a reasonable opportunity for success at the Presidio. There continues to be some pressure for sale of the Presidio lands and facilities. In fact, the Senate has included sale of the Presidio in their budget resolution, calculating the value of the property to be \$555 million. That is an amount which is both too high and too low. It is too high because there is currently no zoning for the land and it could take 10-20 years to secure an unknown type of zoning and begin development. On the other hand, it is too low because the amount is far less than the property would be worth if fully developed. Thus, land values are extremely speculative.

One of the major issues at the Presidio has been its overall cost. The truth is no one has done an analysis to determine the minimum operating cost for the Presidio. Until the Army announced their intention to withdraw entirely, NPS projected the total annual cost of the Presidio to be about \$40 million, making it by far the most expensive area managed by NPS. Now NPS estimates the cost of the Presidio to be about \$30 million. Of this total, \$25 million would be the annual NPS cost and the balance would be paid by the tenants.

By comparison, the Fiscal Year 1996 cost to operate the next most costly park, Yellowstone National Park, is \$20 million. The total cost to manage the balance of the 73,000-acre Golden Gate

National Recreation Area, which is the most heavily visited area in the National Park System, is \$11 million.

Of course these annual operating costs do not include the cost for capital improvements. The NPS plan calls for total development costs of \$741 million. Of this total, NPS projects nearly \$400 million would be the responsibility of tenants, with the Federal Government responsible for the balance. The amount to be contributed by tenants for capital improvements is highly speculative, as these contributions would be in lieu of rental payments, and at the present time NPS cannot secure rental payments adequate to cover its annual operating costs of the Presidio, let alone make the basic improvements to facilitate leasing of currently unmarketable properties.

The total cost of the NPS plan for both operations and capital improvements over the 15 year life of the plan is \$600 million for operations (15 years at \$40 million/year) and \$741 million for development, totaling about \$1.3 billion.

COMMITTEE ACTION

H.R. 1296 was introduced on March 27, 1995, by Congresswoman Pelosi. The bill was referred to the Committee on Resources, and within the Committee to the Subcommittee on National Parks, Forests and Lands. On May 16, 1995, the Subcommittee held a hearing on H.R. 1296. On June 27, 1995, the Subcommittee met to mark up H.R. 1296. An amendment in the nature of a substitute was offered by Congressman Hansen, and adopted by voice vote. The bill was then ordered favorably reported to the Full Committee in the presence of a quorum. On July 12, 1995, the Full Resources Committee met to consider H.R. 1296. Congressman Hansen offered an amendment affecting the property to be transferred to the Presidio Trust; it was adopted by unanimous consent. Congressman Duncan offered an amendment relating to the authority to guarantee loans and to reduce the total amount of bonds which can be issued by the Secretary of the Treasury. It was adopted by voice vote. The bill, as amended, was then ordered favorably reported to the House of Representatives, in the presence of a quorum.

SECTION-BY-SECTION ANALYSIS

Section 1. Findings

This section contains six findings about the Presidio, including findings about its natural and historical resources and the proposed management structure.

Section 2. Authority and responsibility of the Secretary of the Interior

This section outlines the responsibilities of the Secretary of the Interior at the Presidio, as caretaker of certain portions of the Presidio until the Presidio Trust is established.

Subsection (a) allows the Secretary to continue to manage leases in existence on the date of enactment of the Act. Additionally, the section provides for the continuation of any leases which may expire prior to establishment of the Trust. This section also permits NPS to retain proceeds from any lease, without further appropria-

tion, to assist in funding for the Presidio. The bill waives the requirement that the Federal Government receive only monetary consideration for a lease to give the Secretary flexibility to negotiate a lease agreement which would allow the tenant to finance the repair or rehabilitation of all or part of the building it is occupying.

In addition, this subsection specifically precludes the Secretary from entering into any new leases. The Committee is very concerned that the Secretary is currently pursuing leases which will return less than full fair market value. Any such action by the Secretary would seriously undermine the ability of the Presidio Trust to achieve self-sufficiency.

Subsection (b) recognizes the expertise of NPS in providing visitor information and education programs. This subsection establishes that the Secretary shall be responsible for these programs throughout the Presidio, both on lands managed by the Secretary and on lands administered by the Trust.

Subsection (c) provides that those lands not transferred to the Trust will continue to be managed by the Secretary as part of Golden Gate National Recreation Area. These lands consist primarily of lands within the Presidio which were managed by the Secretary prior to October 1, 1994. Funding for the administration of these lands has been previously estimated by NPS to be about \$400,000 and these funds are already included in the operating base for Golden Gate National Recreation Area.

Subsection (d) protects NPS career employees from adverse action as a result of the implementation of this legislation. The Committee recognizes that there are a number of long-term career employees who could be adversely affected by this legislation and expects NPS to find suitable positions for these employees within the agency. The Committee does not intend for this protection to extend to employees transferred to the NPS as part of the transfer of the administrative jurisdiction from the Army to NPS. The Trust may elect to hire some employees currently working for NPS; however, the Committee does not intend this language to establish any requirement that the Trust hire NPS employees.

Section 3. The Presidio Trust

This section establishes the Presidio Trust and outlines its duties and authorities. The Presidio Trust would be an independent government corporation established in accord with the Government Corporation Control Act. The Committee is convinced that separation of the Trust from the Interior Department will result in an overall cost-savings to the government and increase the financial viability of the Trust.

Subsection (b) transfers administrative jurisdiction over about 80 percent of the lands at the Presidio from the Secretary to the Trust over a period of up to one year after the establishment of the Trust. The lands to be retained for administration by the Secretary include mostly open space areas and a few historic structures, and constitute the primary public use areas at the Presidio. The area for which the Trust would be responsible includes essentially all of the leasable building space. The Committee rejected a more integrated approach to management of the lands where the Trust would be responsible for managing just buildings and the Secretary

would be responsible for managing everything else as unworkable. The Committee expects that NPS and the Trust will fully cooperate over the one year transition period as provided for in the legislation.

NPS does have clear expertise in interpretation and public education, and the Committee provides for utilization of this NPS expertise throughout the Presidio. However, NPS does not have unique expertise in the management of roads or utilities, grounds maintenance, or even forest management. Assigning these responsibilities to the Trust would ensure that they are undertaken in the most cost-effective manner. Furthermore, the Committee notes that Section 3(d)(2) of the legislation authorizes the Trust to continue to make use of NPS expertise in any of these program areas as desired by the Trust.

This subsection also authorizes NPS to establish a visitor center at the main post of the Presidio. While this site is outside the boundary of lands to be administered by the Secretary, the Committee believes this would be a suitable site for this facility. Since there is a high demand for leasable space in the Main Post area, the Committee expects other NPS administrative offices would be located on lands administered by the Secretary. The Committee directs that the visitor center be named in honor of the former visionary NPS Director, William Penn Mott.

Subsection (b) also provides for the future transfer of undeveloped, open space lands from the Trust to the Secretary. Over time, it is likely that existing buildings will be removed and additional open space created. As additional open space areas are established adjacent to land administered by the Secretary, it is logical for these lands to be administered by the Secretary. Such an approach would be consistent with the original legislative intent of the 1972 Golden Gate National Recreation Area establishment legislation.

Finally, subsection (b) provides for transfer to the Trust of all leases negotiated by the Secretary, as well as any unobligated funds the Secretary is holding for the Presidio. Since funding for management of lands to be retained by the Secretary as part of Golden Gate National Recreation Area is already built into the park base funding, the Committee believes that no additional funding is necessary.

Subsection (c) provides for establishment of a seven member Board of Directors to guide the activities of the Trust. The Committee has included a 90-day deadline for the appointment by the President of the Board of Directors. The Committee considers it essential that the Board be established as soon as possible. The Committee expects the Board of Directors to adopt guidelines consistent with current Federal law and regulations concerning ethics, conflict of interest and financial disclosure.

The Board would be required to meet at least three times per year in San Francisco. The Committee notes that the Trust is a government corporation acting on behalf of the public benefit and interest. The Committee encourages the Board to be open and accessible to persons and organizations interested in the activities of the Trust. The Committee encourages the Trust to develop a process to provide for community input, in particular input from adja-

cent neighborhoods, which could be directly affected by Trust activities.

Subsection (d) directs that the Trust carry out its activities in accord with Section 1 of the legislation establishing Golden Gate National Recreation Area, as well as the general objectives of the approved general management plan for the Presidio. This section sets forth the authorities of the Trust.

Subsection (d)(2) authorizes the Trust to enter into contracts, leases, cooperative agreements, or other agreements with any person, firm, organization, corporation or government entity as necessary to carry out its activities. The Committee notes that under this authority, the Trust could execute an agreement with NPS to continue to provide for public safety on lands managed by the Trust, should the Trust determine this arrangement to be beneficial based on cost or other factors. This subsection waives the requirement that the Trust receive only monetary consideration for a lease to give the Trust the flexibility to negotiate a lease agreement which would allow the tenant to finance the repair or rehabilitation of part or all of the building it is occupying.

Subsection (d)(2)(B) would exempt the Trust from a small number of specifically listed procurement laws. This approach will streamline the procurement process for the Trust. The exemptions will help the Trust increase efficiency by allowing for more innovations in contracting. The Trust faces a significant challenge in carrying out its responsibilities. This subsection will simplify procurement actions, but maintain the integrity of the procurement process.

Subsection (d)(2)(F) directs the Trust to develop a program to reduce costs associated with the Presidio. The Committee finds that the cost of the plan for the Presidio as completed by NPS is unrealistic. While the Committee does endorse the general objectives of that plan, the Committee recognizes that development of a reasonable program is essential to ensure the success of the Presidio Trust and the long-term preservation of the historical and other resources of the Presidio. A key to development of a cost-effective program will be an expanded program of building demolition. The Committee notes that there is no requirement that every historic structure at the Presidio be protected in perpetuity. The Committee further recognizes that not all historic buildings are of equal significance. The Committee urges the Trust to carefully examine the retention of each building at the Presidio. The language included in this section is not intended to exempt the Trust from any environmental or historic preservation law.

Subsection (d)(4) provides several authorities designed to augment or encourage the use of non-Federal funds to finance capital improvements. Section 3(d)(4)(A) authorizes the Trust to guarantee loans to a potential lessee. This authority could only be exercised upon approval of the Treasury Department. The Committee expects this authority to be used to a limited extent. The main benefit of this authority is that such authority would have a substantially smaller budget impact than direct appropriations.

Subsection (d)(4)(C) is identical to language inserted in a Presidio bill in the 103rd Congress by the Ways and Means Committee. Under this section, the Treasury Department would be allowed to

purchase debt issued by the Trust to the extent provided in advance in appropriation acts. The amount of borrowed funds outstanding at any one time could not exceed \$50 million. The authorization of funding under this section would be based on the Secretary of the Treasury's determination of the creditworthiness of projects.

Subsection (d)(5) authorizes the Trust to solicit and accept donations of funds, property, supplies, or services from individuals, foundations, corporations, and other private entities. The Committee expects the Trust and the Secretary to establish written guidelines and criteria concerning the solicitation of donations. The Committee notes that a tax deduction would be available for any contributions to the United States for public purposes. There is substantial interest in the Presidio in the philanthropic community of San Francisco and the Committee strongly encourages donations to promote the public benefit at the Presidio.

Subsection (d)(6) authorizes the Trust to retain any revenues from leases or other agreements concerning property managed by the Trust.

Subsection (d)(9) provides that the Trust shall work directly with appropriate local, State and Federal regulatory agencies. For example, for the purpose of complying with Section 106 of the National Historic Preservation Act, the Trust shall work directly with the National Park System, the State Historic Preservation Office and the Advisory Council on Historic Preservation and enter into programmatic agreements where appropriate. The Committee intends for the Presidio Trust to comply as a Federal agency with the National Historic Preservation Act, including Section 106, Section 110 and Section 111 of the Act. By requiring the same level of compliance with Federal preservation laws that is required of the Department of the Interior and NPS, the Committee feels confident that the Presidio Trust will manage historic properties located at the Presidio in a manner that will protect and preserve their historic and cultural integrity.

Subsection (g) provides that the Trust will be exempt from State and local taxes because it is devoted to an essential public and government function and purpose for the benefit of the people. The Trust may seek exemption from Federal taxes in accordance with procedures established by the Internal Revenue Service. This is similar to the treatment of other government corporations.

Subsection (h) provides that the financial records of the Trust shall be audited by a reputable firm of certified public accountants not less frequently than once per year. This analysis, along with a detailed annual report, shall be submitted to the appropriate Congressional committees.

Subsection (j) sets forth the criteria to be used in the selection of tenants for the Presidio. The Committee is concerned that strict adherence to potential tenants targeted in the Presidio general management plan will result in leases which are substantially below market value and which will seriously undermine the economic viability of the Trust. Accordingly, the Committee believes that selection of tenants which enhance the financial viability of the Presidio is the most important criteria to be used in the tenants selection process.

Subsection (k) outlines a reversionary clause for lands and facilities to be administered by the Trust. The Committee believes that the establishment of the Trust to manage properties at the Presidio is not only feasible, but offers the best chance for long-term preservation of Presidio resources. However, the Committee also recognizes that this approach is largely untested and likely to face unforeseen challenges. Accordingly, the Committee included a reversionary clause in the unlikely event that the Presidio Trust effort proves unsuccessful. Under the reversionary clause, lands and facilities administered by the Trust would revert to the Department of Defense for disposal following a two-thirds vote of the Board of Directors that it cannot carry out the provisions of the Act. The Committee notes that there is no linkage between this section of the bill and any other specific section of the bill. The Committee does not intend that if the Presidio Trust is not self-sufficient within 12 years that the Board would be automatically required to find that it cannot carry out the provisions of the Act.

Subsection (l) provides limitations on funding for the Presidio. The greatest concern of the Committee has been the cost of the Presidio. The Committee cannot support funding levels for the Presidio as proposed in the NPS plan. Rather than authorize a permanent Federal appropriation, the Committee believes that all Federal funding should be phased out and that the Presidio Trust should become self-sufficient. The Committee believes that 12 years is an adequate time period in which to achieve self-sufficiency. Since the level of annual funding necessary to meet this objective is unknown, the bill directs the Trust to submit a schedule for necessary annual finding to Congress.

Subsection (m) provides for a detailed General Accounting Office audit of the Trust 10 years after its establishment. The Committee recognizes the potential of the Trust to generate revenue in excess to its needs and is specifically seeking this audit to determine if surplus funds are generated by the Trust which could be deposited in the Treasury.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

With respect to the requirements of clause 2(l)(3) of rule XI of the Rules of the House of Representatives, and clause 2(b)(1) of Rule X of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment of H.R. 1296 will have no significant inflationary impact on prices and costs in the operation of the national economy.

COMPLIANCE WITH HOUSE RULE XI

1. With respect to the requirement of clause 2(l)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, H.R. 1296 does not contain

any new budget authority, or an increase or decrease in revenues or tax expenditures.

2. With respect to the requirement of clause 2(l)(3)(D) of Rule XI of the Rules of the House of Representatives, the Committee had received no report of oversight findings and recommendations from the Committee on Government Reform and Oversight on the subject of H.R. 1296.

3. With respect to the requirement of clause 2(l)(3)(C) of Rule XI of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 1296 from the Director of the Congressional Budget Office.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, August 3, 1995.

Hon. DON YOUNG,
*Chairman, Committee on Resources,
House of Representatives, Washington, DC.*

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed H.R. 1296, a bill to provide for the administration of certain Presidio properties at minimal cost to the federal taxpayer, as ordered reported by the House Committee on Resources on July 12, 1995.

We estimate that implementing this bill would cost the federal government \$50 million over the next five years, plus any subsidy costs associated with new direct loans and/or guarantees, depending on the level and type of credit subsidies provided and assuming appropriation of the necessary sums. Most of such spending would occur after 1998. Enacting H.R. 1296 would affect direct spending; therefore, pay-as-you-go procedures would apply to the bill.

H.R. 1296 would have no direct impact on the budgets of state or local governments.

Bill purpose.—H.R. 1296 would establish a wholly owned government corporation to be known as the Presidio Trust. Once operational, the trust would accept administrative jurisdiction of about 80 percent of the property located at the Presidio in San Francisco. At that time, the trust would assume responsibility for managing, leasing, maintaining, and improving this property. The remaining areas of the Presidio, along with any lands transferred back by the trust, would continue to be administered by the National Park Service (NPS) as part of the Golden Gate National Recreation Area (GGNRA).

The bill would require the NPS to transfer all leases, contracts, and other agreements related to lands under the trust's jurisdiction, along with: (1) future proceeds from the agreements, (2) unobligated balances of previous collections, and (3) unobligated funds appropriated for Presidio operations. In addition, the bill would authorize the trust to enter into new leases and other agreements and to accept donations. The trust would be authorized to retain and use, without further appropriation, both donated funds and

proceeds from commercial activities for related operation, maintenance, and capital expenditures.

For the purpose of financing capital improvements to the transferred properties, H.R. 1296 would authorize the trust to: (1) borrow funds from the federal Treasury, provided that outstanding obligations cannot exceed \$50 million at any time; (2) make loans to occupants of trust properties, subject to appropriation; and (3) guarantee loans to occupants made by private lenders, subject to approval of the Secretary of the Treasury and other conditions. All financing provided from these sources would be subject to appropriation of the necessary funds.

Finally, H.R. 1296 would provide for future limitations on federal funding for operation of the Presidio. Specifically, the bill would authorize the appropriation of no more than \$25 million annually for the Presidio until the trust submits a budget plan to eliminate the need for federal appropriations within 12 years. For each year covered by the plan, the bill would authorize the appropriation of the budgeted amount.

Estimated cost to the Federal Government.—

Capital Spending.—The total cost of developing commercial space within the Presidio is very uncertain. Depending on the condition of each property and the needs of future tenants, such costs would include rehabilitation of historic buildings, construction of new facilities, and demolition of unusable structures. Based on the limited information available at this time, CBO estimates that such expenditures would require funding of between \$125 million and \$175 million over the next five years, and additional amounts of between \$225 million and \$325 million over the following ten years. Assuming appropriation of the authorized amounts, we estimate that the trust would borrow \$50 million over the 1997–1999 period for high-priority projects. Depending on the availability of non-federal financing, and assuming appropriation of the necessary amounts for the subsidy costs of providing credit assistance, some or all of the remaining capital needs could be provided through federal loans or guarantees. Because the bill does not establish any limitations on loan levels or specify other credit terms, CBO cannot estimate the subsidy cost to the federal government of projects that may be funded through such assistance.

Operating Income and Expenses.—For the next few years, commercial activities authorized by H.R. 1296 would be limited to the rental of properties that can be occupied without significant capital improvements. As a result, the trust would probably produce little or no net income over this period. Once projects involving more marketable buildings have been funded and completed, net income would gradually increase.

Authorizations.—H.R. 1296 would authorize the appropriation of up to \$25 million annually for the Presidio, including the trust established by this bill. Because such appropriations (except for the trust) are already authorized under current law, and because recent appropriations for managing the Presidio are already at the \$25 million level, this provision would not result in additional spending of appropriated funds. Trust expenses (including start-up costs of about \$2 million for each of fiscal years 1996–1998 and ongoing administrative overhead of about \$5 million annually begin-

ning in 1997 or 1998) are assumed to be included in the \$25 million operating budget for the Presidio. The bill also provides that unobligated balances of previous years' appropriations for the Presidio would be transferred to the trust once it becomes operational. Presumably any such transfers would be reduced by any amounts that the NPS would need to operate its portion of the site.

Basis of estimate.—This estimate is based on information provided by the NPS, its consultants, and other affected groups, such as prospective tenants. For purposes of this estimate, CBO has assumed that H.R. 1296 would be enacted by early in fiscal year 1996. We assume that members of the Presidio Trust would be appointed during the year and that the NPS would transfer all lease properties to the trust sometime in 1997.

Pay-as-you-go effects.—H.R. 1296 would affect direct spending by authorizing the trust to collect and spend rental and other income from commercial activities as well as donated funds. CBO estimates that offsetting receipts generated from these sources would be minimal over the 1996–1998 period and would in any case be offset by additional direct spending.

[By fiscal year, in millions of dollars]

	1995	1996	1997	1998
Change in outlays	0	0	0	0
Change in receipts	(¹)	(¹)	(¹)	(¹)

¹ Not applicable.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Reis.

Sincerely,

JAMES L. BLUM
(For June E. O'Neill, Director).

CHANGES IN EXISTING LAW

If enacted, H.R. 1296 would make no changes in existing law.

DEPARTMENTAL REPORTS

The Committee has received no departmental reports on H.R. 1296.

