

GAO

Report to

April 1997

Office of Special Investigations

B-276610

April 3, 1997

The Honorable Frank H. Murkowski
Chairman, Committee on Energy and
Natural Resources
United States Senate

Subject: National Park Service: Concerns Over Costs Relating to Army's
Transfer of the Presidio of San Francisco

Dear Mr. Chairman:

Following your February 5, 1997, request, we agreed to perform a limited assessment of your concerns about possible excessive and wasteful expenditures by the National Park Service (NPS) at the Presidio of San Francisco. Those expenditures involved infrastructure and building improvements being made in connection with the transfer of the Presidio from the U.S. Army to NPS. Your specific concerns follow:

- Were fiber optic cables installed to every building on the Presidio?
- Did NPS install excess fiber optic cable capacity across the Golden Gate Bridge?
- Was unnecessary emergency response equipment purchased for the Presidio?
- Was the capability of the NPS radio system on the Presidio reduced?
- Were the renovation costs for a Presidio bed and breakfast reasonable?
- Was the Tides Foundation lease inappropriate?
- Was the NPS use agreement for the Presidio's NCO (Noncommissioned Officer) Club inappropriate?

On March 19, 1997, we briefed your office on the results of our inquiry and agreed to provide you this letter summarizing our findings.

In brief, the actions about which the concerns were raised appeared to be reasonable and consistent with the objectives of the Final General Management Plan [GMP] Amendment, issued in July 1994, which guides the overall management and development of the Presidio. Our observations with regard to the specific concerns follow:

- NPS did not install fiber optic cables to every Presidio building but instead used, where appropriate, a mix of copper and/or fiber optic cable for the Presidio telephone system, as suggested in the GMP.

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- NPS installed fiber optic cables across the Golden Gate Bridge in excess of immediate Army needs. The excess cables were installed at minimal cost and may provide future revenue for the Presidio Trust.
 - NPS purchased emergency response equipment sufficient for, not in excess of, the Presidio's minimum needs for fire protection, emergency, and medical services.
 - NPS upgraded its Presidio radio system to meet Federal Communication Commission requirements and improve system capabilities.
 - The costs associated with the bed and breakfast renovation project appeared reasonable, based on the project's anticipated use and the competitive bids for the project renovation.
 - Leasing arrangements with both the Thoreau Center partners (Tides Foundation-Letterman Properties) and the Golden Gate National Park Association (NCO Club) appeared appropriate. All participants in the transactions appeared to benefit.

We conducted a limited review of the seven concerns from February 9 to March 7, 1997. We reviewed the Presidio legislation and its legislative history; NPS financial data and Department of Defense documents, as provided by NPS; and various contracts, leases, and studies concerning the Presidio. We also interviewed NPS headquarters and regional officials, including current and former park managers, tenants, and park consultants. We obtained official agency comments on the results of our work from NPS headquarters and Presidio officials, including the Interim General Manager of the Presidio who acted as spokesperson for both the Presidio and NPS. The officials concurred with the factual content of the information we presented. Enclosure I provides the overall results of our inquiry and assessment.

We will make copies of this letter available to others upon request. Major contributors to this letter include Leo Acosta, Kevin Craddock, D. Patrick Dunphy, Ned Friece, M. Jane Hunt, Chester Janik, and A. Richard Kasdan.

If you have any questions or need additional information, please contact me or Assistant Director Barney Gomez of my staff at (202) 512-6722.

Sincerely yours,

A handwritten signature in black ink that reads "Donald J. Wheeler". The signature is written in a cursive style with a large initial "D".

Donald J. Wheeler
Acting Director
Office of Special Investigations

Enclosure

Enclosure I

GAO Briefing for the Chairman, Senate
Committee on Energy & Natural Resources

The Presidio of San Francisco

GAO Briefing Request

As requested by the Senate Committee on Energy and Natural Resources, we agreed to

-- assess concerns of possible excessive and wasteful expenditures related to infrastructure improvements at the Presidio of San Francisco and

-- provide a limited assessment of the issues.

GAO The Presidio - Issues

- Were fiber optic cables installed to every building on the Presidio?
 - Did NPS install excess fiber optic cable capacity across the Golden Gate Bridge?
 - Was unnecessary emergency response equipment purchased?
 - Was the capability of the radio system reduced?
-

GAO The Presidio - Issues (cont'd)

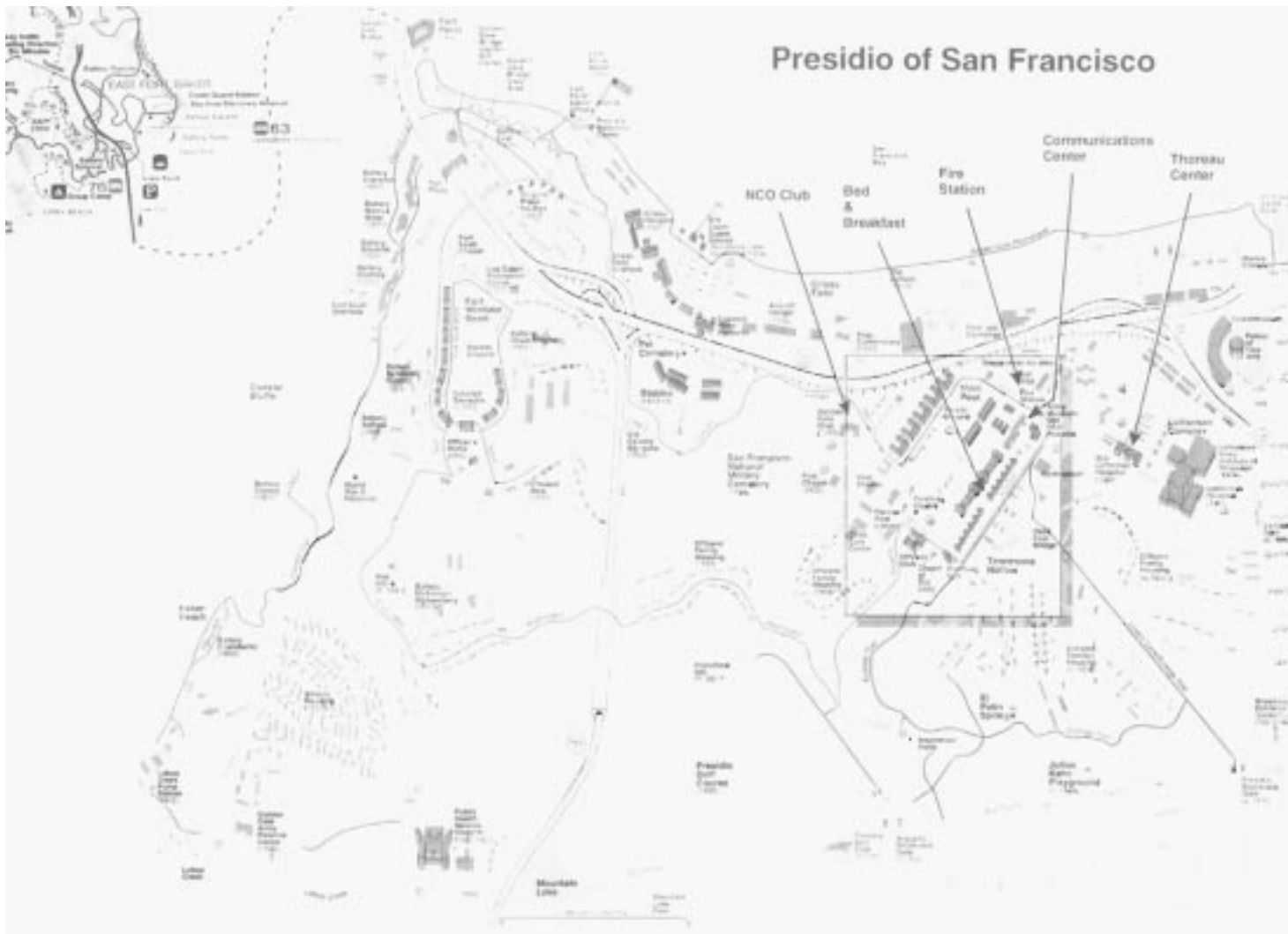
- Were renovation costs for the bed and breakfast reasonable?
 - Was the Tides Foundation transaction inappropriate?
 - Was the NCO Club transaction inappropriate?
-

GAO The Presidio - Overall Assessment

- The actions taken concerning these issues appeared reasonable and consistent with the objectives of the General Management Plan (GMP) for the Presidio.
 - The GMP guides the overall management and development of the Presidio.
-

GAO Background--NPS & Trust
Relationship

- Presidio transferred from Army to NPS, 10/01/94.
 - Congress did not provide for recovering costs of the transfer to NPS.
 - In 1997 NPS will transfer control of operations to Presidio Trust (a wholly-owned gov't corp.).
 - New approach to managing parks--perhaps "blue print" for future.
 - Goal to save federal \$\$ through public/private partnership.
 - Details of transfer to Trust to be negotiated.
-



GAO Scope and Methodology

- Visited the Presidio.
 - Interviewed NPS officials, including current and former park managers; tenants; and park consultants.
 - Reviewed Presidio legislation; DOD and NPS financial data; and various contracts, leases, and studies.
 - Limited observations/findings.
-

GAO Funding Information--1989-1997

- Estimated funding all sources--\$348 M
 - DOD transition funds, FY 90-94-- \$129 M
 - DOD environmental remediation, FY 89-97-- \$107 M
 - Funds available to NPS, FY 95-97-- \$112 M
 - Appropriated funds \$74 M
 - Tenant capital improvements \$27 M
 - Tenant reimbursements \$11 M

GAO Were Fiber Optic Cables Installed to Every Building on the Presidio?

- Fiber optic cables were installed to Presidio buildings that were identified in the GMP for commercial use--not to every building.
 - Army telecommunications system inoperable.
 - Full system replacement needed.
 - NPS used existing Army contract, minimizing cost (DOD funds--\$8.7 M).
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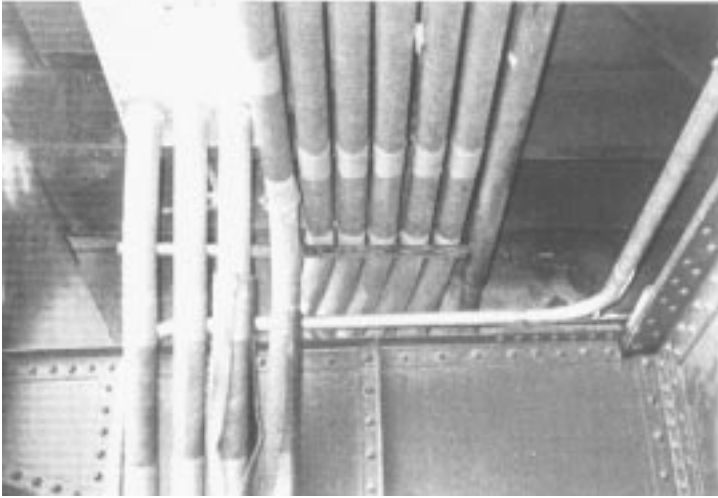
GAO Did NPS Install Excess Fiber Optic Capacity
Across the Golden Gate Bridge?

- NPS installed excess capacity over the bridge--likely create future revenue.
 - Army needed telephone service to East Fort Baker.
 - DOD paid for installation--\$300 K.
 - NPS provided cable capacity of 192 lines.
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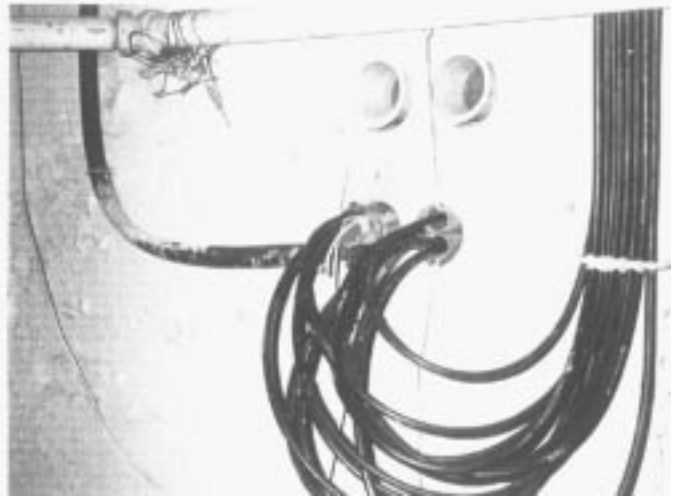
GAO Did NPS Install Excess Fiber Optic Capacity
Across the Golden Gate Bridge? (cont'd)

- Cost of installing 192 fiber optic lines about the same as replacing then existing service.
 - 186 lines available for expansion or leasing, perhaps generating millions in revenue--revenue recipient undecided.
 - Revenue due for conduits/easements not collected since 1989.
-

Golden Gate Bridge Conduits



Example of Conduit Connections



GAO Was Unnecessary Emergency Response Equipment Purchased?

- Equipment purchased met minimum needs-- to address 1993 NPS assurance to city and Army of same level of services.
 - Army left NPS 2 fire trucks in 10/94, both in need of major repairs. (1--later retired)
 - NPS purchased 3 fire trucks, \$750 K (\$200 K +\$350 K--NPS; \$200 K--DOD).
 - Minimum need of 4 trucks met.
 - Proposed modifications to existing firehouse appear appropriate.
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GAO Was Unnecessary Emergency Response
Equipment Purchased? (cont'd)

- Letterman Hospital closed.
 - Ambulance and EMT positions not transferred from hospital to NPS.
 - NPS leased used ambulance from GSA--for EMT equipment transport, not patient-transfer, use.
 - Local hospitals provide ambulance transport for patients, per GMP.
 - NPS reclassified existing vacancies as Firefighter/EMT.
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65-foot Ladder Fire Truck



GAO Was the Capability of the Radio System Reduced?

- Capability was not reduced; system needed for FCC requirements.
 - New system provided capabilities not available before--but concerns still exist.
 - Upgrade of system needed--FCC required change from VHF to UHF in 5 yr.
 - 1996 NPS upgrade cost \$5 M (DOD paid).
 - Immediate upgrade saved \$1 M.
-

GAO Were Renovation Costs for the B&B Reasonable?

- Costs appear reasonable, based on anticipated use and bids.
 - Historic building renovated as model for B&B.
 - NPS estimated cost of \$559 K.
 - Lowest competitive bid--\$619 K.
 - \$56 K of modifications increased final estimated cost to \$675 K.
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Bed and Breakfast (front view)



Bed and Breakfast (rear view)



GAO Was the Tides Foundation Transaction Inappropriate?

- Transaction appears appropriate.
 - Transaction--55-year lease of Letterman buildings to Thoreau Partners. A Tides Foundation subsidiary is the major partner.
 - NPS has specific statutory authority for this lease, which reflected FMV.
 - Thoreau Partners' renovation costs are \$5.5 M (\$4.5 M loans; \$1 M sale of tax credits).
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GAO Was the Tides Foundation Transaction
Inappropriate? (cont'd)

- NPS agreed to 10-year rent relief to
 - ensure project viability,
 - avoid \$5.5 M renovation cost,
 - obtain Tides Foundation and its affiliate as anchor tenants,
 - benefit from tenants' maintenance, and
 - create a model of public/private partnerships.
-

GAO Was the Tides Transaction
Inappropriate? (cont'd)

- Thoreau received
 - a long-term lease,
 - \$1 M in tax credits,
 - cash flow, and
 - participation in an important historic preservation project.

Thoreau Center exterior before renovation



After renovation



Thoreau Center interior before renovation



After renovation



GAO Was the NCO Club Transaction
Inappropriate?

- Transaction appears appropriate.
 - GGNPA and NPS entered a cooperative agreement.
 - GGNPA paid for furnishings/landscaping--\$289 K--& received 7-year, no-cost lease.
 - NPS renovated building with Army funds--less than \$1.4 M.
 - GGNPA will use NCO Club net revenues--estimated to be \$100-250K annually--on Presidio-related activities.
 - NPS reviews list of all NCO Club activities.
-

NCO Club exterior



Interior



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